



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 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 31/08/2018 P'000's Unaudited	6 months ended 31/08/2017 P'000's Unaudited	Year ended 28/02/2018 P'000's Audited
Revenue	200 048	176 398	301 143
Other operating income	16 945	4 391	5 892
Amortisation of intangible assets	(2 534)	(1 931)	(4 462)
Depreciation	(13 100)	(10 579)	(21 227)
Other operating expenses	(106 672)	(91 646)	(184 052)
Operating profit	94 687	76 633	97 294
Finance income	8	24	93
Finance cost	(2)	(6)	(121)
Net income before share of results of associate	94 693	76 651	97 266
Share of net loss of associates accounted for using equity method	(496)	(895)	(1 279)
Profit before income tax	94 197	75 756	95 987
Income tax expense	(24 272)	(20 643)	(24 926)
Profit for the period	69 925	55 113	71 061
Other comprehensive income			
Exchange difference on translation of foreign operations	(929)	(217)	146
Total comprehensive income for the period	68 996	54 896	71 207
Attributable to			
Owners of the parent	68 983	54 841	71 093
Non-controlling interest	13	55	114
	68 996	54 896	71 207
Earnings per share (thebe) - basic	77.13	61.32	79.49

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/08/2018 P'000's Unaudited	As at 31/08/2017 P'000's Unaudited	As at 28/02/2018 P'000's Audited
ASSETS			
Non-current assets			
Property, plant and equipment	189 919	148 177	168 145
Goodwill	61 646	35 085	61 646
Land lease rights	66 391	46 661	68 696
Other intangible assets	2 467	2 632	2 696
Investment in associate	4 225	5 105	4 721
Deferred income tax assets	4 887	3 673	4 528
	329 535	241 333	310 432
Current assets			
Inventory	11 982	11 247	13 655
Trade and other receivables	39 280	25 541	12 299
Current income tax receivable	3 205	3 081	4 324
Cash and cash equivalents	77 509	108 523	61 226
	131 976	148 392	91 504
Total assets	461 511	389 725	401 936
EQUITY AND LIABILITIES			
Equity			
Stated capital	102 899	102 899	102 899
Foreign currency translation reserve	(1 513)	(947)	(584)
Retained income	216 655	175 575	191 463
	318 041	277 527	293 778
Non-controlling interest	804	732	791
Total equity	318 845	278 259	294 569
Liabilities			
Non-current liabilities			
Borrowings	11 606	-	-
Deferred income tax liabilities	24 738	22 699	25 364
Deferred lease obligations	11 633	9 748	10 762
	47 977	32 447	36 126
Current liabilities			
Borrowings	3 394	259	-
Current income tax payable	4 179	1 464	2 448
Advance travel receipts	41 383	36 633	27 283
Trade and other payables	45 733	40 663	41 510
	94 689	79 019	71 241
Total liabilities	142 666	111 466	107 367
Total equity and liabilities	461 511	389 725	401 936

CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 31/08/2018 P'000's Unaudited	6 months ended 31/08/2017 P'000's Unaudited	Year ended 28/02/2018 P'000's Audited
Operating activities			
Cash generated from operations	106 464	96 918	131 496
Interest paid	(2)	(6)	(121)
Income tax paid	(22 393)	(18 811)	(24 681)
	84 069	78 101	106 694
Investing activities			
Purchase of property, plant and equipment	(38 417)	(10 343)	(33 342)
Proceeds on sale of property, plant and equipment	343	177	991
Payment for acquisition of associate	-	(6 000)	(3 773)
Payment for acquisition of subsidiary	-	-	(56 000)
Interest received	8	24	93
	(38 066)	(16 142)	(92 031)
Financing activities			
Proceeds from borrowings	15 000	-	-
Dividends paid	(44 720)	(44 719)	(44 720)
	(29 720)	(44 719)	(44 720)
Net increase/(decrease) in cash and cash equivalents	16 283	17 240	(30 057)
Movement in cash and cash equivalents			
At beginning of period	61 226	91 283	91 283
Increase/(decrease) in the period	16 283	17 240	(30 057)
At end of period	77 509	108 523	61 226
Represented by:			
Cash and cash equivalents	77 509	108 523	61 226

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 2018	102 899	191 463	(584)	791	294 569
Profit for the year	-	69 912	-	13	69 925
Other comprehensive income	-	-	(929)	-	(929)
Dividend paid (final 2018)	-	(44 720)	-	-	(44 720)
Balance at 31 August 2018	102 899	216 655	(1 513)	804	318 845

COMMENTARY

Highlights

- Profit after tax increases by 27%.
- An 11% increase in number of bed nights sold.
- A 13% increase in revenue.
- Costs contained at inflationary levels.
- Capital expenditure of P38.4 million.
- Cash and cash equivalents of P77.5 million.

Basic of Preparation

The unaudited abridged financial statements for the half year ended 31st August 2018 have been prepared based on accounting policies which comply with International Financial Reporting Standards. The accounting policies applied are consistent with those of the annual financial statements for the year ended 28th February 2018, as described in those annual financial statements.

Financial Results

During the period under review the number of bed nights sold increased by 11% when compared to the same period in the prior year. This is considered satisfactory in light of increased capacity occasioned by completion of improvements at Chobe Game Lodge.

A 13% increase in revenue was recorded as a result of the aforementioned increase in bed nights sold, an increase in achieved bed rates in US Dollar terms and favourable exchange rates.

An operating cost increase of 16% is considered satisfactory in light of both the volume of business and current inflation levels.

The Group spent P23.4 million, financed from internally generated cashflows, on improving existing equipment and buildings, as well as the purchase of additional equipment. A further P15.0 million, financed through a Wesbank loan, was used to purchase an aircraft.

Future Outlook

The Southern African tourism industry remains bullish, this trend is anticipated to continue in the medium-term. The Directors continue to ensure that the Group's camps and lodges remain well positioned in terms of both infrastructure and service excellence in order to take advantage of these positive market conditions.

The aforementioned growth trend in tourist arrivals presents an opportunity for new entrants in the industry. This competition is welcomed as it will ultimately drive us to improve our already superior service standards. However, careful thought needs to be applied by the policy makers to avoid downgrading visitor experience through overcrowded sightings and by placing too much pressure on the sensitive environment on which Botswana's wildlife resource is based.

Botswana Government's decision to simplify visa requirements, where con-

cluded processes were previously required, is a welcome initiative which has the potential to increase inbound tourist numbers especially from the Far East. However, both Botswana's and Namibia's belated decision to replicate South Africa's stringent travel restrictions for minors is currently a disincentive to potential travellers, especially so now that South Africa has abandoned these requirements in order to boost its own tourist industry.

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 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
15th November 2018



Sponsoring Broker



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

Website: www.chobeholdings.co.bw

Directors

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