



ABRIDGED UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2023

A limited liability public company incorporated in Botswana under the Companies Act, 2003 (as amended).

FINANCIAL HIGHLIGHTS

COMPANY INTEREST ON LOANS

18%

2023 | **2022**
BWP 134MIL | BWP 113MIL

COMPANY TOTAL ASSETS

3%

2023 | **2022**
BWP 5.3BIL | BWP 5.1BIL

GROUP INVESTMENT ASSETS

2%

2023 | **2022**
BWP 4.5BIL | BWP 4.4BIL

GROUP INTEREST ON LOANS

6%

2023 | **2022**
BWP 107MIL | BWP 101MIL

BASIS OF PREPARATION

The unaudited group and company interim financial statements of Botswana Development Corporation Limited (the "Corporation") for the 6 month period ended 31 December 2023 have been prepared on the going concern basis in accordance with and in compliance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IFRS Standards"), effective at the time of preparing these interim group and company financial statements.

The unaudited group and company interim financial statement have been prepared on the historic cost convention, unless otherwise stated. They are presented in thousands of Pulas, which is the group and company's functional currency. The interim reports have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and contain the information required by IAS 34 Interim Financial Reporting.

DIRECTORS' RESPONSIBILITY FOR THE ABRIDGED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the unaudited interim Group Financial Statements in accordance with the Companies Act of Botswana. The Board of Directors continues to ensure business conduct characterised by integrity in accordance with generally accepted governance practices, and endorses the internationally accepted principles of corporate governance and public responsibility.

FINANCIAL PERFORMANCE COMMENTARY

I. INCOME
Total Income for the group and company was recorded at P260million and P163million respectively. In relation to the group results, income from the period grew by an

impressive 11% from the comparative figure of P234million. These results are driven by positive performance of underlying investee companies whose revenues grew in excess of inflation for the period. These results are also positively impacted by the Company's growth in interest income of 18% which arose from deployments in new investments over the period. Income for the Company, however was subdued from the expected position due to delayed declarations of dividends that are ordinarily earned in the first half of the year. The Company is looking forward to healthy dividends during the latter half of the financial year.

2. OPERATIONAL EXPENSES OVERVIEW

The Corporation continues to operate in a volatile market in relation to interest, inflationary as well as foreign exchange impacts on results and performance. Operating expenses were tightly controlled in the year with only a moderate increase in costs in the company over the prior period. Associate entities performed much better in the current year. Leading the pack was the Kamoso group whose results have shown a significant turnaround post the Choppies Group acquisition of shares and the resultant synergies from the relationship. The group results were dampened by increases in interest rates as well as the continued strengthening of the dollar that had a negative impact on finance costs with an overall increase in company finance costs by 20%. The adverse market movements also impacted the debt instrument which contains an embedded warrant that is mark to market based on the share price of a leading FMCG company.

3. ASSET BOOK

Total assets base for the group and company stood at P6.0billion and P5.3billion, respectively. With group assets crossing to the P6.0billion threshold off the back of a 2% increase in investments assets. The Corporation has some investments coming due in the current year which provides exciting opportunities for divestments/further diversification in its portfolio, new projects are on the

horizon as well. Projects of note being the Corporation's development of Tame Malls as well as the revitalisation of Lobatse Clay Works (LCW).

4. BORROWINGS AND SHAREHOLDERS NET WORTH

During the period, the Corporation successfully raised a P75million Debenture facility with one of the local fund managers. It also successfully closed and commenced drawdown on a new EURO-based facility that is set to see the Corporation play a more active role in the Clean Energy/Green Projects sphere. These new facilities coupled with the strengthening of the dollar saw the overall borrowings book increase by 4%. The Corporation is well positioned to continue timely servicing its debts and looks forward to further collaboration with the debt markets for further expansion. Growth in net worth stood at 1% for the period. The Corporation is set to receive a capital injection from the Government as announced in the recent budget speech. This will further strengthen the financial position of the company and improve on its ability to grow further through the debt and other capital markets.

5. DIVIDENDS

There were no dividends declared nor paid in the interim or comparative period.

LOOKING AHEAD – FUELLING GROWTH THROUGH INVESTMENTS

Looking ahead, we acknowledge the achievements and challenges of the past half year and set our sights on a future guided by strategic foresight. Our financial performance reflects our commitment to prudent management and forward-thinking investment.

As we navigate the fiscal landscape, we remain dedicated to sustainable growth and prosperity. Building upon our successes, we will continue to align with our strategic plan, emphasising large-scale export-oriented businesses locally, with a focus on citizen economic inclusion.

The pipeline of mega projects on the horizon holds significant promise for Botswana's economic growth and diversification. These endeavors not only offer financial returns but also present substantial socio-economic benefits for our nation's people. One of the ongoing projects is Lobatse Clay Works (LCW) which embarked on a turnaround strategy which marked a pivotal moment in its journey towards revitalisation. Boasting enhanced efficiency and cutting-edge technologies, the new and refurbished plant, to be commissioned in April 2024, promises superior product quality and increased efficiencies, all for the benefit of the customer.

LCW's revitalisation effort goes beyond immediate economic gains, with a strong emphasis on citizen empowerment and economic upliftment. LCW will create employment for up to 240 people at full capacity, stimulate demand, and boost export earnings for the country through its activities, thereby create opportunities for socio-economic advancement, benefiting Lobatse and Botswana as a whole. Crucially, it will strengthen Botswana's manufacturing sector, aligning with the Government's priorities and ambitions of Vision 2036, which aims to which aims to propel the nation towards becoming a high-income, export-led economy.

As we reflect on our journey, we look forward to the opportunities that lie ahead. With an unwavering commitment to strategic investment, prudent financial management, and a vision that transcends borders, BDC is primed to continue its legacy of success. We are not just shaping the future; we are driving it towards a horizon of limitless possibilities and prosperity.

For and on behalf of the Board

Mr. Maleho Mothibatsela
Chairperson of the Board

Mr. Cross Kgosiidile
Managing Director

Abridged statement of comprehensive income for the 6 month period ended 31 December 2023

Figures in Pula thousand	Group		Company	
	Dec 2023 P'000	Dec 2022 P'000	Dec 2023 P'000	Dec 2022 P'000
Income from trade	47,858	56,143	1,630	17,136
Interest on loans	106,798	100,905	133,552	112,895
Rental Income	30,724	30,140	-	-
Finance and other income	74,619	46,478	27,953	39,273
Total income	259,999	233,666	163,135	169,304
Share of profit/(loss) of equity accounted investees, net of tax	11,687	(23,759)	-	-
Expected credit losses	(5,759)	(6,589)	(7,352)	(6,022)
Unrealised foreign exchange gains/(losses)	2,352	(13,497)	2,435	(13,248)
Operating expenses	(115,091)	(116,484)	(63,443)	(62,490)
Finance costs	(91,370)	(95,142)	(108,423)	(90,585)
Operating profit/(loss)	61,818	(21,805)	(13,648)	(3,041)
Change in fair value of debt instrument	(17,753)	-	(17,753)	-
Profit/(Loss) before tax	44,065	(21,805)	(31,401)	(3,041)
Income tax (expense)/credit	(1,013)	(625)	839	(650)
Profit/(Loss) for the year	43,052	(22,430)	(30,562)	(3,691)
Other comprehensive income				
Gains on fair value of equity securities	21,423	45,102	21,423	45,102
Foreign exchange gains	(502)	2,642	(501)	2,642
Fair value gain on disposal of shares	-	14,936	-	14,936
Total comprehensive income for the period	63,973	40,250	(9,640)	58,989

Abridged statement of financial position as at 31 December 2023

Figures in Pula thousand	Group		Company	
	Dec 2023 P'000	June 2023 P'000	Dec 2023 P'000	June 2023 P'000
Investments Assets	3,393,955	3,311,403	3,621,797	3,488,008
Other non-current assets	788,760	758,623	159,456	164,990
Short term investment assets	1,098,128	1,078,576	1,083,970	1,106,686
Other current assets	679,873	594,460	387,099	324,289
Total assets	5,960,716	5,743,062	5,252,322	5,083,973
Equity and Liabilities				
Equity attributable to owners of the company	2,762,101	2,673,474	2,261,120	2,246,132
Non-controlling interest	120,631	120,657	-	-
Non-current liabilities	2,666,745	2,438,388	2,636,220	2,405,366
Current liabilities	411,239	510,543	354,982	432,475
Total equity and liabilities	5,960,716	5,743,062	5,252,322	5,083,973

Abridged statement of cash flows as at 31 December 2023

Figures in Pula thousand	Group		Company	
	Dec 2023 P'000	June 2023 P'000	Dec 2023 P'000	June 2023 P'000
Opening cash balance	250,719	664,066	166,830	580,559
Net cash (used in) operating activities	(15,130)	(46,237)	(66,412)	(81,813)
Net cash generated from investing activities	71,221	226,364	95,356	344,703
Net cash (used in)/generated from financing activities	(2,583)	(604,587)	9,556	(688,534)
Effect of exchange rate movement on cash balances	-	11,113	-	11,915
Closing cash balance	304,227	250,719	205,330	166,830

Abridged statement of changes in equity

	Stated Capital P'000	ISF Equity Reserve P'000	Fair value Reserve P'000	Other Reserve P'000	Retained Income P'000	Total Equity P'000			
Company									
Balance at 1 July 2022	888,269	25,762	113,318	182,246	884,840	2,094,435			
Profit for the year	-	-	-	-	2,181	2,181			
Other comprehensive income	-	-	55,543	8,294	14,936	78,773			
Total comprehensive loss for the year	-	-	55,543	(111,916)	17,117	80,954			
Transfer between reserves	-	-	-	(111,916)	111,916	-			
Equity contribution from parent	-	70,743	-	-	-	70,743			
Balance as at 01 July 2023	888,269	96,505	168,861	78,624	1,013,873	2,246,132			
Loss for the period	-	-	-	-	(30,562)	(30,562)			
Other comprehensive income for the period	-	-	21,423	(501)	20,922	20,922			
Total comprehensive income for the period	-	-	21,423	(501)	(30,562)	(9,640)			
Transfer between reserves	-	-	(90,176)	2,362	87,814	-			
Equity contribution from parent	-	24,628	-	-	-	24,628			
Balance at 31 December 2023	888,269	121,133	100,108	80,485	1,071,125	2,261,120			
Group									
Balance at 1 July 2022	888,269	25,762	113,318	1,207	522,099	909,718	2,460,373	121,268	2,581,641
Loss for the year	-	-	-	-	-	65,029	65,029	(611)	64,418
Other comprehensive income	-	-	55,543	-	6,850	14,936	77,329	-	77,329
Total comprehensive loss for the year	-	70,743	55,543	-	6,850	79,965	142,358	(611)	141,747
Equity Contribution from parent	-	-	-	-	(114,000)	114,000	-	-	-
Transfer between reserves	-	70,743	-	-	-	-	70,743	-	70,743
Balance as at 01 July 2023	888,269	96,505	168,861	1,207	414,949	1,103,683	2,673,474	120,657	2,794,131
Profit for the period	-	-	-	-	-	43,078	43,078	(26)	43,052
Other comprehensive income for the period	-	-	21,423	-	(502)	20,921	20,921	-	20,921
Ordinary shares issued during the period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	21,423	-	(502)	43,078	63,999	(26)	63,973
Transfer between reserves	-	-	(90,176)	-	2,362	87,814	-	-	-
Equity contribution from parent	-	24,628	-	-	-	-	24,628	-	24,628
Balance at 31 December 2023	888,269	121,133	100,108	1,207	416,809	1,234,575	2,762,101	120,631	2,882,732