

# 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 29 FEBRUARY 2016

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 29/02/2016 P'000's	Year ended 28/02/2015 P'000's
<b>Revenue</b>	210 822	206 869
Other operating income	17 965	8 147
Amortisation of intangible assets	(3 549)	(3 549)
Depreciation	(12 111)	(10 435)
Other operating expenses	(137 861)	(133 429)
<b>Operating profit</b>	75 266	67 603
Finance income	733	913
Finance cost	(82)	(80)
<b>Profit before income tax expense</b>	75 917	68 436
Income tax expense	(19 595)	(16 939)
<b>Profit for the year</b>	<b>56 322</b>	<b>51 497</b>
<b>Other comprehensive income</b>		
Currency translation reserve	(820)	59
Other comprehensive income for the year	(820)	59
<b>Total comprehensive income for the year</b>	<b>55 502</b>	<b>51 556</b>
<b>Attributable to</b>		
Owners of the parent	55 367	51 454
Non-controlling interest	135	102
	<b>55 502</b>	<b>51 556</b>
Earnings per share (thebe) - basic	62.97	57.58
Dividend per share (thebe)	40.00	35.00
Number of shares in issue during the period	89 439 642	89 439 642
Occupancy	48%	50%

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 29/02/2016 P'000's	As at 28/02/2015 restated P'000's
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	130 120	103 473
Goodwill	30 336	30 336
Land lease rights	51 985	55 534
Investment in associate	-	-
Deferred income tax assets	2 519	1 736
	214 960	191 079
<b>Current assets</b>		
Inventory	3 997	3 429
Trade and other receivables	8 610	5 511
Current income tax receivable	2 539	2 492
Cash and cash equivalents	83 299	74 944
	98 445	86 376
<b>Total assets</b>	<b>313 405</b>	<b>277 455</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Stated capital	102 899	102 899
Foreign currency translation reserve	(1 522)	(702)
Retained income	137 075	112 192
	238 452	214 389
Non-controlling interest	558	423
<b>Total equity</b>	<b>239 010</b>	<b>214 812</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	22 187	21 028
Deferred lease obligations	6 613	3 587
	28 800	24 615
<b>Current liabilities</b>		
Borrowings	259	347
Trade and other payables	24 575	22 480
Current income tax payable	2 483	878
Advance travel receipts	18 278	14 323
	45 595	38 028
<b>Total liabilities</b>	<b>74 395</b>	<b>62 643</b>
<b>Total equity and liabilities</b>	<b>313 405</b>	<b>277 455</b>

### CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 29/02/2016 P'000's	Year ended 28/02/2015 P'000's
<b>Operating activities</b>		
Cash generated from operations	95 387	89 322
Interest paid	(82)	(80)
Income tax paid	(17 662)	(16 959)
<b>Cash generated from operating activities</b>	<b>77 643</b>	<b>72 283</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(41 497)	(21 415)
Proceeds on sale of property, plant and equipment	2 868	225
Interest received	733	913
<b>Net cash used in investing activities</b>	<b>(37 896)</b>	<b>(20 277)</b>
<b>Financing activities</b>		
Net repayment of borrowings	(88)	(161)
Dividends paid	(31 304)	(20 571)
<b>Net cash used in financing activities</b>	<b>(31 392)</b>	<b>(20 732)</b>
<b>Net increase in cash and cash equivalents</b>	<b>8 355</b>	<b>31 274</b>
<b>Movement in cash and cash equivalents</b>		
At beginning of period	74 944	43 670
Increase in the year	8 355	31 274
At end of period	<b>83 299</b>	<b>74 944</b>
<b>Represented by:</b>		
Cash and cash equivalents	<b>83 299</b>	<b>74 944</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 2015 (as originally stated)	102 899	81 856	(702)	423	184 476
Prior year adjustment	-	30 336	-	-	30 336
<b>Balance at 1 March 2015 (as restated)</b>	<b>102 899</b>	<b>112 192</b>	<b>(702)</b>	<b>423</b>	<b>214 812</b>
Profit for the year	-	56 187	-	135	56 322
Other comprehensive income	-	-	(820)	-	(820)
Dividend paid (final 2015)	-	(31 304)	-	-	(31 304)
<b>Balance at 29 February 2016</b>	<b>102 899</b>	<b>137 075</b>	<b>(1 522)</b>	<b>558</b>	<b>239 010</b>

### COMMENTARY

#### Highlights

- Profit after tax increases by 9%.
- A 2% decrease in occupancy levels.
- A 2% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P41.5 million financed from internally generated cashflows.
- Cash and cash equivalents of P83.3million.
- Negligible debt maintained.

#### Basis of Preparation

The audited abridged financial statements for the year ended 29th February 2016 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 2015, as described in those annual financial statements.

#### Financial Results

During the period under review occupancy decreased by 2% due to the negative effect on travel plans as a result of the Ebola outbreak in parts of Africa in 2014 and challenging market conditions especially in the European market. A weaker Euro relative to the US Dollar resulted in Botswana packages, which are priced in US Dollars, being perceived as expensive. Continued improvements at Chobe Game Lodge and the complete rebuild of Camp Okavango reduced the Group's available capacity. Revenues, however, increased marginally due to favourable exchange rates and a marginal increase in achieved bed rates in US Dollar terms.

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

The Group spent P41.5 million, financed from internally generated cashflows, on significantly improving existing equipment,

buildings, as well as the purchase of additional equipment. Major projects undertaken were the complete rebuild of Camp Okavango which was officially re-opened on 16th April 2016 and refurbishing of rooms at Chobe Game Lodge.

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 P1,050,000 was distributed amongst qualifying employees during the year ended 29th February 2016.

To avoid penalties that may be imposed by the Botswana Stock Exchange on listed companies with qualified audit opinions, your Directors have reluctantly restated, with effect from the financial year ended 28th February 2015, goodwill of P30.3 million which was written off in 2009. The impact of restating this goodwill, which has been incorporated as a prior year adjustment, is an increase in assets and retained earnings of P30.3 million. The Board remains of the view that at that time the write off was in the best interest of the Group.

#### Events after the reporting date

The Company, through its wholly owned subsidiary North West Air (Pty) Ltd, acquired Air Charter Botswana (Pty) Ltd's aircraft maintenance operation at Maun International Airport for a cash consideration of P19.5 million financed using the Group's internal cash resources.

#### 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.

After considerable delay both leases have been awarded to the Group for an initial period of fifteen years. The formal leases have not yet been signed owing to certain clauses that are not consistent with the invitation to tender documents.

#### Future Outlook

Southern Africa in general and Botswana in particular, is currently perceived to be a safe tourist destination. SA Airlink's recently introduced flight between Maun and Cape Town is anticipated to contribute positively to Maun's accessibility. These factors, coupled with the Group's superior marketing strategies and ever improving product offering, are anticipated to translate to satisfactory results in the forthcoming financial year.

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 net dividend of 40 thebe per share, payable to shareholders registered at the close of business on 10th June 2016 for payment on 24th June 2016.

#### 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  
24th May 2016



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

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Independent Auditors  
PricewaterhouseCoopers  
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