

SWAZISPA HOLDINGS LIMITED



Interim Profit Announcement for the six months ended 31 December 2015

The group earnings for the six months ended 31 December 2015 are as follows:

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 December 2015	% Change	Six months ended 31 December 2014	Year ended 30 June 2015
	Reviewed E000's		Reviewed E000's	Audited E000's
Revenue	102 350	14%	89 914	172 754
Casino	44 103	11%	39 783	75 440
Rooms	26 613	17%	22 833	44 346
Food, beverage and other	31 634	16%	27 298	52 968
Direct costs	(55 497)	(8%)	(51 341)	(99 278)
Gross profit	46 853	21%	38 573	73 476
Indirect costs	(38 541)	(15%)	(33 545)	(65 179)
EBITDA	8 312	65%	5 028	8 297
Depreciation	(2 693)		(2 507)	(5 040)
Profit from operations	5 619	123%	2 521	3 257
Interest paid	(769)		(1 018)	(1 461)
Interest received	45		37	91
Profit before taxation	4 895	218%	1 540	1 887
Taxation	(699)		(470)	(582)
Profit after taxation	4 196	292%	1 070	1 305
Minority interests	-		-	-
Earnings attributable to equity holders of the parent	4 196	292%	1 070	1 305
Number of share in issue (000)	6 994		6 994	6 994
Basic and headline earnings / per share (cents)	60.0		15.3	18.7

GROUP STATEMENT OF FINANCIAL POSITION	31 December 2015	31 December 2014	30 June 2015
	Reviewed E000's	Reviewed E000's	Audited E000's
ASSETS			
Operating assets and investments	51 225	50 861	49 908
Deferred tax asset	2 379	3 190	3 078
Current assets	23 172	19 956	16 101
Total assets	76 776	74 007	69 087
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders equity	27 571	23 140	23 375
Minority interests	-	-	-
Total shareholder's equity	27 571	23 140	23 375
Long term borrowings	2 236	4 842	2 236
Deferred taxation	-	-	-
Other non current liabilities	4 193	3 946	4 193
Short term borrowings and bank overdrafts	9 962	15 565	13 677
Current liabilities	32 814	26 514	25 606
Total liabilities	49 205	50 867	45 712
Total equity and liabilities	76 776	74 007	69 087
Net asset value per share (cents)	394	331	334

GROUP STATEMENT OF CASH FLOW	31 December 2015	31 December 2014	30 June 2015
	Reviewed E000's	Reviewed E000's	Audited E000's
Cash generated / (absorbed) by operations	13 959	6 962	9 364
Investment income	45	37	91
Interest paid	(769)	(1 018)	(1 461)
Taxation paid	-	-	-
Dividends paid	-	-	-
Net cash generated / (utilised) by operating activities	13 235	5 981	7 994
Net cash utilised in investing activities	(4 507)	(7 115)	(9 226)
Net cash flow from financing activities	(3 715)	5 400	904
Increase / (decrease) in cash and cash equivalents	5 013	4 266	(328)
Cash and cash equivalents at beginning of year	6 605	6 933	6 933
Cash and cash equivalents at end of period	11 618	11 199	6 605

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Ordinary shares and share premiums	Retained earnings	Minority interest	Total
	E000's	E000's	E000's	E000's
Balance at 30 June 2015	4 887	18 488	-	23 375
Profit for period to 31 December 2015	-	4 196	-	4 196
Balance at 31 December 2015	4 887	22 684	-	27 571

Commentary

Overall the company achieved satisfactory results under difficult trading conditions. Total revenues increased by 14% to E102.4 million. Despite the fact that in general the casino industry experienced a slowdown in business mainly as a result of pressure on disposable income, the company's casino revenues increased by 11% to E44.1 million. The casino punters have now got used to the new casino layout and undoubtedly feel more comfortable after the demarcation of the casino floor into smoking and non-smoking areas.

The 16% growth in hospitality revenue is attributed to an increase in corporate, national sales and individual business which grew by 34%, 69.4% and 11.9% respectively. The room rate was 9.9% up on the prior year. International business declined by 23.6% and was the direct result of new legislation whereby South Africans and foreign nationals travelling with children under the age of 18 are required to produce unabridged birth certificates.

Direct costs increased by 8% and was as a result of an increase in complimentary and promotion expenditure to attract gaming revenue, compounded by additional spend on guest and operating supplies attributable to the increase in room occupancies. Indirect costs were up on last year by 15% due to increases in rates and taxes (66%) and utility costs (30%) as well as the cost relating to the introduction of limited free internet access to the guests. The increase in revenue together with increases in the direct and the indirect costs resulted in an EBITDA of E8.3 million compared to the prior year's EBITDA of E5 million.

Headline earning per share of 60 cents (2014: 15.3 cents) was achieved.

Capital expenditure

Capital expenditure of E3.8 million was incurred during the period, which included the refurbishment of the Royal Swazi lounge, heat pumps to replace the Royal Swazi coal boiler, slot machines and computer equipment.

Funding

At 31 December 2015 the company had bank facilities of E25 million which was a E5 million increase on the previous year. Given the high level of borrowings and the volatile trading conditions the directors are reviewing the company's funding requirements on an ongoing basis.

Prospects

Trading is expected to remain difficult. Steep increases in commodity prices are expected as a result of the drought and the fluctuations in foreign exchange rates. The company will continue to focus on gaming promotions and improving its customer offering. It is expected that cost control will result in a marginal reduction in costs. It is anticipated that the company will generate positive operating cash flows in the second half.

Pending event

As previously advised to Swazisp Holdings Limited shareholders, Sun International Limited ("Sun International") has entered into an agreement with Minor International Public Company Limited ("MINT") that will result in Sun International's effective shareholding in the company decreasing from 50.6% to 10.12% with MINT acquiring an effective 40.48% interest in the company ("the MINT acquisition"). Sun International and MINT will continue to hold their respective effective interest in the company via St Vincent Investments Limited.

Swazisp Holdings Limited shareholders are advised that the MINT acquisition, remains pending and is subject to the fulfillment or waiver of certain conditions precedent.

Audit of results

The financial results for the six months ended 31 December 2015 have been reviewed but not audited by PricewaterhouseCoopers.

Dividend

No dividend has been declared.

Corporate governance

The directors and management of Swazisp Holdings Limited confirm their commitment to the principles of openness, integrity and accountability as advocated by sound principles of Corporate Governance contained in both the King II and III reports.

For and on behalf of the board
R C Hawkins Director
D D Dlamini Chairman
26 February 2016

By order of the board
G J Richter
Group Secretary
26 February 2016

pwc
Registered Office
Umkhwa House, Lot 195
Kal Grant Street
Mbabane

KPMG
cutting through complexity
Transfer Office
KPMG Advisory (Swaziland) (Pty) Limited
Umkhwa House, Lot 195
Kal Grant Street
Mbabane

S.S.
Sponsoring Broker
Swaziland Stockbrokers Limited
Unit G5
Lilunga House
Somhlolo Road
Mbabane

Directorate: D D Dlamini (Chairman), Sir R C Hawkins, Prince Masitsela, Dr. V M Mhlanga, D R Mokhobo, Princess Ngebeti, A T Ngcobo, S Z Simelane.

Group Secretary:
G J Richter