



# CHOBE HOLDINGS LIMITED

## CHOBE HOLDINGS LIMITED

("the Group" or "the Company")

Incorporated in the Republic of Botswana (Registration Number Co. 4543)

### UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2017

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31/08/2017 P'000's Unaudited	6 months ended 31/08/2016 P'000's Unaudited	Year ended 28/02/2017 P'000's Audited
Revenue	176 398	158 612	269 986
Other operating income/(expenses)	4 391	(423)	2 955
Amortisation of intangible assets	(1 931)	(2 005)	(4 005)
Depreciation	(10 579)	(9 472)	(18 995)
Release of impairment of investment in associate	-	-	1 204
Operating expenses	(91 646)	(82 248)	(165 639)
<b>Operating profit</b>	<b>76 633</b>	<b>64 464</b>	<b>85 506</b>
Finance income	24	55	344
Finance cost	(6)	(119)	(136)
<b>Net income before share of results of associate</b>	<b>76 651</b>	<b>64 400</b>	<b>85 714</b>
Share of results of associate	(895)	-	-
<b>Profit before income tax expense</b>	<b>75 756</b>	<b>64 400</b>	<b>85 714</b>
Income tax expense	(20 643)	(17 171)	(21 658)
<b>Profit for the period</b>	<b>55 113</b>	<b>47 229</b>	<b>64 056</b>
<b>Other comprehensive income</b>			
Currency translation differences	(217)	286	792
<b>Total comprehensive income for the period</b>	<b>54 896</b>	<b>47 515</b>	<b>64 848</b>
<b>Attributable to</b>			
Owners of the parent	54 841	47 449	64 729
Non-controlling interest	55	66	119
	<b>54 896</b>	<b>47 515</b>	<b>64 848</b>
<b>Earnings per share (thebe) - basic</b>	<b>61.62</b>	<b>52.81</b>	<b>71.62</b>
Occupancy	63%	59%	53%

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/08/2017 P'000's Unaudited	As at 31/08/2016 P'000's Unaudited	As at 28/02/2017 P'000's Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	148 177	150 277	148 590
Goodwill	35 085	34 371	35 085
Land lease rights	46 661	50 238	48 436
Other intangible assets	2 632	3 014	2 788
Investment in associate	5 105	-	-
Deferred income tax assets	3 673	3 097	3 834
	<b>241 333</b>	<b>240 997</b>	<b>238 733</b>
<b>Current assets</b>			
Inventory	11 247	10 459	9 867
Trade and other receivables	25 541	26 772	9 955
Current income tax receivable	3 081	2 885	4 388
Cash and cash equivalents	108 523	71 294	91 283
	<b>148 392</b>	<b>111 410</b>	<b>115 493</b>
<b>Total assets</b>	<b>389 725</b>	<b>352 407</b>	<b>354 226</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	102 899	102 899	102 899
Foreign currency translation reserve	(947)	(1,236)	(730)
Retained income	175 575	148 462	165 236
	<b>277 527</b>	<b>250 125</b>	<b>267 405</b>
Non-controlling interest	732	627	677
<b>Total equity</b>	<b>278 259</b>	<b>250 752</b>	<b>268 082</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	22 699	22 179	23 161
Deferred lease obligations	9 748	7 099	8 678
	<b>32 447</b>	<b>29 278</b>	<b>31 839</b>
<b>Current liabilities</b>			
Borrowings	259	259	259
Current income tax payable	1 464	1 572	619
Advance travel receipts	36 633	29 927	22 831
Trade and other payables	40 663	40 619	30 596
	<b>79 019</b>	<b>72 377</b>	<b>54 305</b>
<b>Total liabilities</b>	<b>111 466</b>	<b>101 655</b>	<b>86 144</b>
<b>Total equity and liabilities</b>	<b>389 725</b>	<b>352 407</b>	<b>354 226</b>

#### CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/08/2017 P'000's Unaudited	6 months ended 31/08/2016 P'000's Unaudited	Year ended 28/02/2017 P'000's Audited
<b>Operating activities</b>			
Cash generated from operations	96 918	72 513	117 288
Interest paid	(6)	(119)	(136)
Income tax paid	(18 811)	(19 041)	(26 431)
<b>Cash generated from operating activities</b>	<b>78 101</b>	<b>53 353</b>	<b>90 721</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(10 343)	(29 802)	(30 880)
Acquisition of air maintenance operation	-	-	(18 418)
Investment in associate	(6 000)	-	-
Proceeds on disposal of investment in associates	-	-	1 204
Proceeds on sale of property, plant and equipment	177	165	789
Interest received	24	55	344
<b>Net cash used in investing activities</b>	<b>(16 142)</b>	<b>(29 582)</b>	<b>(46 961)</b>
<b>Financing activities</b>			
Dividends paid	(44 719)	(35 776)	(35 776)
<b>Net cash used in financing activities</b>	<b>(44 719)</b>	<b>(35 776)</b>	<b>(35 776)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17 240</b>	<b>(12 005)</b>	<b>7 984</b>
<b>Movement in cash and cash equivalents</b>			
At beginning of period	91 283	83 299	83 299
Increase/(decrease)	17 240	(12 005)	7 984
<b>At end of period</b>	<b>108 523</b>	<b>71 294</b>	<b>91 283</b>
<b>Represented by:</b>			
Cash and cash equivalents	108 523	71 294	91 283

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent				Total P'000's
	Stated capital P'000's	Retained earnings P'000's	Foreign currency translation reserve P'000's	Non-controlling interest P'000's	
Balance at 1 March 2017	102 899	165 236	(730)	677	268 082
Profit for the period	-	55 058	-	55	55 113
Other comprehensive income	-	-	(217)	-	(217)
Dividend paid (final 2017)	-	(44 719)	-	-	(44 719)
<b>Balance at 31 August 2017</b>	<b>102 899</b>	<b>175 575</b>	<b>(947)</b>	<b>732</b>	<b>278 259</b>

#### COMMENTARY

##### Highlights

- Profit after tax increases by 17%.
- A 7% increase in occupancy levels.
- An 11% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P10.3 million financed from internally generated cashflows.
- Cash and cash equivalents of P108.5 million.
- Negligible debt maintained.
- Invested P6m in aquaculture associate.

##### Basis of Preparation

The unaudited abridged financial statements for the half year ended 31st August 2017 have been prepared based on accounting policies which comply with International Financial Reporting Standards ("IFRS"). The accounting policies applied are consistent with those of the annual financial statements for the year ended 28th February 2017, as described in those annual financial statements.

##### Financial Results

During the period under review occupancy increased by 7% when compared to the same period in prior year. This is considered satisfactory in light of continued uncertainty in the world economy and reduced capacity caused by continued improvements at Chobe Game Lodge.

An 11% increase in revenue was recorded as a result of the aforementioned increase in bednights sold. The negative effect on revenue as a result of the appreciation of the Pula against the US Dollar was countered by an increase in achieved bed rates in US Dollar terms.

An operating cost increase of 11% is considered satisfactory in light of the volume of business and current inflation levels.

The Group spent P10.3 million, financed from internally generated cashflows, on improving existing equipment, buildings, as well as the purchase of additional equipment.

During the period under review, the Group took up a 22% stake in Golden Wrap (Pty) Ltd, an aquaculture entity operating in Kasane. The Group's total investment in this entity, when fully paid, will be P6m.

##### Future Outlook

The Southern Africa tourism industry remains bullish and this trend is anticipated to continue in the medium-term. The Directors continue to ensure that the Group is well positioned to benefit from these positive market conditions.

The majority of our clientele come from the Northern hemisphere. Political uncertainty in those regions, if exacerbated, could result in a significant decline

in tourist arrivals in Botswana in general and the Group in particular.

The Group's strong cash position provides it with the opportunity to take advantage of expansion opportunities that may arise.

##### Dividends

In keeping with the Company's dividend distribution policy no interim dividend has been declared in favour of a final year end declaration.

##### Events After The Reporting Date

As previously announced, Ker & Downey Botswana (Pty) Ltd, a wholly owned subsidiary of the Company, acquired the entire shareholding and shareholders' loans in Dinaka Safaris (Pty) Ltd, Flavoured Properties (Pty) Ltd, Horizon Deep (Pty) Ltd and Sunbelly Ventures (Pty) Ltd ("the entities") with effect from 1st September 2017 for a cash consideration of P56 million.

##### Unclaimed Dividends

The Directors wish to bring to the notice of shareholders that there are certain amounts of unclaimed dividends in the Company's records. Shareholders are reminded to contact the Transfer Secretaries to claim their outstanding dividends.

By order of the Board of Directors

**J M Gibson, CEO & Deputy Chairman**  
9th November 2017



Sponsoring Broker



Registered Office  
Plot 50371, Fairground Office Park, Gaborone  
Postal Address  
P O Box 32, Kasane

Transfer Secretaries  
DPS Consulting Services (Pty) Ltd  
P O. Box 294, Gaborone

Website: www.chobeholdings.co.bw

Directors

J. M. Gibson (Deputy Chairman & CEO), J. A. Bescooby (British), A. D. Chilisa, B. D. Flatt, R. Gerrard (Malawian), K. Ledimo, J.M. Nganunu-Macharia, D. S. Ter Haar, A. M. Whitehouse (Australian)