



# UNAUDITED RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2023

## Introduction

The Botswana Housing Corporation (BHC) Board is pleased to announce the Corporation's unaudited financial results for the half year ended 30 September 2023.

## 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 2023.

## Financial Highlights

	6 months Ended 30 Sept 2023 P'000	6 months Ended 30 Sept 2022 P'000	12 months Ended 31 March 2023 P'000
	Unaudited	Unaudited	Audited
Revenue	273 205	251 430	553 072
Operating Profit / (Loss)	30 794	(446)	13 091
Impairment (expense) / reversal	(13 054)	1 798	(4 216)
Financing costs	(19 480)	(17 681)	(17 371)
<b>Total Profit and Comprehensive Income</b>	<b>28 661</b>	<b>3 514</b>	<b>23 073</b>
<b>Total Assets</b>	<b>2 806 118</b>	<b>2 835 570</b>	<b>2 775 477</b>
Shareholders' Funds	250 000	250 000	250 000
Total Debt	602 803	633 239	618 110
Total Equity	1 647 863	1 599 642	1 619 203

<b>Revenue</b> <b>8.7%</b> <b>P273 million</b>	<b>Operating expenses</b> <b>80%</b> <b>P171 million</b>	<b>Total Assets</b> <b>1%</b> <b>P2.836 billion</b>	<b>Debt to equity ratio</b> is at <b>0.37</b> within the Corporations target ratio of below 1
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## Comments on the results

### Statement of Comprehensive Income

#### Profit and Loss

The Corporation recorded a profit after tax of P29 million for the period under review, an increase of P25 million compared to P3.5 million in 2022. The Corporation experienced a significant increase in profitability on the back of an increase in rental revenue, finance income and a decrease in repairs and maintenance.

#### Revenue

The Corporation recorded revenues of P273 million for the six months, an increase of 8.7% when compared to the P251 million recorded in the same period in the prior year. The increase in revenue was mainly driven by an increase in rental revenue, which increased by P30 million representing 22% increase year on year. Included in the rental revenue is P29 million rental subsidy from Government. Capacitation fees and professional fees increased by P7 million and P4 million year on year, respectively.

Sales revenue, which is one of the Corporation's major revenue streams, increased year on year by 52% from P5 million to P8 million. The Corporation realized an average profit margin on sales of 28%. During the period under review, old stock, which has relatively higher margins dominated the sales mix at 53 units compared to new stock which sold 3 units.

Rental income was the leading revenue stream during the period under review and increased by P30 million to P169 million compared to the same period in the prior year mainly due to rental subsidy. The vacancy rate at the end of the review period was at 1.5%, well below the industry rate of 3 to 5 percent.

Income from professional fees increased year on year from P1 million to P5 million during the review period. Facilities management income was P18 million, an increase of 13% when compared to the prior year.

#### Operating Expenses

On the cost side of business, total operating expenses increased by 8% from P158 million to P171 million year on year. Employee expenses increased by 13 million to P79 million compared to the same period in prior year. This is mainly due to lack of capitalization of professionals' staff costs to projects as there were few projects started during the review period. Repairs and maintenance expenses decreased by 29% to P22 million. This is due to delays in implementation of planned maintenance activities during review period compared to prior year. Other expenses for the period were P38 million flat on prior. Financing costs increased year on year by 10% representing P2 million increase, because of slow down in project activities and therefore loan interest expenses could not be capitalized to projects.

#### Statement of financial position

The Corporation's total assets stood at P2.806 billion, a decrease of P30 million from P2.836 billion in prior year. The decline in total assets is mainly due to re-payment of long-term borrowings and contract liabilities. Investment properties decreased by P62 million, which represent 5% decrease year on year because of sale of some investment properties and depreciation. The Corporation's housing inventories increased by P24 million representing 5% increase year on year because of on-going projects. The Corporation's cash position remained strong, with total cash balances of P439 million, a decrease of P10 million from prior year.

The Corporation's total reserves increased by P48 million to P1.648 billion on prior

year. The Corporation has over the years consistently managed to increase value to the shareholder's investment.

#### Housing Projects

The Corporation started 147 housing units in Kazungula and 13 units in Phakalane during the review period. During the review period 18 housing units were delivered in Tonota.

The Corporation plan to start projects in Gaborone Block 7 (318 units), Maun (100 units), and Tsabong (10 units) before end of the financial year.

#### Looking Forward

The Corporation remains confident of posting positive results by the end of the financial year. However, the Corporation is cognizant of the challenging economic environment that BHC operates in and would continue to respond to emerging economic risks. Management will continue to implement cost containment initiatives to mitigate subdued revenues. The Corporation is actively starting new projects in different parts of the country for future delivery. These projects are currently being marketed to ensure uptake at time of delivery. The envisaged projects will add to the key mandate of BHC of housing the nation and are mainly targeted to low-medium income segment of the market.

By order of the Board,

Nkaelang Matenge  
Acting Chief Executive Officer

30 November 2023

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 6 months ended 30 September 2023

	6 months ended 30/09/2023 P'000	6 months ended 30/09/2022 P'000	12 months ended 31/03/2023 P'000
	Unaudited	Unaudited	Audited
Revenue and rental income	273,205	251,430	553,072
Cost of sale of housing inventories	(12,364)	(5,170)	(26,454)
Cost of sale of construction and management contracts	(77,732)	(100,281)	(212,628)
<b>Gross profit</b>	<b>183,109</b>	<b>145,978</b>	<b>313,990</b>
Repairs and maintenance	(22,220)	(31,188)	(62,111)
Employee benefit expenses	(79,268)	(69,899)	(142,842)
Depreciation and amortisation	(17,810)	(21,722)	(41,461)
Other expenses	(38,479)	(37,109)	(77,014)
Impairment (expense) / reversal	(13,054)	1,798	(4,216)
Other income	5,412	1,312	2,240
Gains from sale of investment properties	13,104	10,384	24,505
<b>Operating (loss) / profit</b>	<b>30,794</b>	<b>(446)</b>	<b>13,091</b>
Finance income	17,717	14,830	13,700
Finance costs	(19,480)	(17,681)	(17,371)
<b>Net finance costs</b>	<b>(1,763)</b>	<b>(2,851)</b>	<b>(3,671)</b>
Share of profit or loss of equity accounted investees of joint ventures	9,660	8,954	20,817
<b>Profit before taxation</b>	<b>38,691</b>	<b>5,657</b>	<b>30,237</b>
Taxation	(10,030)	(2,143)	(7,164)
<b>Profit for the year</b>	<b>28,661</b>	<b>3,514</b>	<b>23,073</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>28,661</b>	<b>3,514</b>	<b>23,073</b>

## STATEMENT OF FINANCIAL POSITION

as at 30 September 2023

	6 months as at 30/09/2023 P'000	6 months as at 30/09/2022 P'000	12 months as at 31/03/2023 P'000
	Unaudited	Unaudited	Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	1,279,376	1,340,580	1,309,022
Property, plant and equipment	49,451	51,421	50,612
Intangible assets	7,433	9,466	7,368
Investments in joint ventures	17,580	15,995	17,633
Right of use asset	13,742	6,813	3,578
Trade and other receivables	22,176	19,144	21,030
Deferred tax asset	3,200	3,665	4,390
<b>Total non-current assets</b>	<b>1,392,958</b>	<b>1,447,084</b>	<b>1,413,633</b>
<b>Current assets</b>			
Housing inventories	478,360	454,284	451,125
Taxation refundable	6,980	4,746	5,221
Trade and other receivables	64,982	23,057	29,639
Cash and cash equivalents	862,838	906,399	875,859
<b>Total current assets</b>	<b>1,413,160</b>	<b>1,388,486</b>	<b>1,361,844</b>
<b>Total assets</b>	<b>2,806,118</b>	<b>2,835,570</b>	<b>2,775,477</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Irredeemable capital	250,000	250,000	250,000
Retained earnings	1,397,863	1,349,642	1,369,203
<b>Total equity</b>	<b>1,647,863</b>	<b>1,599,642</b>	<b>1,619,203</b>
<b>Non-current liabilities</b>			
Long term deferred government revenue grant	13,567	18,363	15,885
Long term borrowings	549,616	574,534	562,150
Long term lease liabilities	13,033	3,705	3,366
<b>Total non-current liabilities</b>	<b>576,216</b>	<b>596,602</b>	<b>581,401</b>
<b>Current liabilities</b>			
Trade and other payables	92,558	111,583	99,826
Short term portion of lease liabilities	2,215	6,062	3,308
Contract liabilities	423,616	457,494	404,924
Deferred income	9,627	12,538	13,742
Short term portion of deferred government revenue grant	4,794	5,410	5,107
Short term portion of borrowings	34,826	34,932	34,968
Customer deposits	14,402	11,307	12,999
<b>Total current liabilities</b>	<b>582,038</b>	<b>639,326</b>	<b>574,874</b>
<b>Total equity and liabilities</b>	<b>2,806,118</b>	<b>2,835,570</b>	<b>2,775,477</b>

## STATEMENT OF CHANGES IN EQUITY

for the 6 months ended 30 September 2023

	Irredeemable capital	Retained earnings	Total
	P'000	P'000	P'000
<b>Balance as at 1 April 2022</b>	<b>250,000</b>	<b>1,346,129</b>	<b>1,596,129</b>
<b>Comprehensive income</b>			
Profit for the year	-	23,073	23,073
Transfer to retained earnings	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>23,073</b>	<b>23,073</b>
<b>Balance as at 31 March 2023</b>	<b>250,000</b>	<b>1,369,202</b>	<b>1,619,202</b>
Balance as at 01 April 2023	250,000	1,369,202	1,619,202
<b>Comprehensive income</b>			
Profit for the year	-	28,661	28,661
<b>Total comprehensive income</b>	<b>-</b>	<b>28,661</b>	<b>28,661</b>
<b>Balance as at 30 September 2023</b>	<b>250,000</b>	<b>1,397,863</b>	<b>1,647,863</b>

## STATEMENT OF CASH FLOWS

for the 6 months ended 30 September 2023

	6 months ended 30/09/2023 P'000	6 months ended 30/09/2022 P'000	12 months ended 31/03/2023 P'000
	Unaudited	Unaudited	Audited
<b>Cash flows from operating activities</b>			
Net cash from / (utilised in) operating activities	(11,865)	(32,827)	(56,573)
Taxation paid	(9,255)	(2,878)	(9,210)
With-holding tax paid	(1,727)	(1,315)	(2,738)
Taxation refund	383	5,484	7,018
<b>Net cash generated from / (utilised in) operating activities</b>	<b>(22,464)</b>	<b>(31,536)</b>	<b>(61,503)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(1,802)	(3,393)	(7,070)
Acquisition of intangible assets	(981)	-	-
Additions to investment properties	-	-	-
Proceeds from sale of investment properties	24,478	12,539	43,200
Proceeds from sale of property, plant and equipment	80	43	197
Dividends from joint ventures	9,713	8,450	18,675
Interest received	14,606	13,061	13,700
<b>Net cash generated from investing activities</b>	<b>46,094</b>	<b>30,700</b>	<b>68,702</b>
<b>Cash flows from financing activities</b>			
Repayment of long term borrowings	(15,385)	(15,385)	(30,770)
Lease payments	(4,123)	(2,579)	(5,672)
Interest expenses - leases	(1,669)	(393)	(554)
Interest paid	(15,474)	(13,908)	(33,844)
<b>Net cash (utilised in) / generated from financing activities</b>	<b>(36,651)</b>	<b>(32,265)</b>	<b>(70,840)</b>
Net increase in cash and cash equivalents	(13,021)	(33,101)	(63,641)
Cash and cash equivalents at beginning of year	875,859	939,500	939,500
<b>Cash and cash equivalents at end of year</b>	<b>862,838</b>	<b>906,399</b>	<b>875,859</b>



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