



CHOBE HOLDINGS LIMITED

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("the Group" or "the Company")

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

UNAUDITED ABRIDGED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31/08/2019 P'000's Unaudited	6 months ended 31/08/2018 P'000's Unaudited	Year ended 28/02/2019 P'000's Audited
Revenue	227 160	200 048	339 590
Other operating income	12 391	16 945	20 826
Amortisation of intangible assets	(2 683)	(2 534)	(5 137)
Depreciation	(19 474)	(13 100)	(25 816)
Other operating expenses	(110 339)	(106 672)	(209 726)
Operating profit	107 055	94 687	119 737
Write-off of goodwill	-	-	(7,419)
Finance income	324	8	179
Finance cost	(1 764)	(2)	(571)
Net income before share of results of associate	105 615	94 693	111 926
Share of net loss of associates accounted for using equity method	(482)	(496)	(1 094)
Profit before income tax	105 133	94 197	110 832
Income tax expense	(27 762)	(24 272)	(29 307)
Profit for the period	77 371	69 925	81 525
Other comprehensive income			
Exchange difference on translation of foreign operations	(157)	(929)	(635)
Other comprehensive loss for the period	(157)	(929)	(635)
Total comprehensive income for the period	77 214	68 996	80 890
Attributable to			
Owners of the parent	77 154	68 983	80 829
Non-controlling interest	60	13	61
	77 214	68 996	80 890
Earnings per share (thebe) - basic	86.26	77.13	90.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/08/2019 P'000's Unaudited	As at 31/08/2018 P'000's Unaudited	As at 28/02/2019 P'000's Audited
ASSETS			
Non-current assets			
Property, plant and equipment	283 333	189 919	218 600
Goodwill	54 227	61 646	54 227
Land lease rights	76 943	66 391	64 086
Other intangible assets	2 012	2 467	2 169
Investment in associate	3 145	4 225	3 627
Deferred income tax assets	3 735	4 887	3 327
	423 395	329 535	346 036
Current assets			
Inventory	12 256	11 982	12 963
Trade and other receivables	45 569	39 280	16 525
Current income tax receivable	662	3 205	4 753
Cash and cash equivalents	57 083	77 509	66 057
	115 570	131 976	100 298
Total assets	538 965	461 511	446 334
EQUITY AND LIABILITIES			
Equity			
Stated capital	102 899	102 899	102 899
Foreign currency translation reserve	(1 376)	(1 513)	(1 219)
Retained income	251 854	216 655	228 207
	353 377	318 041	329 887
Non-controlling interest	912	804	852
Total equity	354 289	318 845	330 739
Liabilities			
Non-current liabilities			
Borrowings	-	11 606	-
Deferred income tax liabilities	20 960	24 738	21 376
Deferred lease obligations	-	11 633	12 457
Lease liability	52 544	-	-
	73 504	47 977	33 833
Current liabilities			
Borrowings	-	3 394	-
Current income tax payable	5 688	4 179	5 218
Advance travel receipts	40 024	41 383	29 752
Trade and other payables	65 460	45 733	46 792
	111 172	94 689	81 762
Total liabilities	184 676	142 666	115 595
Total equity and liabilities	538 965	461 511	446 334

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/08/2019 P'000's Unaudited	6 months ended 31/08/2018 P'000's Unaudited	Year ended 28/02/2019 P'000's Audited
Operating activities			
Cash generated from operations	123 261	106 464	160 954
Interest paid	(40)	(2)	(571)
Income tax paid	(24 019)	(22 393)	(29 741)
Cash generated from operating activities	99 202	84 069	130 642
Investing activities			
Purchase of property, plant and equipment	(13 494)	(38 417)	(82 401)
Proceeds on sale of property, plant and equipment	1 131	343	1 131
Payment for acquisition of subsidiaries	(39 881)	-	-
Interest received	324	8	179
Net cash used in investing activities	(51 920)	(38 066)	(81 091)
Financing activities			
Proceeds from borrowings	-	15 000	15 000
Lease rental paid	(2 592)	-	-
Bank loan paid out	(53 664)	(44 720)	(15 000)
Dividends paid	-	-	(44 720)
Net cash used in financing activities	(56 256)	(29 720)	(44 720)
Net (decrease) / increase in cash and cash equivalents	(8 974)	16,283	4 831
Movement in cash and cash equivalents			
At beginning of period	66 057	61 226	61 226
(Decrease) / increase in the period	(8 974)	16 283	4 831
At end of period	57 083	77 509	66 057
Represented by:			
Cash and cash equivalents	57 083	77 509	66 057

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 2019	102 899	228 207	(1 219)	852	330 739
Profit for the period	-	77 311	-	60	77 371
Other comprehensive loss	-	-	(157)	-	(157)
Dividend paid (final 2019)	-	(53 664)	-	-	(53 664)
Balance at 31 August 2019	102 899	251 854	(1 376)	912	354 289

COMMENTARY

Highlights

- Profit after tax increases by 11%.
- A 7% increase in number of bed nights sold.
- A 14% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P13.5 million.
- Cash and cash equivalents of P57.1 million.
- Acquisition of game farms for P15.4 million.
- Acquisition of a hotel for P30.0 million.

Basis of Preparation

The unaudited abridged financial statements for the half year ended 31st August 2019 have been prepared based on accounting policies which comply with International Financial Reporting Standards. The accounting policies applied are consistent with those of the annual financial statements for the year ended 28th February 2019, as described in those annual financial statements, save for new standards that became effective during this financial year, the most significant being "IFRS16 Leases".

Financial Results

During the period under review the number of bed nights sold increased by 7% when compared to the same period in the prior year. A 14% increase in revenue was recorded as a result of the aforementioned increase in bednights sold, an increase in achieved bed rates in US Dollar terms and favourable exchange rates.

An operating cost increase of 3% is considered satisfactory in light of the volume of business and current inflation levels.

The Group spent P13.5 million, financed from internally generated cashflows, on improving existing equipment, buildings, as well as the purchase of additional equipment. A further P16.3 million advance payment towards purchase of a Cessna Caravan was made, this amount has been accounted for under Trade and other receivables pending delivery of the aircraft.

As previously reported, the Company, through its wholly owned subsidiary Ker & Downey Botswana (Pty) Ltd, acquired the entire issued stated capital of Nelie Investments (Pty) Ltd, a property owning company holding leases for two game farms in the Hainaveld area for a cash consideration of P15.4 million financed using the Group's internal cash resources. These two properties will be utilized to increase the extent of the land holdings currently held by the Dinaka Conservancy.

Desert & Delta Safaris (Pty) Ltd, a wholly owned subsidiary of the Company, acquired the entire shareholding and loans in Quadrum (Pty) Ltd and Sedia Hotel (Pty) Ltd ("the entities") with effect from 1st August 2019 for a total consideration of P30 million. The entities own the land lease and operate Sedia Riverside Hotel, a 31-room hotel in Maun. P25m, financed from internally generated cash resources, was paid on the effective date with the balance payable on the anniversary of the effective date for the following five years in equal instalments of P1m each or the fulfilment of certain conditions.

The Group adopted IFRS16 Leases for the first time in compliance with International Financial Reporting Standards. This has resulted in significant increases in Depreciation, Finance Cost, Property Plant and Equipment and Lease Liability due to all of the Group's camps and lodges being on leased land. The adoption of this standard has also resulted in Deferred Lease Obligation being reduced to zero.

Lease

The lease for Xugana Island Lodge expired on 31st December 2018. We remain in occupation and the lodge fully operational pending renewal. Non-renewal of this lease would have a negative impact on the Group's profitability. However, the Company's directors are confident that the expired lease will be renewed under terms and conditions that are acceptable to the Group.

Future Outlook

Economic uncertainty in the Northern Hemisphere exacerbated by Brexit, trade wars and economies performing just above recession, do not bode well for the travel industry in general and the Group in particular. Your directors are however confident that the Group's superior marketing strategies, product offering and cost containment measures provide the Group with the necessary tools to withstand the headwinds.

The extremely low water levels in the Okavango Delta are proving to be a challenge in terms of water-based activities for a number of operators. This situation has resulted in negative sentiment about visits to the Okavango Delta in the marketplace. However the Group's camps and lodges are positioned in prime areas and their water-based activities are largely unaffected. It is anticipated that this, coupled with an abundance of wildlife, will put the Group's camps and lodges in pole position to consolidate market share.

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 no interim dividend has been declared in favour of a final year end declaration.

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
10th October 2019



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Transfer Secretaries
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Directors

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