



CHOBE HOLDINGS LIMITED

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("the Group" or "the Company")

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

AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 28/02/2017 P'000's	Year ended 29/02/2016 P'000's
Revenue	269 986	210 822
Other operating income	2 955	17 965
Amortisation of intangible assets	(4 005)	(3 549)
Depreciation	(18 995)	(12 111)
Release of impairment of investment in associate	1 204	-
Other operating expenses	(165 639)	(137 861)
Operating profit	85 506	75 266
Finance income	344	733
Finance cost	(136)	(82)
Profit before income tax expense	85 714	75 917
Income tax expense	(21 658)	(19 595)
Profit for the year	64 056	56 322
Other comprehensive income		
Currency translation reserve	792	(820)
Other comprehensive income for the year	792	(820)
Total comprehensive income for the year	64 848	55 502
Attributable to		
Owners of the parent	64 729	55 367
Non-controlling interest	119	135
	64 848	55 502
Earnings per share (thebe) - basic	71.62	62.97
Dividend per share (thebe)	50.00	40.00
Number of shares in issue during the period	89 439 642	89 439 642
Occupancy	52%	48%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28/02/2017 P'000's	As at 29/02/2016 P'000's
ASSETS		
Non-current assets		
Property, plant and equipment	148 590	130 120
Goodwill	35 085	30 336
Land lease rights	48 436	51 985
Other intangible assets	2 788	-
Investment in associate	-	-
Deferred income tax assets	3 834	2 519
	238 733	214 960
Current assets		
Inventory	9 867	3 997
Trade and other receivables	9 955	8 610
Current income tax receivable	4 388	2 539
Cash and cash equivalents	91 283	83 299
	115 493	98 445
Total assets	354 226	313 405
EQUITY AND LIABILITIES		
Equity		
Stated capital	102 899	102 899
Foreign currency translation reserve	(730)	(1 522)
Retained income	165 236	137 075
	267 405	238 452
Non-controlling interest	677	558
Total equity	268 082	239 010
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	23 161	22 187
Deferred lease obligations	8 678	6 613
	31 839	28 800
Current liabilities		
Borrowings	259	259
Trade and other payables	30 596	24 575
Current income tax payable	619	2 483
Advance travel receipts	22 831	18 278
	54 305	45 595
Total liabilities	86 144	74 395
Total equity and liabilities	354 226	313 405

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 28/02/2017 P'000's	Year ended 29/02/2016 P'000's
Operating activities		
Cash generated from operations	117 288	95 387
Interest paid	(136)	(82)
Income tax paid	(26 431)	(17 662)
Cash generated from operating activities	90 721	77 643
Investing activities		
Purchase of property, plant and equipment	(30 880)	(41 497)
Acquisition of air maintenance operation	(18 418)	-
Proceeds from disposal of associate	1 204	-
Proceeds on sale of property, plant and equipment	789	2 868
Interest received	344	733
Net cash used in investing activities	(46 961)	(37 896)
Financing activities		
Net repayment of borrowings	-	(88)
Dividends paid	(35 776)	(31 304)
Net cash used in financing activities	(35 776)	(31 392)
Net increase in cash and cash equivalents	7 984	8 355
Movement in cash and cash equivalents		
At beginning of period	83 299	74 944
Increase in the year	7 984	8 355
At end of period	91 283	83 299
Represented by:		
Cash and cash equivalents	91 283	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 year	-	63 937	-	119	64 056
Other comprehensive income	-	-	792	-	792
Dividend paid (final 2016)	-	(35 776)	-	-	(35 776)
Balance at 28 February 2017	102 899	165 236	(730)	677	268 082

COMMENTARY

Highlights

- Profit after tax increases by 14%.
- A 4% increase in occupancy levels.
- A 28% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P30.9 million financed from internally generated cash-flows.
- Cash and cash equivalents of P91.3 million.
- Negligible debt maintained.
- Acquired an aircraft maintenance organisation for a consideration of P18.4 million financed from internally generated cash-flows.

Basis of Preparation

The audited abridged financial statements for the year ended 28th February 2017 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 4% when compared to the same period in the prior year. This is considered satisfactory in light of continued uncertainty in the world economy, cheaper alternative destinations in the region and reduced capacity as a consequence of continuing lodge renovations and refurbishments.

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

Other operating income comprises mainly foreign exchange gains. The Botswana Pula remained fairly stable during the reporting period resulting in only modest foreign exchange gains when compared with the operating gains of the prior year.

P1.2m was received as a final settlement for the disposal of associate Lianshulu Lodge (Pty) Ltd, a Namibian company in which Chobe Holdings Ltd held a 44% interest.

An operating cost increase of 20% is considered satisfactory in light of increased volumes of business and current inflation levels.

The Group spent, from internally generated cashflows P30.9 million, on the purchase of additional equipment and significantly improving existing buildings and equipment. A further P18.4 million was used to acquire an air maintenance operation.

As previously announced, the Group, on 1st March 2016, acquired the Maun aircraft maintenance operation of Air Charter Botswana (Pty) Ltd. The fair value of assets acquired which was determined through a valuation was recorded through North West Air (Pty) Ltd, a 100% subsidiary of Chobe Holdings Ltd. The operation has made a positive contribution to the Group's bottom line for the reporting period. It is anticipated that the financial contribution from this acquisition will be fully realised in the forthcoming financial year once the entity has been fully integrated into the Group.

Your directors approved a phantom share scheme during the year ended 28th February 2017 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 P1,200,000 was distributed amongst qualifying employees during the year ended 28th February 2017.

Leases

In December 2013, two of the Group'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 were signed subsequent to the financial year end. The initial period for both leases is fifteen years from March 2015.

Future Outlook

Political uncertainty associated with the new administration in the United States and other geopolitical events in the northern hemisphere have added volatility to the US Dollar, the Group's main revenue trading currency. A loss in value of the US Dollar would have a negative impact on the Group's profitability.

The Ministry of Environment, Natural Resource Conservation and Tourism, through Botswana Tourism Organisation, has and continues to internationally expose Botswana as a destination of choice. These efforts are anticipated to result in more tourists visiting our country in general and the Group's lodges in particular.

The Group continues to invest considerable resources to improve its marketing strategies, product offerings and cost controls. These initiatives are anticipated to translate into satisfactory results for the forthcoming financial year.

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 and the solvency requirements of the Companies Act, 2003, your Directors have declared a dividend of 50 thebe per share, payable to shareholders registered at the close of business on 16th June 2017 for payment on 30th June 2017.

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
18th May 2017



Sponsoring Broker



Stockbrokers Botswana Ltd.
Member of the Botswana Stock Exchange

Directors

J. M. Nganunu-Macharia (Chairman), J. M. Gibson (Deputy Chairman & CEO), J. A. Bescooby (British), A. D. Chisa, B. D. Platt, R. Gerrard (Malawian), K. Ledimo, D. S. Ter Haar, A. M. Whitehouse (Australian)

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