



# CHOBE HOLDINGS LIMITED

## CHOBE HOLDINGS LIMITED

("the Group" or "the Company")

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

### AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2018

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28/02/2018 P'000's	Year ended 28/02/2017 P'000's
Revenue	301 143	269 986
Other operating income	5 892	2 955
Amortisation of intangible assets	(4 462)	(4 005)
Depreciation	(21 227)	(18 995)
Release of impairment of investment in associate	-	1 204
Other operating expenses	(184 052)	(165 639)
Operating profit	97 294	85 506
Finance income	93	344
Finance cost	(121)	(136)
Share of results of associate	(1 279)	-
Profit before income tax expense	95 987	85 714
Income tax expense	(24 926)	(21 658)
Profit for the year	<b>71 061</b>	<b>64 056</b>
<b>Other comprehensive income</b>		
Currency translation reserve	146	792
Other comprehensive income for the year	146	792
<b>Total comprehensive income for the year</b>	<b>71 207</b>	<b>64 848</b>
<b>Attributable to</b>		
Owners of the parent	71 093	64 729
Non-controlling interest	114	119
	<b>71 207</b>	<b>64 848</b>
Earnings per share (thebe) - basic	79.49	72.37
Dividend per share (thebe)	50.00	50.00
Number of shares in issue during the period	89 439 642	89 439 642
Occupancy	55%	52%

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28/02/2018 P'000's	As at 28/02/2017 P'000's
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	168 145	148 590
Goodwill	61 646	35 085
Land lease rights	68 696	48 436
Other intangible assets	2 696	2 788
Investment in associate	4 721	-
Deferred income tax assets	4 528	3 834
	<b>310 432</b>	<b>238 733</b>
<b>Current assets</b>		
Inventory	13 655	9 867
Trade and other receivables	12 299	9 955
Current income tax receivable	4 324	4 388
Cash and cash equivalents	61 226	91 283
	<b>91 504</b>	<b>115 493</b>
<b>Total assets</b>	<b>401 936</b>	<b>354 226</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	102 899	102 899
Foreign currency translation reserve	(584)	(730)
Retained income	191 463	165 236
	<b>293 778</b>	<b>267 405</b>
Non-controlling interest	791	677
<b>Total equity</b>	<b>294 569</b>	<b>268 082</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	25 364	23 161
Deferred lease obligations	10 762	8 678
	<b>36 126</b>	<b>31 839</b>
<b>Current liabilities</b>		
Borrowings	-	259
Trade and other payables	41 510	30 596
Current income tax payable	2 448	619
Advance travel receipts	27 283	22 831
	<b>71 241</b>	<b>54 305</b>
<b>Total liabilities</b>	<b>107 367</b>	<b>86 144</b>
<b>Total equity and liabilities</b>	<b>401 936</b>	<b>354 226</b>
<b>Operating activities</b>		

#### CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 28/02/2018 P'000's	Year ended 28/02/2017 P'000's
Cash generated from operations	131 496	117 288
Interest paid	(121)	(136)
Income tax paid	(24 681)	(26 431)
Cash generated from operating activities	<b>106 694</b>	<b>90 721</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(33 342)	(30 880)
Proceeds on sale of property, plant and equipment	991	789
Proceeds from disposal of associate	-	1 204
Cash paid on acquisition of associate	(3 773)	-
Cash paid on acquisition of subsidiary	(56 000)	(18,418)
Interest received	93	344
Net cash used in investing activities	<b>(92 031)</b>	<b>(46 961)</b>
<b>Financing activities</b>		
Dividends paid	(44 720)	(35 776)
Net cash used in financing activities	<b>(44 720)</b>	<b>(35 776)</b>
Net (decrease)/increase in cash and cash equivalents	<b>(30 057)</b>	<b>7 984</b>
<b>Movement in cash and cash equivalents</b>		
At beginning of period	91 283	83 299
(Decrease)/increase in the year	(30 057)	7 984
At end of period	<b>61 226</b>	<b>91 283</b>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent				
	Stated capital P'000's	Retained earnings P'000's	Foreign currency translation reserve P'000's	Non controlling interest P'000's	Total P'000's
Balance at 1 March 2017	102 899	165 236	(730)	677	268 082
Profit for the year	-	70 947	-	114	71 061
Other comprehensive income	-	-	146	-	146
Dividend paid	-	(44 720)	-	-	(44 720)
<b>Balance at 28 February 2018</b>	<b>102 899</b>	<b>191 463</b>	<b>(584)</b>	<b>791</b>	<b>294 569</b>

#### COMMENTARY

##### Highlights

- Profit after tax increases by 11%.
- A 6% increase in occupancy levels.
- A 12% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P33.3 million financed from internally generated cash-flows.
- Cash and cash equivalents of P61.2 million.
- Negligible debt maintained.
- Acquired a lodge and three farms on the Northern border of Central Kalahari Game Reserve in the Hainaveld.
- Equity participation of 22% in an aquaculture and crop production entity in Kasane.

##### Basis of Preparation

The audited financial statements for the year ended 28th February 2018 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.

This summarised report is extracted from audited information, but is not itself audited. The Annual Financial Statements were audited by PricewaterhouseCoopers, who expressed an unmodified opinion thereon. The audited Annual Financial Statements and Auditor's Report thereon are available for inspection at the Company's registered office.

##### Financial Results

During the period under review occupancy increased by 6% when compared to the same period in the prior year. This is considered satisfactory in light of the increase in number of camps and lodges in Botswana, cheaper alternative destinations in the region and reduced capacity as a consequence of continuing lodge renovations, rebuilds and refurbishments.

A 12% increase in revenue was recorded as a result of the aforementioned increase in bed nights sold, a marginal increase in achieved bed night rates in US Dollar terms and a significant contribution from the aircraft maintenance organisation. Other operating income comprises mainly foreign exchange gains.

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

Share of results of associate represents the Group's share of the losses of Golden Wrap (Pty) Ltd. This entity's trading potential was brought to a complete halt due to considerable delays in the Environmental Impact Assessment pertaining to the expansion of its operations.

The Group spent, from internally generated cash flows, P33.3 million on the purchase of additional equipment and significantly improving existing buildings and equipment.

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 with effect from 1<sup>st</sup> September 2017 for a cash consideration of P56 million. Subsequent to the purchase, Dinaka Safari Lodge was refurbished and opened as a Ker & Downey branded lodge on 1<sup>st</sup> March 2018.

The Company also took up a 22% equity stake in Golden Wrap (Pty) Ltd, an aquaculture and crop farming entity operating in Kasane. The Company's equity contribution, when fully paid, will be P6 million.

Your directors approved a phantom share scheme during the year ended 28th February 2013 which allows the Group's employees to participate in the dividend distributions of the Group. The scheme allows all qualifying staff to share equally in a bonus which is calculated to be equal to the value of dividends attaching to three million shares in the Company. A total of P1,500,000 was distributed amongst qualifying employees during the year ended 28th February 2018.

##### Future Outlook

The Group's traditional markets of America and Europe are showing growth for the short to medium term future. There is potential for growth in newer and non-traditional markets such as the Far East and South America, the growth trajectory is however being negatively affected by delays in processing visas by the Botswana authorities.

Recently published financial statistics reveal that in 2017 Trade, Hotels and Restaurants accounted for 24% of national output/GDP, twice that of the Mining sector. The diversification of economic momentum away from mining is an encouraging and a significant development in the growth trajectory of Botswana, demonstrating clearly a sustainable way ahead, and beyond that of the finite limitations of our mineral resources. To fully

realize this future potential excessive, ponderous and over onerous regulation should be reviewed in constructive dialogue between the public and private sector.

The Group continues to invest considerable resources to improve its marketing strategies, product offerings and cost controls. To this end Dinaka Safari Lodge was refurbished and opened on 1 March 2018; Camp Moremi underwent a complete rebuild with the 'new Camp Moremi' opening on 1 May 2018. These initiatives are anticipated to translate into satisfactory results for the forthcoming financial year.

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

##### Dividends

In keeping with the Company's dividend distribution policy and the solvency requirements of the Companies Act, 2003, your Directors have declared a dividend of 50 thebe per share, payable to shareholders registered at the close of business on 15th June 2018 for payment on 29th June 2018.

##### Unclaimed Dividends

In terms of clause 27.5 of the Company's Constitution, dividends unclaimed for three years after due date for payment may become the property of the Company and used for the benefit of the Company.

The shareholders concerned are therefore advised to claim their unclaimed dividends within the prescribed three-year period.

The Directors have resolved to allow shareholders to claim all unclaimed dividends by 30th June 2018 i.e. dividends unclaimed for three or more years as at 1st July 2018 will become the property of the Company and will therefore not be claimable.

Shareholders can claim their unclaimed dividends by contacting the Company's transfer secretaries:

DPS Consulting (Pty) Ltd  
P O Box 294, Gaborone  
Tel. 3952011  
Email: dollymmereki@pwc.com

By order of the Board of Directors

**J M Gibson, CEO & Deputy Chairman**  
24th May 2018



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Plot 50371, Fairground  
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www.chobeholdings.co.bw

Transfer Secretaries  
DPS Consulting Services (Pty) Ltd  
PO Box 294 Gaborone

Independent Auditors  
PricewaterhouseCoopers  
PO Box 294 Gaborone

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