

CHOCBE

HOLDINGS LIMITED

CHOCBE 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 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28/02/2015 P'000's	Year ended 28/02/2014 P'000's
Revenue	209 515	171 974
Other operating income	8 148	2 838
Amortisation of intangible assets	(3 549)	(2 995)
Depreciation	(10 436)	(10 086)
Other operating expenses	(136 075)	(116 690)
Operating profit	67 603	45 041
Finance income	913	716
Finance cost	(80)	(27)
Profit before income tax expense	68 436	45 730
Income tax expense	(16 939)	(11 909)
Profit for the year	51 497	33 821
Other comprehensive income		
Currency translation reserve	59	(302)
Other comprehensive income for the year	59	(302)
Total comprehensive income for the year	51 556	33 519
Attributable to		
Owners of the parent	51 454	33 438
Non-controlling interest	102	81
	51 556	33 519
Earnings per share (thebe) - basic	57.58	37.81
Dividend per share (thebe)	35.00	23.00
Number of shares in issue during the period	89 439 642	89 439 642
Number of bed nights sold	50 868	45 944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28/02/2015 P'000's	As at 28/02/2014 P'000's
ASSETS		
Non-current assets		
Property, plant and equipment	103 473	92 577
Land lease rights	55 534	59 083
Investment in associate	-	-
Deferred income taxes	1 736	992
	160 743	152 652
Current assets		
Inventory	3 429	4 014
Trade and other receivables	5 511	6 792
Current income tax	2 492	3 089
Cash and cash equivalents	74 944	43 670
	86 376	57 565
Total assets	247 119	210 217
EQUITY AND LIABILITIES		
Equity		
Stated capital	102 899	102 899
Foreign currency translation reserve	(702)	(761)
Retained income	81 856	51 032
	184 053	153 170
Non-controlling interest	423	321
Total equity	184 476	153 491
Liabilities		
Non-current liabilities		
Deferred tax	21 028	21 035
Deferred lease liabilities	3 587	2 287
	24 615	23 322
Current liabilities		
Borrowings	347	508
Trade and other payables	22 480	19 122
Current income tax	878	744
Advance Travel Receipts	14 323	13 030
	38 028	33 404
Total liabilities	62 643	56 726
Total equity and liabilities	247 119	210 217

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 28/02/2015 P'000's	Year ended 28/02/2014 P'000's
Operating activities		
Cash generated from operations	89 322	72 493
Interest paid	(80)	(27)
Income tax paid	(16 959)	(11 181)
Cash generated from operating activities	72 283	61 285
Investing activities		
Purchase of property, plant and equipment	(21 415)	(15 272)
Proceeds on sale of property, plant and equipment	225	1 921
Cash paid on acquisition of subsidiary	-	(36,820)
Interest received	913	716
Net cash used in investing activities	(20 277)	(49 455)
Financing activities		
Net repayment of borrowings	(161)	-
Dividends paid	(20 571)	(17 374)
Net cash used in financing activities	(20 732)	(17 374)
Net increase/(decrease) in cash and cash equivalents	31 274	(5 544)
Movement in cash and cash equivalents		
At beginning of period	43 670	49 214
Increase/(decrease) in the year	31 274	(5 544)
At end of period	74 944	43 670
Represented by:		
Cash and cash equivalents	74 944	43 670

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 2014	102 899	51 032	(761)	321	153 491
Profit for the year	-	51 395	-	102	51 497
Other comprehensive income	-	-	59	-	59
Dividend paid (final 2014)	-	(20 571)	-	-	(20 571)
Balance at 28 February 2015	102 899	81 856	(702)	423	184 476

COMMENTARY

Highlights

- Profit after tax increases by 52%.
- An 11% increase in occupancy levels.
- 22% increase in revenue as a consequence of higher achieved rates, a weaker Pula against the US Dollar and increased capacity following acquisition.
- Costs contained at inflationary levels.
- Capital expenditure of P21.4 million financed from internally generated cash-flows
- Cash and cash equivalents of P74.9 million.
- Negligible debt maintained.

Basis of Preparation

The audited abridged financial statements for the year ended 28th February 2015 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 year under review bednights sold increased from 45944 in prior year to 50868. Camp Xakanaxa, the trading entity of Morem Safari (Pty) Ltd, which was acquired on 1st August 2013, contributed 5017 (prior year : 2264) bednights. Revenues however rose by 22% due to a significant increase in bednights sold in peak season, an 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 17% is considered satisfactory in light of increased volume of business and current inflation levels.

During the financial year ended 29th February 2012, the company sold, on suspensive terms, its 44% interest in Namibian Associate, Lianshulu Lodge (Pty) Ltd. The buyers have defaulted on the last two payments totalling NS1,760,000. The investment in this associate was fully written down in previous financial years and therefore no further financial impact is anticipated following this default. Legal action is currently being taken to secure payment in terms of the sale agreement.

The Group spent P21.4 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 year ended 28th February 2015.

Audit report

As we had indicated in our 2009 release of results, the write-off of goodwill in that period continues to result in a qualification of the audit opinion by the Group's auditors on the basis that the write-off remains unnecessary under IFRS, the Group's net assets accordingly are understated by P30.3 million at the financial year-end. The Board remains of the view that the write off of the goodwill was in the best interest of the Group.

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.

Camp Okavango's lease has been re-awarded to the Group for an initial period of fifteen years. The formal lease has however not been signed yet.

Ker & Downey Botswana (Pty) Ltd, operating Shinde Camp, was forced to match an exorbitant bid from another tendering entity to secure the re-award of Shinde Camp's lease to the Group. This lease has not been formally awarded but your Directors are confident that it will be awarded to the Group given that Ker & Downey Botswana (Pty) Ltd has exercised its first right of refusal.

Future Outlook

Short to medium term trading conditions may be constrained mainly due to the negative effect on travel plans as a result of the Ebola outbreak in parts of Africa in 2014 and the strengthening of the US Dollar when com-

pared to the Euro resulting in a substantial increase in the cost of Botswana packages to an already depressed European market. Confirmed and provisional bookings for the year ended 29th February 2016 suggest the Group should however achieve satisfactory results in the forthcoming financial year.

The ongoing major refurbishments at Chobe Game Lodge, designed to uplift this iconic lodge, is anticipated to result in an increase in demand once completed in mid 2016.

Chobe Game Lodge launched its first electric game drive vehicle and first electric boat. These are "firsts" in the whole of Africa. Subsequently Desert and Delta Safaris won the Innovation Award for Brand Africa at the prestigious World Travel Market Africa show in Cape Town and Chobe Game Lodge won the award for Best Resource Use at the same event. It is anticipated that these initiatives and awards will lead to increased occupancy as the Group's offerings are positioned at the forefront of the minds of the ever increasing environmental conscious traveller.

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, the solvency requirements of the Companies Act, 2003, your Directors have declared a dividend of 35 thebe per share, payable to shareholders registered at the close of business on 12th June 2015 for payment on 26th June 2015.

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
19th May 2015



Directors
P. M. Van Riet-Lowe (Chairman), J. M. Gibson (Deputy Chairman & CEO),
J. A. Bescoby (British), A. D. Chilsa, B. D. Flatt, R. Gerrard (Malawian), K.
Ledimo, J. M. Nganunu-Macharia, D. S. Ter Haar, A. M. Whitehouse
(Australian)

Stockbrokers Botswana Ltd.
Member of the Botswana Stock Exchange

Registered Office
Plot 50371,
Fairground Office Park
Gaborone

Postal Address
P O Box 32, Kasane
www.chobeholdings.co.bw

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

Independent Auditors
Pricewaterhouse Coopers
PO Box 294 Gaborone