



CHOBE HOLDINGS LIMITED

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("the Group" or "the Company")

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

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31/08/2016 P'000's Unaudited	6 months ended 31/08/2015 P'000's Unaudited	Year ended 29/02/2016 P'000's Audited
Revenue	158 612	119 180	210 822
Other (expenses)/income	(423)	3 942	17 965
Amortisation of intangible assets	(2 005)	(1 775)	(3 549)
Depreciation	(9 472)	(5 886)	(12 112)
Operating expenses	(82 248)	(71 615)	(137 860)
Operating profit	64 464	43 846	75 266
Finance income	55	579	733
Finance cost	(119)	(3)	(82)
Profit before income tax expense	64 400	44 422	75 917
Income tax expense	(17 171)	(10 360)	(19 595)
Profit for the period	47 229	34 062	56 322
Other comprehensive income			
Currency translation differences	286	(341)	(820)
Total comprehensive income for the period	47 515	33 721	55 502
Attributable to			
Owners of the parent	47 449	33 681	55 367
Non-controlling interest	66	40	135
	47 515	33 721	55 502
Earnings per share (thebe) - basic	52.81	38.08	62.97
Dividend per share (thebe)	-	-	40.00
Occupancy	59%	56%	48%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/08/2016 P'000's Unaudited	As at 31/08/2015 P'000's Unaudited	As at 29/02/2016 P'000's Audited
ASSETS			
Non-current assets			
Property, plant and equipment	150 277	116 605	130 120
Goodwill	34 371	30 336	30 336
Land lease rights	50 238	53 759	51 985
Other intangible assets	3 014	-	-
Deferred income tax assets	3 097	2 118	2 519
	240 997	202 818	214 960
Current assets			
Inventory	10 459	4 319	3 997
Trade and other receivables	26 772	23 611	8 610
Current income tax receivable	2 885	2 511	2 539
Cash and cash equivalents	71 294	60 231	83 299
	111 410	90 672	98 445
Total assets	352 407	293 490	313 405
EQUITY AND LIABILITIES			
Equity			
Stated capital	102 899	102 899	102 899
Foreign currency translation reserve	(1 236)	(1 043)	(1 522)
Retained income	148 462	114 884	137 075
	250 125	216 740	238 452
Non-controlling interest	627	489	558
Total equity	250 752	217 229	239 010
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	22 179	22 191	22 187
Deferred lease obligations	7 099	5 281	6 613
	29 278	27 472	28 800
Current liabilities			
Borrowings	259	259	259
Current income tax payable	1 572	815	2 483
Advance travel receipts	29 927	22 822	18 278
Trade and other payables	40 619	24 893	24 575
	72 377	48 789	45 595
Total liabilities	101 655	76 261	74 395
Total equity and liabilities	352 407	293 490	313 405

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/08/2016 P'000's Unaudited	6 months ended 31/08/2015 P'000's Unaudited	Year ended 29/02/2016 P'000's Audited
Operating activities			
Cash generated from operations	72 513	45 178	95 388
Interest paid	(119)	(3)	(82)
Income tax paid	(19 041)	(9 661)	(17 662)
Cash generated from operating activities	53 353	35 514	77 644
Investing activities			
Purchase of property, plant and equipment	(29 802)	(19 602)	(41 498)
Proceeds on sale of property, plant and equipment	165	188	2 868
Interest received	55	579	733
Net cash used in investing activities	(29 582)	(18 835)	(37 897)
Financing activities			
Net repayment of borrowings	-	(88)	(88)
Dividends paid	(35 776)	(31 304)	(31 304)
Net cash used in financing activities	(35 776)	(31 392)	(31 392)
Net (decrease)/increase in cash and cash equivalents	(12 005)	(14 713)	8 355
Movement in cash and cash equivalents			
At beginning of period	83 299	74 944	74 944
(Decrease)/increase	(12 005)	(14 713)	8 355
At end of period	71 294	60 231	83 299

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent				Total
	Stated capital P'000's	Retained earnings P'000's	Foreign currency translation reserve P'000's	Non-controlling interest P'000's	P'000's
Balance at 1 March 2016	102 899	137 075	(1 522)	558	239 010
Profit for the period	-	47 163	-	69	47 232
Other comprehensive income	-	-	286	-	286
Dividend paid (final 2016)	-	(35 776)	-	-	(35 776)
Balance at 31 August 2016	102 899	148 462	(1 236)	627	250 752

COMMENTARY

Highlights

- Profit after tax increases by 39%.
- A 5% increase in occupancy levels.
- A 33% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P29.8 million financed from internally generated cashflows.
- Cash and cash equivalents of P71.3 million.
- Negligible debt maintained.
- Acquired an aircraft maintenance organisation for cash.

Basis of Preparation

The unaudited abridged financial statements for the half year ended 31st August 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 29th February 2016, as described in those annual financial statements.

Financial Results

During the period under review occupancy increased by 5% when compared to the same period in prior year. This is considered satisfactory in light of continued uncertainty in the world economy and reduced capacity caused by continued improvements at Chobe Game Lodge and the complete rebuild of Camp Okavango.

A significant increase in revenue was recorded as a result of the aforementioned increase in bednights sold, favourable exchange rates, a marginal increase in achieved bed rates in US Dollar terms and contribution from the newly acquired wholly owned aircraft maintenance organisation.

An operating cost increase of 15% is considered satisfactory in light of the volume of business and current inflation levels.

The Group spent P22.1 million, financed from internally generated cashflows, on significantly improving existing equipment, buildings, as well as the purchase of additional equipment. A further P7.7 million was used to purchase buildings and equipment for North West Air (Pty) Ltd, a wholly owned aircraft maintenance operation.

As previously announced, the Group acquired an aircraft maintenance organisation through North West Air (Pty) Ltd, a wholly owned subsidiary, on 1st March 2016. This subsidiary has made a positive contribution to

the group's bottom line for the reporting period. It is anticipated that the financial contribution from this subsidiary will be fully realised in the forthcoming financial year once the entity has been fully integrated into 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.

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

It is anticipated that tourist numbers to Southern Africa in general and Botswana in particular will rise in the short to medium term. The Group is well positioned to benefit from this increase through its ever improving product offering coupled with the prime location of the Group's camps and lodges.

Initiatives by government such as the planned introduction of a tourism levy for every visitor entering Botswana, if implemented, may have a negative impact on the growth trend.

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 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
22nd November 2016