



# 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 2013

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | 6 months ended<br>31/08/2013<br>P'000's<br>Unaudited | 6 months ended<br>31/08/2012<br>P'000's<br>Unaudited | Year ended<br>28/02/2013<br>P'000's<br>Audited |
|--|--|--|--|
| Revenue  | 98 372   | 81 699   | 145 317  |
| Other operating income                           | 3 088  | 2 145  | 3 247  |
| Amortisation of intangible assets                | (1 235)  | (7 166)  | (12 312)                                       |
| Depreciation                                     | (4 933)  | (5 048)  | (8 971)  |
| Impairment of investment in associate            | -  | (410)  | 385  |
| Other operating expenses                         | (57 457)   | (51 091)   | (95 482)                                       |
| <b>Operating profit</b>                          | <b>37 835</b>  | <b>20 129</b>  | <b>32 184</b>                                  |
| Finance income                                   | 690  | 804  | 2 033  |
| Finance cost                                     | (8)  | (12)   | (24)   |
| <b>Profit before income tax expense</b>          | <b>38 517</b>  | <b>20 921</b>  | <b>34 193</b>                                  |
| Income tax expense                               | (8 753)  | (4 698)  | (7 830)  |
| <b>Profit for the period</b>                     | <b>29 764</b>  | <b>16 223</b>  | <b>26 363</b>                                  |
| <b>Other comprehensive income</b>                |  |  |  |
| Currency translation differences                 | (335)  | (114)  | (176)  |
| Other comprehensive income for the period        | (335)  | (114)  | (176)  |
| <b>Total comprehensive income for the period</b> | <b>29 429</b>  | <b>16 109</b>  | <b>26 187</b>                                  |
| <b>Attributable to</b>                           |  |  |  |
| Owners of the parent                             | 29 385   | 16 109   | 25 947   |
| Non-controlling interest                         | 44   | -  | 240  |
|  | <u>29 429</u>  | <u>16 109</u>  | <u>26 187</u>                                  |
| Earnings per share (thebe) - basic               | 33.28  | 18.14  | 29.48  |
| Dividend per share (thebe)                       | -  | -  | 21.00  |
| Number of shares in issue during the period      | 89 439 642   | 89 439 642   | 89 439 642                                     |
| Number of bed nights sold                        | 25 994   | 23 690   | 42 117   |

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                      | 6 months ended<br>31/08/2013<br>P'000's<br>Unaudited | 6 months ended<br>31/08/2012<br>P'000's<br>Unaudited | Year ended<br>28/02/2013<br>P'000's<br>Audited |
|--------------------------------------|--|--|--|
| <b>ASSETS</b>                        |  |  |  |
| <b>Non-current assets</b>            |  |  |  |
| Property, plant and equipment        | 87 262   | 64 154   | 84 253   |
| Land lease rights                    | 65 773   | 28 099   | 22 953   |
| Investment in associate              | -  | -  | -  |
|                                      | <u>153 035</u>                                       | <u>92 253</u>  | <u>107 206</u>                                 |
| <b>Current assets</b>                |  |  |  |
| Inventory                            | 4 344  | 3 384  | 3 303  |
| Trade and other receivables          | 19 703   | 23 543   | 7 052  |
| Current income tax                   | 1 150  | 5 805  | 5 375  |
| Cash and cash equivalents            | 30 531   | 45 306   | 49 214   |
|                                      | <u>55 728</u>  | <u>78 038</u>  | <u>64 944</u>                                  |
| <b>Total assets</b>                  | <b>208 763</b>                                       | <b>170 291</b>                                       | <b>172 150</b>                                 |
| <b>EQUITY AND LIABILITIES</b>        |  |  |  |
| <b>Equity</b>                        |  |  |  |
| Stated capital                       | 102 899  | 102 899  | 102 899  |
| Foreign currency translation reserve | (794)  | (397)  | (459)  |
| Retained income                      | 45 604   | 24 766   | 34 666   |
|                                      | <u>147 709</u>                                       | <u>127 268</u>                                       | <u>137 106</u>                                 |
| Non-controlling interest             | 284  | -  | 240  |
| Total equity                         | 147 993  | 127 268  | 137 346  |
| <b>Liabilities</b>                   |  |  |  |
| <b>Non-current liabilities</b>       |  |  |  |
| Deferred tax                         | 22 532   | 12 530   | 11 925   |
| <b>Current liabilities</b>           |  |  |  |
| Borrowings                           | 508  | 708  | 508  |
| Trade and other payables             | 36 880   | 29 605   | 21 754   |
| Current income tax                   | 850  | 180  | 617  |
|                                      | <u>38 238</u>  | <u>30 493</u>  | <u>22 879</u>                                  |
| Total liabilities                    | 60 770   | 43 023   | 34 804   |
| <b>Total equity and liabilities</b>  | <b>208 763</b>                                       | <b>170 291</b>                                       | <b>172 150</b>                                 |

#### CONSOLIDATED STATEMENT OF CASH FLOWS

|   | 6 months ended<br>31/08/2013<br>P'000's<br>Unaudited | 6 months ended<br>31/08/2012<br>P'000's<br>Unaudited | Year ended<br>28/02/2013<br>P'000's<br>Audited |
|---|--|--|--|
| <b>Operating activities</b>                       |  |  |  |
| Cash generated from operations                    | 43 477   | 24 169   | 52 696   |
| Interest paid                                     | (8)  | (12)   | (24)   |
| Income tax paid                                   | (4 451)  | (8 187)  | (11 056)                                       |
| Cash generated from operating activities          | <u>39 018</u>  | <u>15 970</u>  | <u>41 616</u>                                  |
| <b>Investing activities</b>                       |  |  |  |
| Purchase of property, plant and equipment         | (4 001)  | (3 235)  | (27 602)                                       |
| Proceeds on sale of property, plant and equipment | 949  | 23   | 828  |
| (Increase)/decrease in loan to associate          | -  | (410)  | 385  |
| Cash paid on acquisition of subsidiary            | (36 707)   | -  | -  |
| Interest received                                 | 690  | 804  | 2 033  |
| Net cash used in investing activities             | <u>(39 069)</u>                                      | <u>(2 818)</u>                                       | <u>(24 356)</u>                                |
| <b>Financing activities</b>                       |  |  |  |
| Net repayment of borrowings                       | -  | (33)   | (233)  |
| Dividends paid                                    | (18 632)   | (18 782)   | (18 782)                                       |
| Net cash used in financing activities             | <u>(18 632)</u>                                      | <u>(18 815)</u>                                      | <u>(19 015)</u>                                |
| Net decrease in cash and cash equivalents         | <u>(18 683)</u>                                      | <u>(5 663)</u>                                       | <u>(1 755)</u>                                 |
| <b>Movement in cash and cash equivalents</b>      |  |  |  |
| At beginning of period                            | 49 214   | 50 969   | 50 969   |
| Decrease  | (18 683)   | (5 663)  | (1 755)  |
| At end of period                                  | <u>30 531</u>  | <u>45 306</u>  | <u>49 214</u>                                  |
| <b>Represented by:</b>                            |  |  |  |
| Cash and cash equivalents                         | <u>30 531</u>  | <u>45 306</u>  | <u>49 214</u>                                  |

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|                                  | Attributable to owners of the parent |                              |   |                                     | Total<br>P'000's |
|----------------------------------|--------------------------------------|------------------------------|---|-------------------------------------|------------------|
|                                  | Stated capital<br>P'000's            | Retained earnings<br>P'000's | Foreign currency translation reserve<br>P'000's | Non-controlling interest<br>P'000's |                  |
| Balance at 1 March 2013          | 102 899                              | 34 666                       | (459)   | 240                                 | 137 346          |
| Profit for the period            | -                                    | 29 720                       | -   | 44                                  | 29 764           |
| Other comprehensive income       | -                                    | -                            | (335)   | -                                   | (335)            |
| Dividend paid (final 2013)       | -                                    | (18 782)                     | -   | -                                   | (18 782)         |
| <b>Balance at 31 August 2013</b> | <b>102 899</b>                       | <b>45 604</b>                | <b>(794)</b>                                    | <b>284</b>                          | <b>147 993</b>   |

#### COMMENTARY

##### Highlights

- A 10% increase in occupancy levels.
- 20% increase in revenue as a consequence of increased occupancy, higher achieved rates and a weaker Pula against the US Dollar.
- Costs contained at inflationary levels.
- A significant reduction in amortisation following early termination of lease in prior year.
- Profit after tax increases by 83% to P29.4 million.
- Acquisition for a cash consideration of P36.7 million financed from internally generated cashflows
- Cash and cash equivalents of P30.5 million.
- Low external debt gearing maintained.

##### Basis of Preparation

The unaudited abridged financial statements for the half year ended 31<sup>st</sup> August 2013 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 28<sup>th</sup> February 2013, described in those annual financial statements.

##### Financial Results

During the period under review bednights sold increased by 10% over the prior year. Revenues however rose by 20% thanks to an increase in achieved bed rates in US Dollar terms and the weakening of the Pula against the US Dollar.

As described in the results for the half-year ended 31<sup>st</sup> August 2012, the amortisation of land lease rights relating to Kanana was accelerated to completely write down the land lease rights by 31<sup>st</sup> December 2012 as the Tawana Land Board indicated that this was the actual termination date as opposed to 31 December 2018 per the agreement previously at hand. The effect of this full write

down in prior year is a significant reduction in the amount to be amortised from 1<sup>st</sup> March 2013 going forward.

Operating costs increase of 12% is considered satisfactory in light of increased volume of business and current inflation levels.

Desert and Delta Safaris (Proprietary) Limited, a 100% subsidiary of the Company, acquired a 100% interest in Moremi Safaris (Proprietary) Limited, owners and operators of Xakanaxa Camp, a 24-bed lodge in the Moremi Game Reserve, on 1<sup>st</sup> August 2013. P36.7 million of the purchase price was paid to the vendors in August 2013 from internally generated cashflows. In terms of the sale agreement the balance of P1.0 million is payable to the vendors on 31<sup>st</sup> July 2014.

The above acquisition has resulted in significant increases in property plant and equipment, land lease rights and deferred tax liabilities. These figures have not been reviewed by the Company's auditors and may change.

##### Leases

During the period under review, two of the Company's subsidiaries participated in tender processes for the lease, utilisation and management of Shinde Camp and Camp Okavango for non-consumptive tourism purposes. The adjudicators of the tenders, the Botswana Tourism Organisation, for undisclosed reasons, rejected all tenders in respect of Shinde Camp requiring a re-tender which we will participate in. We still await results in respect of Camp Okavango.

The extended leases for these two properties expire on 31<sup>st</sup> December 2013. 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 expiring leases will be re-awarded to the Company's subsidiaries under terms and conditions that are acceptable to the Group.

#### Future Outlook

There has been a reduction in travellers from Europe during the period under review. This trend is expected to continue into the short to medium term future as a result of a lack of financial confidence in Europe. However increases in other markets, notably North America and Australia, are expected to adequately offset the negatives of the European market.

The addition of Xakanaxa Camp to the Group's portfolio is anticipated to contribute positively to earnings and cashflows.

The Group will continue to modernise its fleet of aircraft to enhance customer satisfaction and reduce maintenance costs associated with older aircraft. This modernisation drive will be financed by internally generated cashflows.

#### 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  
1<sup>st</sup> November 2013



Website: [www.chobeholdings.co.bw](http://www.chobeholdings.co.bw)  
Directors  
J. M. Nganunu (Chairman), J. M. Gibson (Deputy Chairman & CEO),  
J. A. Bescoby (British), A. D. Chilisa, B. D. Flatt, R. Gerrard (Malawian),  
K. Ledimo, P. M. Van Riet-Lowe, D. S. Ter Haar, A. M. Whitehouse  
(Australian)

Registered Office  
Plot 50371,  
Fairground Office Park  
Gaborone

Postal Address  
P O Box 32  
Kasane

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