



# UNAUDITED RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2024

## INTRODUCTION

The Botswana Housing Corporation (BHC) Board is pleased to announce the Corporation's unaudited financial results for the half year ended 30 September 2024.

## 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 2024.

## FINANCIAL HIGHLIGHTS

	6 months Ended 30 September 2024	6 months Ended 30 September 2023	12 months Ended 31 March 2024
	P'000	P'000	P'000
	Unaudited	Unaudited	Audited
Revenue	357,682	273,205	525,199
Operating Profit/ (Loss)	6,861	30,794	23,716
Impairment (expense)/reversal	(32,420)	(13,054)	(26,620)
Financing costs	(15,998)	(19,480)	(15,761)
<b>Total Profit and Comprehensive income</b>	<b>9,767</b>	<b>28,661</b>	<b>29,174</b>
<b>Total Assets</b>	<b>2,816,585</b>	<b>2,806,118</b>	<b>2,850,682</b>
<b>Shareholder's Funds</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Total Debt</b>	<b>572,123</b>	<b>602,803</b>	<b>587,508</b>
<b>Total Equity</b>	<b>1,658,143</b>	<b>1,647,863</b>	<b>1,648,376</b>
<b>Debt Equity ratio</b>	<b>35%</b>	<b>37%</b>	<b>36%</b>

## COMMENTS ON THE RESULTS

The Corporation recorded a profit after tax of P10 million for the period under review, a decrease of P19 million compared to P29 million in 2023. Though the Corporation experienced a reduction in profitability total revenue increased by 31% on the back of an increase in rental income, contracts income and facilities management income. An increase in impairment expenses on rental of P19 million contributed to the decrease in profitability. The Corporation did not start some of the projects planned for the first half of the financial year reducing the rate of capitalization of interest and development expenses to projects.

## STATEMENT OF COMPREHENSIVE INCOME

### Revenue

The Corporation recorded revenue of P358 million for the six months, an increase of 31% when compared to the P273 million recorded in the same period in the prior year. The increase in revenue was mainly because of an increase in rental income which increased by P27 million representing 16% increase year on year. Facilities Management fees and revenue from contracts increased by P6 million and P54 million year on year, respectively.

Sales revenue experienced a year-on-year reduction from P8 million to P5 million on the back limited stock levels. The Corporation recorded gains of P28 million on sales of 63 housing properties resulting in sales margins of 71%. In the prior year 56 units were sold to generate total gains of P13 million and margins of 53%. During the period under review, old stock, which has relatively higher margins dominated the sales mix at 57 units compared to new stock which sold 6 units.

The rental income, which is one of the major revenue streams for the Corporation increased by P27 million to P196 million compared to the same period in the prior year mainly due to rental subsidy. During the first half of the year receivables impairments expense recorded were P32.4 million representing a significant increase compared to P13 million recorded in the same period last year. This is on the back of delayed payments from one of our major customer. The vacancy rate at the end of the review period was 0.87% representing 79 vacant units across the country. This is lower than the Corporations target of 1.5%.

## Operating Expenses

On the cost side of business, employee expenses increased by P6 million compared to the same period in prior year. This is mainly due to inflationary adjustments and reduced vacancy levels between the review periods. Repairs and maintenance expenses increased by 150% to P55 million as maintenance was lower in the previous review period. This is due to delays in implementation of planned maintenance activities in the previous period compared to current year. Other expenses for the period were P45 million compared to P38 million in the previous period caused by inflation and increases in administration and training costs. Financing costs decreased year on year by 18% representing P3 million decrease, because of increased capitalization of borrowing costs to development projects.

## Profitability

The Corporation recorded a profit after tax of P10 million for the period under review, a decrease of P19 million compared to P29 million in the same period in prior year. The reduced profitability is on the back of increased impairment expenses on rental receivables.

## Statement of financial position

The Corporation's total assets stood at P2.817 billion, an increase of P10 million from P2.806 billion in prior year. The increase in total assets is mainly due to the increase in capitalization of both interest and staff costs to work in progress housing inventories. Investment properties decreased by P22 million year on year on the back of sale of some investment properties and depreciation charge. The Corporation's housing inventories increased by P106 million representing 0.02% increase year on year because of payment of on-going projects and capitalisation. The Corporation had a total cash balance of P284 million a decrease of P155 million from prior year due to loan repayments and project payments for ongoing projects.

The Corporation's total reserves were P1.66 billion compared to P1.65 billion prior year. The Corporation has over the years consistently managed to create and add value to the shareholder's investment.

## Housing Projects

The Corporation started 200 housing units in Pilane, 65 housing units in Kazungula, 30 units in Rakops, 14 units in Nata and 3 units in Tsabong during the review period. A total of 492 social housing units were delivered country wide under the Self-Help Housing Program (SHHA) during the review period.

The Corporation plans to start projects in Gaborone Block 7 (174 units), Maun (55 units) and Mabutsane (20 units) before the end of the financial year. Interest expenses and staff costs of professionals supervising these projects would be capitalized to the envisaged projects therefore reducing financing costs and staff costs charge to the income statement.

## Looking Forward

The Corporation remains confident that it will start additional projects before the end of the financial year thus improving its reduced inventory levels and replenish its reducing rental portfolio. The Corporation will continue its quest to augment sales revenue through sales of its old stock whilst replenishment of the investment portfolio continues. Management has embarked on cost containment initiatives to reduce costs to match the declining sales revenue. The Corporation will continue to spread its footprint across the country to reach more beneficiaries on the government SHHA social housing scheme.

By order of the Board,

Nkaelang Matenge  
Chief Executive Officer  
29 November 2024

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 6 months ended 30 September 2024

	6 months ended 30/09/2024	6 months ended 30/09/2023	12 months ended 31/03/2024
	P'000	P'000	P'000
	Unaudited	Unaudited	Audited
Revenue and rental income	357,682	273,205	525,199
Cost of sale of housing inventories	(5,771)	(12,364)	(12,249)
Cost of sale of construction and management contracts	(137,755)	(77,732)	(142,502)
<b>Gross profit</b>	<b>214,156</b>	<b>183,109</b>	<b>370,448</b>
Repairs and maintenance	(55,437)	(22,220)	(65,235)
Employee benefit expenses	(85,534)	(79,268)	(153,663)
Depreciation and amortisation	(19,299)	(17,810)	(44,073)
Other expenses	(45,351)	(38,479)	(88,975)
Impairment (expense) / reversal	(32,420)	(13,054)	(26,620)
Other income	2,027	5,412	7,910
Gains from sale of investment properties	28,719	13,104	23,924
<b>Operating (loss) / profit</b>	<b>6,861</b>	<b>30,794</b>	<b>23,716</b>
Finance income	8,271	17,717	11,587
Finance costs	(15,998)	(19,480)	(15,761)
<b>Net finance costs</b>	<b>(7,727)</b>	<b>(1,763)</b>	<b>(4,174)</b>
Share of profit or loss of equity accounted investees of joint ventures	11,695	9,660	22,835
<b>Profit before taxation</b>	<b>10,829</b>	<b>38,691</b>	<b>42,377</b>
Taxation	(1,062)	(10,030)	(13,203)
<b>Profit for the year</b>	<b>9,767</b>	<b>28,661</b>	<b>29,174</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>9,767</b>	<b>28,661</b>	<b>29,174</b>

## STATEMENT OF FINANCIAL POSITION

as at 30 September 2024

	6 months as at 30/09/2024	6 months as at 30/09/2023	12 months as at 31/03/2024
	P'000	P'000	P'000
	Unaudited	Unaudited	Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties	1,257,456	1,279,376	1,273,623
Property, plant and equipment	46,517	49,451	48,313
Intangible assets	8,141	7,433	5,041
Investments in joint ventures	21,351	17,580	21,156
Right of use asset	7,052	13,742	12,493
Trade and other receivables	27,278	22,176	23,419
Deferred tax asset	2,854	3,200	2,854
<b>Total non-current assets</b>	<b>1,370,649</b>	<b>1,392,958</b>	<b>1,386,899</b>
<b>Current assets</b>			
Housing inventories	584,334	478,360	528,639
Taxation refundable	12,222	6,980	9,967
Trade and other receivables	128,732	64,982	109,956
Cash and cash equivalents	720,648	862,838	815,221
<b>Total current assets</b>	<b>1,445,936</b>	<b>1,413,160</b>	<b>1,463,783</b>
<b>Total assets</b>	<b>2,816,585</b>	<b>2,806,118</b>	<b>2,850,682</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Irredeemable capital	250,000	250,000	250,000
Retained earnings	1,408,143	1,397,863	1,398,376
<b>Total equity</b>	<b>1,658,143</b>	<b>1,647,863</b>	<b>1,648,376</b>
<b>Non-current liabilities</b>			
Long term deferred government revenue grant	9,427	13,567	11,414
Long term borrowings	524,082	549,616	536,928
Long term lease liabilities	4,424	13,033	3,501
<b>Total non-current liabilities</b>	<b>537,933</b>	<b>576,216</b>	<b>551,842</b>
<b>Current liabilities</b>			
Trade and other payables	120,682	92,558	113,125
Short term portion of lease liabilities	2,332	2,215	8,915
Contract liabilities	437,429	423,616	457,274
Deferred income	7,124	9,627	19,098
Short term portion of deferred government revenue grant	4,141	4,794	4,473
Short term portion of borrowings	34,473	34,826	34,694
Customer deposits	14,328	14,402	12,885
<b>Total current liabilities</b>	<b>620,509</b>	<b>582,038</b>	<b>650,464</b>
<b>Total equity and liabilities</b>	<b>2,816,585</b>	<b>2,806,118</b>	<b>2,850,682</b>

## STATEMENT OF CHANGES IN EQUITY

for the 6 months ended 30 September 2024

	Irredeemable capital	Retained earnings	Total
	P'000	P'000	P'000
<b>Balance as at 1 April 2023</b>	<b>250,000</b>	<b>1,369,202</b>	<b>1,619,202</b>
<b>Comprehensive income</b>			
Profit for the year	-	29,174	29,174
<b>Total comprehensive income</b>	<b>-</b>	<b>29,174</b>	<b>29,174</b>
<b>Balance as at 31 March 2024</b>	<b>250,000</b>	<b>1,398,376</b>	<b>1,648,376</b>
<b>Balance as at 01 April 2024</b>	<b>250,000</b>	<b>1,398,376</b>	<b>1,648,376</b>
<b>Comprehensive income</b>			
Profit for the year	-	9,767	9,767
<b>Total comprehensive income</b>	<b>-</b>	<b>9,767</b>	<b>9,767</b>
<b>Balance as at 30 September 2024</b>	<b>250,000</b>	<b>1,408,143</b>	<b>1,658,143</b>

## STATEMENT OF CASH FLOWS

for the 6 months ended 30 September 2024

	6 months ended 30/09/2024	6 months ended 30/09/2023	12 months ended 31/03/2024
	P'000	P'000	P'000
	Unaudited	Unaudited	Audited
<b>Cash flows from operating activities</b>			
Net cash from / (utilised in) operating activities	(104,957)	(11,865)	(33,549)
Taxation paid	(11,170)	(9,255)	(13,866)
With-holding tax paid	(880)	(1,727)	(2,930)
Taxation refund	8,733	383	383
<b>Net cash generated from / (utilised in) operating activities</b>	<b>(108,274)</b>	<b>(22,464)</b>	<b>(49,962)</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	(520)	(1,802)	(3,900)
Acquisition of intangible assets	(3,835)	(981)	(980)
Proceeds from sale of investment properties	33,499	24,478	36,299
Proceeds from sale of property, plant and equipment	972	80	2,897
Dividends from joint ventures	11,500	9,713	19,313
Interest received	7,213	14,606	11,587
<b>Net cash generated from investing activities</b>	<b>48,829</b>	<b>46,094</b>	<b>65,216</b>
<b>Cash flows from financing activities</b>			
Repayment of long term borrowings	(15,385)	(15,385)	(30,770)
Lease payments	(3,402)	(4,123)	(8,977)
Interest expenses - leases	(1,431)	(1,669)	(1,332)
Interest paid	(14,910)	(15,474)	(34,813)
<b>Net cash (utilised in) / generated from financing activities</b>	<b>(35,128)</b>	<b>(36,651)</b>	<b>(75,892)</b>
Net increase in cash and cash equivalents	(94,573)	(13,021)	(60,638)
Cash and cash equivalents at beginning of year	815,221	875,859	875,859
<b>Cash and cash equivalents at end of year</b>	<b>720,648</b>	<b>862,838</b>	<b>815,221</b>



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