FINANCIAL PERFORMANCE

The Group achieved revenue of P159.9 million, which was a 6.4% growth from P152.1 million achieved in the corresponding period last year.

The EBITDA achieved for the period under review was P26.7 million which was a 3% increase from P26.0 million achieved in the same period last year.

Profit from operations was P16.4 million from a prior year profit of P14.1 million. This represented a 16% increase over prior year corresponding period.

As a result of strict cost controls and improved marginal contributions at key units, profit before tax increased by 48% from P12.3 million to P18.2 million.

Botswana Operations

The Botswana market continues to challenge, with increased competition especially in urban areas such as Gaborone, Francistown and Palapye.

Consumers are more price sensitive and are increasingly demanding more value for their spend. The company has to be creative in its marketing activities to lure business into the hotels.

The company’s operating profit of P16.4 million reflects an operating margin of 11.2% (2015: 10.3%). This reflects strict cost control and improved contribution to operating margins from most hotels during the period.

The company continues to innovate in order to attract and retain customers, with the Cresta loyalty card membership continuing to grow.

The company is seeing an increasing trend in spend and redemptions by these loyalty members and will continue to evaluate the range of benefits and conditions attaching to these schemes in order to enhance guest experience and loyalty.

Zambian Operations

Trading conditions in Zambia continued to be challenging under the period under review. The company came up with a strategy at the beginning of 2015, to win over lost business. The strategy bore fruit as the company recorded growth in revenues in Kwacha terms at Cresta Golfview Hotel.

Kwacha revenues grew by 26.3% compared to same period last year. The company recorded an operating loss of K1.72k.

The company further recorded an exchange gain of K1.4m which resulted in the company recording a profit of K0.92m for the period after taking into account the finance expenses.

STATEMENT OF FINANCIAL POSITION

Total assets grew by 7% to P248 million (2015: P232m). Equity grew by 14.1% to P163 million (2015: P143m).

With the exception of deferred revenue items of P1.8 million (2015: P1.4m) recognised in respect of the Group’s Pride and Select customer loyalty schemes, net operating assets have increased in line with the growth in the number of operating units.

During the period, the Board agreed to convert the intercompany loan between the company and the subsidiary (Cresta Golfview Ltd, Zambian) into equity to avoid exposure on the exchange losses resulting from unstable Zambia kwacha against the Botswana Pula.

This came about after the company incurred exchange losses amounting to over P7m since 2014.

As a result of the conversion, the interest expense burden will be reduced on the subsidiary and it is expected that the subsidiary will pay dividends to the parent company in future.

CASH FLOW

The Group’s net cash generated from operations was P25.9 million compared to P24.3 million in the corresponding period.

Cash balances available at period-end was P58.9 million (2015: P49.2m). Part of the funds will be used to finance the new hotel project in Maun.

DIVIDEND

A dividend of 3.75c per share was declared for the year ended 31 December 2015 and paid in May 2016.

The Board has declared an interim dividend of 6c per share to all shareholders registered by the 23rd of September 2016, to be paid on or about 28th September 2016.

SUBSEQUENT EVENTS

Other than matters discussed in this publication, the Board and Management are not aware of any material events that have occurred subsequent to the end of the reporting period that requires adjustments and or disclosure in the financial statements.

FUTURE PROSPECTS

The Group continues to explore new markets in an endeavor to increase shareholder value and returns.

APPRECIATION

I would like to commend management, staff and my fellow directors for their continued commitment throughout the period.

We look forward to a continued growth of the business.

Signed on behalf of the Board

M Nhlebelan (Chairperson)

14 September 2016