

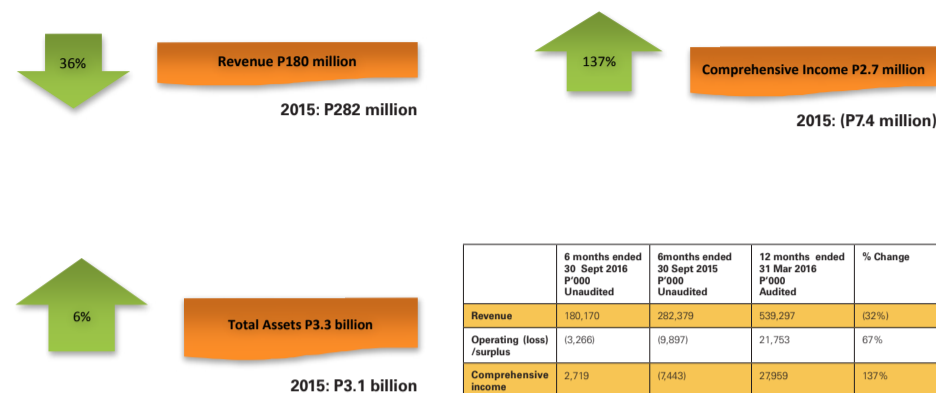
Introduction

The Botswana Housing Corporation Board is pleased to announce the Corporation's unaudited financial results for the half year ended 30 September 2016

Basis of preparation

The accounting policies adopted for the half-year comply with International Financial Reporting Standards (IFRS) and the Botswana Housing Corporation Act. These accounting policies are consistent with those applied in the last audited financial results as at 31 March 2016

Financial Highlights



Comments on the results

Financial Performance

The Corporation recorded revenues of P180 million for the six months, a decline of 36% when compared to the P282 million recorded in the prior year. The decrease in revenue was mainly driven by sales revenue which decreased by a significant P101 million or 56%. In the prior year, sales revenue was high and driven mainly by Phakalane and Palapye projects deliveries. The rental income has declined by 4% as the Corporation has not been able to increase rentals over 10 years. The strategy of Corporation is selling most of its developments to ensure that more houses are built and sold instead of renting out. This strategy is meant to encourage home ownership.

On the costs side human capital costs went up by 10% mainly as a result of resources increase engaged for social housing projects. Other expenses declined by 3% as cost containment initiatives put in place by Management continue to pay off.

The Corporation recorded a surplus of P2.7 million for the period under review, a significant improvement of 137% when compared with a loss of P7.4 million in the prior year, mainly as a result of cost savings and impressive performance from the joint venture income.

Statement of financial position

Despite the declining profitability, the Corporation's balance sheet remains very strong with total assets amounting to P3.3 billion from P3.1 billion recorded in the prior year. The statement of financial position is characterized by strong net assets, low debt/equity ratios, comfortable liquidity position and sustained shareholder wealth. The continued reduction on borrowings through repayment of long term debt gives the Corporation an opportunity to borrow more in the future in order to build and deliver more houses to the nation.

Projects


As part of its mandate, BHC is tasked with the delivery of social housing projects as well as housing for youth and low income groups. The Corporation is expected to start and deliver 1,000 SHHA houses throughout the country on an annual basis and this has increased our foot print across the country. During the period under review 1,983 houses for SHHA, Instalment Purchase Scheme (IPS), Youth Housing and POHI schemes were at different stages of construction. In the last half of 2016/17 financial year, more houses will be built under these schemes across different constituencies. The Corporation has done very well in the social housing space.

On the commercial side of the business, the Corporation has started 318 houses in Gaborone, Phakalane, Jwaneng and Palapye. These are areas where effective demand has been established and the houses are expected to attract huge interest from the market.

Outlook

The Corporation remains committed to its mandate of providing affordable housing to the nation. The current successes experienced in the social housing space have added to the delivery of more houses, in particular SHHA to Batswana. However Management and the Board have not lost sight of the need to continue the delivery of the BHC commercial mandate as this ensures that the organization remains financially sustainable.

By order of the Board,



Reginald Motswaiso
General Manager
25 November 2016

STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30/09/2016 P'000 Unaudited	6 months ended 30/09/2015 P'000 Unaudited	12 months ended 31/03/2016 P'000 Audited
Revenue	180,170	282,379	539,297
Cost of sale of housing inventories	(74,553)	(179,338)	(321,375)
Repairs and maintenance	(21,771)	(22,957)	(49,585)
Employee benefit expenses	(69,200)	(63,041)	(165,107)
Depreciation and amortisation	(8,417)	(8,197)	(16,842)
Other expenses	(32,588)	(33,728)	(65,299)
Impairment expenses	(6,115)	(4,567)	(24,083)
Gains on sale of investment property	9,884	16,006	106,550
Other income	19,325	3,546	18,197
Operating profit	(3,266)	(9,897)	21,753
Finance income	14,100	10,356	24,133
Finance costs	(14,651)	(14,928)	(31,845)
Finance (costs)/income -net	(551)	(4,572)	(7,712)
Share of surplus of joint ventures	6,561	7,026	13,918
Surplus/ loss before income tax	2,744	(7,443)	27,959
Income tax expenses	(25)	-	-
Total comprehensive income for the period	2,719	(7,443)	27,959

STATEMENT OF CHANGES IN EQUITY

	Capital P'000	Retained earnings P'000	Earnings reserve P'000	Total P'000
Balance at 1 April 2015	250,000	1,058,874	8,657	1,317,531
Comprehensive income for the period (restated)	-	(7,443)	-	(7,443)
Balance as at 30 Sept 2015	250,000	1,051,431	8,657	1,310,088
Balance at 1 October 2015	250,000	1,051,431	8,657	1,310,088
At October 2015	250,000	1,051,431	8,657	1,310,088
Comprehensive income for the period	-	35,402	-	35,402
Transfer to retained earnings	-	2,231	(2,231)	-
Dividend paid	-	(2,460)	-	(2,460)
Balance at 31 March 2016	250,000	1,086,604	6,426	1,343,030
Balance at 1 April 2016	250,000	1,086,604	6,426	1,343,030
Comprehensive surplus for the period	-	2,719	-	2,719
Dividend paid	-	(6,990)	-	(6,990)
Balance at 30 September 2016	250,000	1,082,334	6,426	1,338,760

STATEMENT OF FINANCIAL POSITION

	As at 30/09/2016 P'000 Unaudited	As at 30/09/2015 P'000 Unaudited	As at 31/03/2016 P'000 Audited
Assets			
Non-current assets			
Investment property	1,104,565	1,098,874	1,107,561
Property, plant and equipment	20,987	21,800	20,985
Intangible assets	23,347	24,915	24,815
Investments in joint ventures	22,105	26,978	21,745
Loans to related parties	-	2,729	-
Trade and other receivables	10,653	12,971	11,228
Total non-current assets	1,181,657	1,188,267	1,186,334
Current assets			
Inventories	480,304	516,378	443,923
Loans to related parties	-	3,207	-
Trade and other receivables	62,848	23,931	19,870
Cash and cash equivalents	1,596,892	1,392,139	1,682,953
Total current assets	2,140,044	1,935,655	2,146,746
Total assets	3,321,701	3,123,922	3,333,080
Equity and liabilities			
Capital and reserves			
Irredeemable capital	250,000	250,000	250,000
Retained earnings	1,082,334	1,048,971	1,086,604
Earnings reserve	6,426	8,657	6,426
Total equity	1,338,760	1,307,628	1,343,030
Non-current liabilities			
Agency funds	259,461	229,874	258,865
Deferred income	4,978	12,350	5,153
Deferred government revenue grant	63,035	-	63,035
Borrowings	734,773	817,793	743,258
Total non-current liabilities	1,062,246	1,060,017	1,070,311
Current liabilities			
Trade and other payables	194,804	195,855	213,253
Provision for restructure costs	42,298	-	42,298
Agency funds	551,353	488,480	550,088
Deferred income	2,640	1,012	3,139
Deferred government revenue grant	7,957	-	7,957
Borrowings	15,214	38,884	35,630
Customer deposits	106,430	32,046	67,374
Total current liabilities	920,695	756,277	919,739
Total equity and liabilities	3,321,701	3,123,922	3,333,080

STATEMENT OF CASH FLOWS

	6 months ended 30/09/2016 P'000 Unaudited	6 months ended 30/09/2015 P'000 Unaudited	12 months ended 31/03/2016 P'000 Audited
Cash flows from operating activities			
Net cash used in operating activities	(63,442)	218,389	254,735
Cash flows from investing activities			
Purchases of property, plant and equipment	(1,784)	(3,758)	(4,898)
Additions to intangible assets	(228)	(74)	(1,656)
Additions to investment property	(1,929)	(800)	(36,092)
Proceeds from sale of investment property	12,257	23,952	136,009
Proceeds from sale of property, plant and equipment	-	6	50
Drawings from joint ventures	6,201	6,666	14,605
Loan repayments received from related parties	-	984	2,198
Interest received	14,100	10,356	24,133
Net cash generated from / (used in) investing activities	28,617	37,332	134,349
Cash flows from financing activities			
Repayment of borrowings	(25,230)	(29,239)	(44,691)
New PDSF loan	-	400,000	400,000
Dividend paid	(13,216)	(10,103)	(22,665)
Interest paid (net of capitalised interest)	(14,651)	(14,928)	(31,845)
Net cash used in financing activities	(53,097)	345,730	300,799
Net increase in cash and cash equivalents	(87,921)	601,451	689,883
Cash and cash equivalents at beginning of the period	874,000	72,334	184,117
Cash and cash equivalents at end of the period	786,079	673,785	874,000

Segment results

	Sale of housing inventories P'000	Rental P'000	Others P'000	Total P'000
For the six months ending 30 September 2016				
Revenue	81,708	88,487	9,975	180,170
Operating profit	(1,555)	26,422	(28,157)	(3,291)
Finance income	-	-	14,100	14,100
Finance costs	(11,721)	(2,930)	-	(14,651)
Share of surplus of joint ventures	-	-	6,561	6,561
Total comprehensive income	(13,276)	23,492	(7,496)	2,719
For the six months ending 30 September 2015				
Revenue	183,434	91,729	7,216	282,379
Operating profit	(3,152)	34,718	(41,463)	(9,897)
Finance income	-	-	10,356	10,356
Finance costs	(11,942)	(2,986)	-	(14,928)
Share of surplus of joint ventures	-	-	7,026	7,026
Total comprehensive income	(15,094)	31,732	(24,081)	(7,443)
Total assets as at 30 September 2016	494,137	1,109,353	1,718,211	3,321,701
Total assets as at 31 March 2016	418,114	1,162,538	1,752,428	3,333,080

- There were no inter segment revenue and all revenues were received from external customers.

- Basis of segmentation and the basis of measurement of segment profit/loss is consistent with the segment information as disclosed in annual financial statements for year ending 31 March 2016.