



# UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The Botswana Housing Corporation (BHC) Board is pleased to announce the Corporation's unaudited financial results for the half year ended 30 September 2021.

**Basis of preparation**

The accounting policies adopted for the half-year comply with International Financial Reporting Standards (IFRS) and the BHC Act. These accounting policies are consistent with those applied in the audited financial results for the year ended 31 March 2021.

**Financial Highlights**

	6 months Ended 30 Sept 2021 P'000 Unaudited	6 months Ended 30 Sept 2020 P'000 Unaudited	12 months Ended 31 March 2021 P'000 Audited
<b>Revenue</b>	<b>331 639</b>	<b>334 682</b>	<b>759 981</b>
Operating Profit/ (Loss)	21 672	3 373	(6 033)
Impairment (expenses)/ reversal	17 015	(1 453)	(25 363)
Financing costs	(14 242)	(11 436)	(13 584)
<b>Total Profit and Comprehensive income</b>	<b>18 086</b>	<b>5 320</b>	<b>1 058</b>
<b>Total Assets</b>	<b>2 942 808</b>	<b>3 224 879</b>	<b>3 041 690</b>
Shareholders' Funds	250 000	250 000	250 000
Total Debt	663 964	700 890	679 255
<b>Total Equity</b>	<b>1 550 089</b>	<b>1 536 267</b>	<b>1 532 003</b>

Revenue almost flat at P332 million  
Operating profit up 543%  
Comprehensive income up 240%  
Total assets down 8.7%

**Comments on the results**

The Corporation recorded a profit after tax of P18.1 million for the period under review, an increase of P12.8 million compared to P5.3 million recorded in September 2020. The Corporation experienced an increase in profitability on the back of an increase in rental revenue as well as impairment reversal on rental debtors. The results show that there are signs of recovery from Covid-19, which had adversely affected prior year results. Operating costs and staff costs increased year on year on the back of increased business activity when compared to the same period in prior year, which was characterized by lockdowns imposed to curb the spread of Covid 19. However, costs were well contained, and this led to an increase in costs of only 6%.

**Statement of comprehensive income**

**Revenue**

The Corporation recorded revenues of P332 million for the six months, a decline of 0.9% when compared to the P335 million recorded in the same period in the prior year. The decrease

in revenue was mainly because of reduction in sales revenue which decreased by P16 million representing 18% decrease year on year. Professional fees and facilities management income declined by 23% year on year. The reduction in these revenue streams was on the back of low activity on construction projects due to Government's decision to defer some of the planned third-party projects.

Sales revenue, which is the Corporation's major revenue stream, did not perform well during the first half of the financial year decreasing year on year by 18% to P74 million from P90 million. This negative performance was driven by low sales volumes, mainly as a result of the current economic situation of Covid-19. The Corporation's major customer, government, channeled its resources towards fighting the pandemic. However the Corporation surpassed the sales target it had set for itself during the six months due to the fast selling Tsholofelo Apartments.

The rental income, which is the second major revenue stream for the Corporation increased by P17 million to P121 million compared to the same period in the prior year. This income line has increased due to rental increase which was effected from April 2021 and some additional housing units added to investment properties portfolio during the first half of the year. During the first half of the year there was an overall tenant

debtors receivables impairment reversal of P17 million. This significantly improved the Corporation's performance for the six months. The impairment provision was occasioned by an impasse with one of our major customers, an issue which has now been resolved. The Corporation has experienced an increase in rental defaults, mainly from individual customers and strategies have been put in place to assist these customers. On the positive side the vacancy rate at the end of the review period was 0.83%, which was below the target of 1.5%. Income from professional fees and facilities management income were P22 million, a decrease of 24% when compared to the prior year. COVID 19 has negatively impacted on this revenue line as some of the third-party projects which were planned could not start.

**Operating Expenses**

On the expenditure side, employee expenses were flat at P69 million compared to the same period in prior year. There were some vacant positions which were not filled during the reporting period as a deliberate cost saving measure. Repairs and maintenance expenses increased by 71% to P22 million. This was due to an increase in business activities during review period compared to prior year which was characterized by lockdowns. Other expenses went down by 5% from prior year due to cost

containment strategies put in place by management.

**Statement of financial position**

The Corporation's total assets amounted to P2.943 billion, a decrease of 9% from P3.225 billion in prior year. The decline in total assets was mainly due to payment of long-term borrowings of P37 million and contract liabilities of P194 million. Investment properties decreased by P7 million, which represent 1% decrease year on year because of sale of some investment properties. The Corporation's cash position remained strong, with total cash balances of P344 million, a decrease of P12 million from prior year.

The Corporation's total reserves increased by 0.9% to P1.550 billion from prior year. The Corporation has over the years consistently managed to increase shareholder value.

**Housing Projects**

During the review period, 342 houses were delivered under Self Help Housing Agency (SHHA) scheme. At the end of the review period, 389 SHHA houses were at different stages of construction and are expected to be delivered before the end of the financial year.

On the commercial side of the business, there were 187 units

at different stages of construction and all units are expected to be delivered by end of the financial year. These units are in Palapye (150 units), Tonota (18 units) and Tsabong (19 units). The Corporation plans to start 335 units in Gaborone (316 units), Tsabong (13 units) and Mmadinare (6 units) before end of the financial year.

**Outlook**

The Corporation remains confident of positive results by the end of the financial year. The projected global and local economic growth is expected to have a positive impact on the overall performance of BHC going forward. Botswana Housing Corporation remains a very resilient business. This is underpinned by its ability to deliver on its projects, financial sustainability and strong liquidity position.

By order of the Board,

Pascaline Sefawe  
Acting Chief Executive Officer

3 December 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
for the 6 months ended 30 September 2021			
	6 months ended 30/09/2021	6 months ended 30/09/2020	12 months ended 31/03/2021
	P'000 Unaudited	P'000 Unaudited	P'000 Audited
Revenue and rental income	331,639	334,682	759,981
Cost of sale of housing inventories	(75,644)	(91,388)	(191,624)
Cost of sale of construction and management contracts	(129,953)	(121,346)	(303,193)
Repairs and maintenance	(22,212)	(13,019)	(42,462)
Employee benefit expenses	(69,288)	(70,212)	(138,195)
Depreciation and amortisation	(17,356)	(15,111)	(30,488)
Other expenses	(33,375)	(34,780)	(60,761)
Impairment (expense) / reversal	17,015	(1,453)	(25,363)
Other income	4,117	643	1,613
Gains from sale of investment properties	16,729	15,357	24,459
<b>Operating profit</b>	<b>21,672</b>	<b>3,373</b>	<b>(6,033)</b>
Finance income	7,560	6,309	4,600
Finance costs	(14,242)	(11,436)	(13,584)
<b>Net finance (costs) / income</b>	<b>(6,682)</b>	<b>(5,127)</b>	<b>(8,984)</b>
Share of profit or loss of equity accounted investees of joint ventures	8,197	8,574	16,776
<b>Profit before taxation</b>	<b>23,187</b>	<b>6,820</b>	<b>1,759</b>
Taxation	(5,101)	(1,500)	(701)
<b>Profit for the year</b>	<b>18,086</b>	<b>5,320</b>	<b>1,058</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>18,086</b>	<b>5,320</b>	<b>1,058</b>

STATEMENT OF FINANCIAL POSITION			
as at 30 September 2021			
	6 months as at 30/09/2021 P'000 Unaudited	6 months as at 30/09/2020 P'000 Unaudited	12 months as at 31/03/2021 P'000 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	1,305,546	1,313,295	1,311,567
Property, plant and equipment	51,029	55,362	53,564
Intangible assets	13,455	17,237	15,346
Investments in joint ventures	16,571	18,873	20,674
Right of use asset	5,929	12,568	3,605
Trade and other receivables	17,264	12,322	14,084
Deferred tax asset	1,384	2,486	1,785
<b>Total non-current assets</b>	<b>1,411,178</b>	<b>1,432,143</b>	<b>1,420,625</b>
<b>Current assets</b>			
Housing inventories	560,847	609,373	604,502
Taxation refundable	4,930	7,206	12,509
Trade and other receivables	84,562	86,047	97,518
Cash and cash equivalents	881,291	1,090,110	906,536
<b>Total current assets</b>	<b>1,531,630</b>	<b>1,792,736</b>	<b>1,621,065</b>
<b>Total assets</b>	<b>2,942,808</b>	<b>3,224,879</b>	<b>3,041,690</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Irredeemable capital	250,000	250,000	250,000
Retained earnings	1,300,089	1,286,267	1,282,003
<b>Total equity</b>	<b>1,550,089</b>	<b>1,536,267</b>	<b>1,532,003</b>
<b>Non-current liabilities</b>			
Long term deferred government revenue grant	23,772	29,761	26,697
Long term borrowings	599,077	523,758	611,039
Long term lease liabilities	2,991	9,702	1,413
<b>Total non-current liabilities</b>	<b>625,840</b>	<b>563,221</b>	<b>639,149</b>
<b>Current liabilities</b>			
Trade and other payables	146,967	187,214	177,928
Short term portion of lease liabilities	6,576	7,028	3,752
Contract liabilities	537,413	731,412	609,833
Deferred income	21,252	38,853	23,454
Short term portion of deferred government revenue grant	5,989	6,536	6,267
Short term portion of borrowings	35,126	140,835	35,252
Customer deposits	13,556	13,513	14,053
<b>Total current liabilities</b>	<b>766,879</b>	<b>1,125,391</b>	<b>870,539</b>
<b>Total equity and liabilities</b>	<b>2,942,808</b>	<b>3,224,879</b>	<b>3,041,690</b>

STATEMENT OF CHANGES IN EQUITY			
for the 6 months ended 30 September 2021			
	Irredeemable capital	Retained earnings	Total
	P'000	P'000	P'000
<b>Balance as at 1 April 2020</b>	<b>250,000</b>	<b>1,280,946</b>	<b>1,530,946</b>
<b>Comprehensive income</b>			
Profit for the year	-	1,058	1,058
<b>Total comprehensive income</b>	<b>-</b>	<b>1,058</b>	<b>1,058</b>
<b>Balance as at 31 March 2021</b>	<b>250,000</b>	<b>1,282,003</b>	<b>1,532,004</b>
<b>Balance as at 01 April 2021</b>	<b>250,000</b>	<b>1,282,003</b>	<b>1,532,003</b>
<b>Comprehensive income</b>			
Profit for the year	-	18,086	18,086
<b>Total comprehensive income</b>	<b>-</b>	<b>18,086</b>	<b>18,086</b>
<b>Balance as at 30 September 2021</b>	<b>250,000</b>	<b>1,300,089</b>	<b>1,550,089</b>

STATEMENT OF CASH FLOWS			
for the 6 months ended 30 September 2021			
	6 months ended 30/09/2021 P'000 Unaudited	6 months ended 30/09/2020 P'000 Unaudited	12 months ended 31/03/2021 P'000 Audited
<b>Cash flows from operating activities</b>			
Net cash from / (utilised in) operating activities	36,573	(8,795)	(40,316)
Taxation paid	(2,292)	(2,931)	(5,863)
With-holding tax paid	(490)	-	(872)
Taxation refund	5,408	-	-
<b>Net cash generated from / (utilised in) operating activities</b>	<b>39,199</b>	<b>(11,726)</b>	<b>(47,051)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(132)	(1,074)	(1,664)
Additions to investment properties	-	-	(486)
Proceeds from sale of investment properties	21,654	24,588	38,162
Proceeds from sale of property, plant and equipment	926	-	-
Dividends from joint ventures	12,300	4,700	11,100
Interest received	5,512	4,628	3,425
<b>Net cash generated from investing activities</b>	<b>40,260</b>	<b>32,842</b>	<b>50,537</b>
<b>Cash flows from financing activities</b>			
Repayment of long term borrowings	(15,385)	(15,385)	(30,769)
Bond funds received	-	-	100,000
Repayment of bond	-	-	(103,000)
Lease payments	(2,349)	739	(4,939)
Interest expenses - leases	(702)	(739)	(982)
Interest paid	(13,848)	(13,872)	(33,931)
<b>Net cash (utilised in) / generated from financing activities</b>	<b>(32,284)</b>	<b>(29,257)</b>	<b>(73,621)</b>
Net increase in cash and cash equivalents	47,175	(8,141)	(70,136)
Cash and cash equivalents at beginning of year	296,703	366,839	366,839
<b>Cash and cash equivalents at end of year*</b>	<b>343,878</b>	<b>358,698</b>	<b>296,703</b>

\*Cash and cash equivalents include P537.4 million (2020: P731.4 million) received from government entities to carry out its construction of housing projects. These balances have been excluded from cash and cash equivalents for the purpose of statement of cash flows and are ring-fenced for their specific purpose.

