## STATEMENT OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>Ordinary shares in P'000</th>
<th>Share premium in P'000</th>
<th>Capital公积 reserves in P'000</th>
<th>Total comprehensive income in P'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>18,500</td>
<td>33,139</td>
<td>18,500</td>
<td>163,007</td>
</tr>
<tr>
<td>2014</td>
<td>18,500</td>
<td>28,859</td>
<td>18,500</td>
<td>133,560</td>
</tr>
</tbody>
</table>

FINANCIAL PERFORMANCE

The Group achieved revenue of P320 million, which was a 5% growth from P303 million achieved in the previous year.

The EBITDA achieved for the period under review was P43.6 million which was an 8% increase from P58.4 million achieved last year. EBITDA was impacted by the 5% increase in revenues and also a 3.5% reduction in operating costs among other things.

Profit from operations was P41.1 million from a prior year profit of P34.9 million. This represented a 18% increase over prior year. Owing to strict cost controls and improved marginal contributions at key units, profit before tax increased by 12% from P32.3 million to P36.2 million.

Botswana Operations

The Botsswana market continues to face challenges with increased competition especially in urban areas such as Gaborone, Francistown and Palapye.

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

The company’s operating profit of P40.9 million reflects an operating margin of 13.8% (2014: 13.0%). This reflects strong cost control, the improved contribution to operating margins from most hotels during the second half of the year and also a 62% (P2.4 million) reduction in lease straight-line charges under IAS 17.

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 redemption by these loyalty members and will continue to evaluate the range of benefits and conditions attached to these schemes in order to enhance guest experience and loyalty.

Zambian Operations

Trading conditions in Zambia continue to be challenging, however, the company continues to innovate. The company however, 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 Kazo's and Gweta hotels.

Revenues grew by 15% compared to same period last year in Kazo. However, on the back of continued strengthening of the Pula against the Kazo, the company recorded a P5.97 million foreign exchange loss on the Pula denominated loan used to finance the acquisition of the Zambian assets.

This resulted in the hotel recording a loss of P4.4 million for the year compared to a loss of P4.5 million in the corresponding period in 2014.

STATEMENT OF FINANCIAL POSITION

Total assets grew by 7% to P245 million (2014: P229m). Equity grew by 12% to P163 million (2014: P145m). With the exception of deferred revenue items of P1.6 million (2014: P1.3m) 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, shareholders agreed to dissolve the company’s Employee Share Trust (EST) and replace it with a new Phantom Share Scheme which was approved at the Annual General Meeting held on the 26th June 2015. The old scheme was not effective as the dividends that were meant to service the loan that the company had extended to the Trust were not sufficient to cover the interest of the loan.

The old scheme was thus dissolved on the 26th of June 2015 and gave way to a new Phantom Share Scheme.

CASH FLOW

The Group’s net cash generated from operations was P55.3 million compared to P61.2 million in the corresponding period, reflecting a decrease in cash as a result of insurance prepayments made at the end of the year. Cash balances available at year-end standing at P41.8 million (2014: P45.8m). Part of the funds will be used to finance the new hotel project in Maun and also pay a proposed dividend.

DIVIDEND

A dividend of 7 thebe per share has been declared for the year ended 31 December 2015. The dividend will be paid on or about 23 May 2016 to shareholders registered at the close of business on 6 May 2016. In terms of the Income Tax Act (Cap 52,001) as amended, withholding tax at the rate of 7.5% will be deducted by the Company from gross dividends.

SUBSEQUENT EVENTS

The Board wishes to inform shareholders that the Company concluded negotiations for a hotel operation in Ghanzi with Babiski Investments Pty Ltd. Construction of the hotel is likely to start during the course of 2016.

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 require adjustments and/or disclosure in the financial statements.

FUTURE PROSPECTS

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

APPRCIATION

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

MM Nkholan

(Chairperson)

22 March 2016