



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 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31/08/2014 P'000's Unaudited	6 months ended 31/08/2013 P'000's Unaudited	Year ended 28/02/2014 P'000's Audited
Revenue	121 494	98 372	172 764
Other operating income	3 616	3 088	3 305
Amortisation of intangible assets	(1 775)	(1 235)	(2 995)
Depreciation	(5 025)	(4 933)	(10 086)
Other operating expenses	(70 947)	(57 457)	(117 947)
Operating profit	47 363	37 835	45 041
Finance income	69	690	716
Finance cost	(47)	(8)	(27)
Profit before income tax expense	47 385	38 517	45 730
Income tax expense	(12 382)	(8 753)	(11 909)
Profit for the period	35 003	29 764	33 821
Other comprehensive income			
Currency translation differences	73	(335)	(302)
Total comprehensive income for the period	35 076	29 429	33 519
Attributable to			
Owners of the parent	35 036	29 385	33 438
Non-controlling interest	40	44	81
	<u>35 076</u>	<u>29 429</u>	<u>33 519</u>
Earnings per share (thebe) - basic	39.14	33.28	37.81
Dividend per share (thebe)	-	-	23.00
Number of bed nights sold	30 390	25 994	45 944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/08/2014 P'000's Unaudited	As at 31/08/2013 P'000's Unaudited	As at 28/02/2014 P'000's Audited
ASSETS			
Non-current assets			
Property, plant and equipment	99 592	87 262	92 578
Land lease rights	57 308	65 773	59 083
	<u>156 900</u>	<u>153 035</u>	<u>151 661</u>
Current assets			
Inventory	4 161	4 344	4 014
Trade and other receivables	22 543	19 703	6 792
Current income tax	1 675	1 150	3 056
Cash and cash equivalents	49 759	30 531	43 671
	<u>78 138</u>	<u>55 728</u>	<u>57 533</u>
Total assets	235 038	208 763	209 194
EQUITY AND LIABILITIES			
Equity			
Stated capital	102 899	102 899	102 899
Foreign currency translation reserve	(688)	(794)	(761)
Retained income	65 424	45 604	51 032
Non-controlling interest	167 635	147 709	153 170
	<u>361</u>	<u>284</u>	<u>321</u>
Total equity	167 996	147 993	153 491
Liabilities			
Non-current liabilities			
Deferred tax	19 560	22 532	20 043
Deferred lease liabilities	2 951	-	2 287
	<u>22 511</u>	<u>22 532</u>	<u>22 330</u>
Current liabilities			
Borrowings	417	508	508
Trade and other payables	43 707	36 880	32 152
Current income tax	407	850	713
	<u>44 531</u>	<u>38 238</u>	<u>33 373</u>
Total liabilities	67 042	60 770	55 703
Total equity and liabilities	235 038	208 763	209 194

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/08/2014 P'000's Unaudited	6 months ended 31/08/2013 P'000's Unaudited	Year ended 28/02/2014 P'000's Audited
Operating activities			
Cash generated from operations	50 410	43 477	72 787
Interest paid	(47)	(8)	(27)
Income tax paid	(11 791)	(4 451)	(11 178)
Cash generated from operating activities	<u>38 572</u>	<u>39 018</u>	<u>61 582</u>
Investing activities			
Purchase of property, plant and equipment	(12 053)	(4 001)	(15 568)
Proceeds on sale of property, plant and equipment	162	949	1 921
Cash paid on acquisition of subsidiary	-	(36 707)	(36 820)
Interest received	69	690	716
Net cash used in investing activities	<u>(11 822)</u>	<u>(39 069)</u>	<u>(49 751)</u>
Financing activities			
Net repayment of borrowings	(91)	-	-
Dividends paid	(20 571)	(18 632)	(17 374)
Net cash used in financing activities	<u>(20 662)</u>	<u>(18 632)</u>	<u>(17 374)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6 088</u>	<u>(18 683)</u>	<u>(5 543)</u>
Movement in cash and cash equivalents			
At beginning of period	43 671	49 214	49 214
Increase/(decrease)	6 088	(18 683)	(5 543)
At end of period	<u>49 759</u>	<u>30 531</u>	<u>43 671</u>

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 2014	102 899	51 032	(761)	321	153 491
Profit for the period	-	34 963	-	40	35 003
Other comprehensive income	-	-	73	-	73
Dividend paid (final 2014)	-	(20 571)	-	-	(20 571)
Balance at 31 August 2014	102 899	65 424	(688)	361	167 996

COMMENTARY

Highlights

- Profit after tax increases by 19%.
- A 17% increase in occupancy levels.
- 24% increase in revenue as a consequence of higher achieved rates, a weaker Pula against the US Dollar and increased capacity following the acquisition of Moremi Safaris (Pty) Ltd in August 2013.
- Costs contained at inflationary levels.
- Capital expenditure of P12.1 million financed from internally generated cashflows
- Cash and cash equivalents of P49.8 million.
- Negligible debt maintained.

Basis of Preparation

The unaudited abridged financial statements for the half year ended 31st August 2014 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 2014, as described in those annual financial statements.

Financial Results

During the period under review bednights sold increased from 25994 in prior year to 30390. Camp Xakanaxa, the trading entity of Moremi Safaris (Pty) Ltd, which was acquired on 1st August 2013, contributed 2984 (prior year : 506) bednights. Revenues however rose by 24% due to a significant increase in bednights sold, a marginal increase in achieved bed rates in US Dollar terms, the weakening of the Pula against the US Dollar and increased capacity following the addition of Camp Xakanaxa.

An operating cost increase of 23% is considered satisfactory in light of increased volume of business, current inflation levels and the impact of expensing future lease rentals amounting to P664,000 (prior year

: Pnil) in compliance with International Financial Reporting Standards.

Synergies in marketing, operating and administrative structures following the acquisition of Moremi Safaris (Pty) Ltd have been realised during the period under review.

The Group spent P12.1 million, financed from internally generated cashflows, on significantly improving existing equipment, buildings, as well as the purchase of additional equipment and new aircraft.

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 P690,000 was distributed amongst qualifying employees during the half year ended 31st August 2014.

Leases

In December 2013, two of the Company's subsidiaries submitted tenders for the lease, utilisation and management of Camp Okavango and Shinde Camp for non-consumptive tourism purposes. The tender results are yet to be announced. Leases for the two camps have in the meantime been extended to 31st December 2014. Shareholders are advised that non-renewal of these leases would have a negative impact on the Group's profitability. However, the Company's Directors are confident that the leases will be re-awarded to the Company's subsidiaries under terms and conditions that are acceptable to the Group, given that the subsidiaries have first right of refusal on renewal of those leases.

Future Outlook

An increase in confirmed and provisional bookings for the year ended 28th February 2015, when compared to the same stage in

prior year, suggests a satisfactory increase in revenue for the Group will be achieved in the second half of this financial year. However the perceived threat of contracting the Ebola virus, compounded by the misunderstanding of Botswana's geography and demography in relation to other African countries that have recorded Ebola cases, is having a negative impact on future bookings. To manage this threat the Group has adjusted its cancellation policy to allow a full refund where a traveller declines to travel to Botswana in the event that an Ebola outbreak is confirmed in Botswana by the WHO. This strategy, which has been adopted by all industry players, is designed to encourage travellers to continue to book their holidays and not hold off for fear of the threat of Ebola. The quantum of the impact on future revenue and/or profitability cannot be reliably estimated and will only manifest in the unlikely event of a confirmed Ebola outbreak in Botswana.

The phased modernisation of the Group's fleet of aircraft has been completed. It is anticipated that, going forward, customer satisfaction will be enhanced and maintenance costs associated with older aircraft will reduce.

Dividends

In keeping with the Company's dividend 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
8th November 2014



Sponsoring Broker



Stockbrokers Botswana Ltd.
Member of the Botswana Stock Exchange

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