Dawn Properties Limited

FINANCIAL RESULTS

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2010

CHAIRMAN'S STATEMENT

BACKGROUND

The Group has benefitted from the relative stability prevailing in the country. Although less than adequate, the prevailing conditions permit some level of forwarding planning. Consequently, the level of business activity and travel is on the rise. The city hotels have benefitted from this activity. Selected resort hotels are also beginning to benefit from conferencing traffic and this trend is expected to continue into the new financial year. Given the enhanced operating conditions, your Board is considering the group's strategy moving forward with a view to refocusing on property development. However, the timing of the execution of the strategy will be affected by the election timetable but this can only be a temporary setback. Liquidity remains a challenge but funds are beginning to trickle in from regional and international financiers.

CROWNE PLAZA MORTGAGE BOND

At the Company's last annual general meeting shareholders were advised that a mortgage bond over Crowne Plaza was registered without the Board's knowledge and approval. The bond is in the process of being cancelled. The company's lawyers are confident that this will be achieved without acrimony. Your Board has instituted an investigation of the matter and stakeholders will be appraised of the outcome in due course. The Board affirms that the refurbishment of the hotels is the responsibility of the tenant. However, the Board remains proactive in giving the tenant assistance where possible to unlock shareholder value by refurbishing the hotels. As pointed out at the annual general meeting the refurbishment of the hotels will translate to increased rental.

OPERATIONAL AND FINANCIAL REVIEW

GROUP REVIEW

Income statement

Turnover for the first half increased by 62% to $2.6 million when compared with turnover achieved in the prior year. The increase is a result of the marked improvement in the economic environment. The growth in revenue recorded in the first half of the year will be surpassed slightly in the second half. Operating expenses represent 87% of the turnover achieved during the period under review. The cost to revenue ratio will improve in the second half of the year as revenue increases.

Balance sheet

The yearend valuation report was adopted for the purposes of reporting the interim financial statements. The economic fundamentals did not change significantly either way to warranty a valuation to be carried out.

HOTEL PROPERTY PORTFOLIO

City hotels are now achieving occupancies of about 60% while resort hotels are averaging about 40%. This is in contrast to the 50% and 30% achieved last year. Room rates have also continued to improve owing to close yield management. On the back of this the portfolio's performance recorded growth of about 71% but from a very low base. The revenue of about US$1 million is hardly 30% of what the assets should generate as a minimum once full recovery has been achieved. Costs also increased by about 71% largely driven by price corrections on the local market. Prices are now largely tracking regional parities and this of course has no bearing on the level of the Company's revenue. However, costs are being managed closely and any increase in revenue will not attract additional administration expenses. The portfolio is likely to record revenues of about US$2.3 million for the year if the current trends persist. However, to achieve higher revenue growth the hotels need to be refurbished the responsibility of which rests with the tenant. We are responsible for the load bearing structure. To this end the tenant is exploring various options.

PROPERTY SERVICES SEGMENT

This segment comprises property consultancy and cleaning services. Property consultancy which is the main business of this segment is competing in a mature market. Beyond the correction of pricing distortions there is little room for growth. Consequently a product line expansion strategy has been embarked on. The setup costs pursuant to this strategy, among other variables, weighed down the performance of the segment. The segment reported a growth in turnover of about 45% against an increase in costs of 86%. The increase in costs were largely driven by payroll related costs which increased by 137%. It is worth noting that the consulting business unit employees consultants who naturally demand a certain level of remuneration. The unit has also embarked on an aggressive recruitment and training program which should result in increased productivity per consultant. The current structure can support revenue growth of about 30% and the efforts are underway to achieve this.

AGRO SEGMENT

The project has taken off smoothly with the first twelve months being a cost accumulation period. The second half of the financial year will see strong revenue generation. The maturity of crops was slowed down by the severe winter but production is now back on course. This segment is still expected to contribute significantly to both revenues and profitability within the next twelve to eighteen months.

PROPERTY DEVELOPMENT SEGMENT

Baines Avenue

The Group has invited and opened tenders for the construction of the Baines Avenue flats. The significant disparities in costs noted from construction companies indicate that our cost base is still far from being stable. The lowest bid came in at US$3.6 million while the highest was US$5.8 million. Indications are that with closer management of the supply chain the project could be executed in the short term.

Marlborough Residential Estate

Town planning work on developing the 290hectare land bank into a secured community is progressing well. The authorities have consented to the amendment of the local plan. Consequently, our consultants are now working on the detailed proposals. It is envisaged that subdivision work will commence in December 2011. The up-market estate will comprise a private school, club houses among other facilities to make it a self contained community. The project which will be executed over a ten year period will have a significant impact on the fortunes of the Group.

OUTLOOK

Our business fortunes follow our political fortunes. The Group remains optimistic about the future in general and the potential of property development in particular. The Group will thus put more emphasis in packaging and executing property development projects.

APPRECIATION

Let me take this opportunity to thank all the stakeholders for their invaluable support. To the board members, management and staff your dedication is appreciated.

T.P. Chimuriwo
Chairman — **24 November 2010**

By Order of the Board
Mrs. N.M. Tome — **24 November 2010**
Company Secretary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the half year ended 30 September 2010

	Six months ended Sep 2010 US$	Year ended March 2010 US$
ASSETS		
Non-current assets		
Investment property	69 300 000	69 300 000
Property, plant and equipment	9 334 812	8 619 749
Goodwill	120 186	120 186
	78 754 998	78 039 935
Current assets		
Inventories	130 338	17 178
Expenditure on next season's crops	448 602	249 381
Trade and other receivables	792 890	920 984
Cash and cash equivalents	97 049	284 621
	1 468 879	1 472 164
Total assets	80 223 877	79 512 099
EQUITY		
Equity attributable to the owners of the parent		
Share capital	18 156	18 156
Share premium	17 680 929	17 680 929
Revaluation reserves	4 942 400	4 942 400
Retained profits	40 806 327	40 211 192
Shareholders' equity	63 447 812	62 852 677
Minority interest	582 473	584 760
Total equity	64 030 285	63 437 437
LIABILITIES		
Non-current liabilities		
Linked unit debentures	1 797 486	1 797 486
Deferred income tax liabilities	13 397 497	13 680 409
	15 194 983	15 477 895
Current liabilities		
Trade and other payables	758 627	596 767
Short term borrowings	202 000	-
Income tax provision	37 982	-
	998 609	596 767
Total liabilities	16 193 592	16 074 662
Total equity and liabilities	80 223 877	79 512 099

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 September 2010

	Six months ended Sep 2010 US$	Six months ended Sep 2009 US$
Revenue	2 561 008	1 615 410
Other income	60 960	-
Total income	**2 621 968**	**1 615 410**
Cost of sales	(795 658)	(481 808)
Marginal Income	1 826 310	1 133 602
Administration expenses	(1 499 727)	(700 391)
Operating profit	326 583	433 211
Finance income	25 198	46 549
Profit before income tax	351 781	479 760
Income tax credit/ (charge)	243 354	(75 271)
Profit for the year	595 135	404 489
Other comprehensive income	-	-
Total comprehensive income for the year	595 135	404 489
Profit attributable to:		
- Owners of the parent	597 422	404 489
- Minority Interests	(2 287)	-
Total comprehensive income attributable to:		
- Owners of the parent	597 422	404 489
- Minority Interests	(2 287)	-
	595 135	404 489
Basic and diluted earnings per share for profit attributable to the owners of the parent during the year (expressed in cents per share) (note 23)	0.02	0.02

Dawn Properties Limited

FINANCIAL RESULTS

FOR THE HALF YEAR ENDED **30 SEPTEMBER 2010**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 September 2010

	Six months ended Sep 2010 US$	Year ended March 2010 US$
Cash flow from operating activities		
Profit before income tax	351 781	1 253 955
Adjustment for:		
Depreciation of property, plant and equipment	97 428	171 905
Interest received	(25 198)	(100 572)
Profit on sale of non-current assets	(4 324)	(323 196)
Operating surplus before working capital changes	419 687	1 002 092
Changes in working capital		
Increase in inventories	(113 160)	(415)
Increase in expenditure on next season's crops	(199 221)	(249 381)
Decrease in accounts receivable	128 094	(455 106)
Increase in accounts payable	161 860	191 407
Cash generated by/(used in) operations	397 260	488 597
Taxation paid	(3 268)	(16 538)
Interest received	25 198	100 572
Net cash generated by/(used in) operating activities	419 190	572 631
Cash flow from investing activities		
Acquisition of subsidiries	(200 000)	-
Purchase of property, plant and equipment	(414 616)	(977 723)
Proceeds from disposal of property, plant and equipment	7 854	12 677
Proceeds from disposal of non current assets held for sale	-	610 196
Net cash used in investing activities	(606 762)	(354 850)
Net (decrease)/ increase in cash and cash equivalents	(187 572)	217 781
Cash and cash equivalents at the beginning of the year	284 621	66 840
Cash and cash equivalents at the end of the year	97 049	284 621
Represented By:		
Cash and bank balances	**97 049**	**284 621**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 September 2010

	Attibutable to owners of the parent						
	Share capital US$	Share premium US$	Non distributable reserves US$	Retained earnings US$	Total US$	Minority Interest US$	Total equity US$
Balance at 1 April 2009	17 784	16 188 889	4 160 000	39 436 368	59 803 041	-	59 803 041
					-		
Comprehensive income					-		
Profit for the period	-	-	-	774 824	774 824	-	774 824
Other comprehensive Income							
- Change in tax rate	-	-	782 400	-	782 400	-	782 400
Total comprehesive income for 2010	-	-	782 400	774 824	1 557 224	-	1 557 224
Transactions with owners					-		
Share issue	372	1 492 040	-	-	1 492 412	584 760	2 077 172
Balance at 31 March 2010	18 156	17 680 929	4 942 400	40 211 192	62 852 677	584 760	63 437 437
Comprehensive income							
Profit for the year	-	-	-	595 135	595 135	(2 287)	592 848
Other comprehensive Income							
- Change in tax rate	-	-	-	-	-	-	-
Total comprehensive income for six months ended 30 September 2010	-	-	-	595 135	595 135	(2 287)	592 848
	-	-	-	-	-	-	-
Balance at 30 September 2010	**18 156**	**17 680 929**	**4 942 400**	**40 806 327**	**63 447 812**	**582 473**	**64 030 285**

1 GENERAL INFORMATION

The principal business of the Group is that of investing in investment property and property management.

The Group is a limited liability company incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange. The address of its registered office is 8th Floor, Beverly Court, Corner Fourth Street and Nelson Mandela Avenue, Harare. The consolidated interim financial statements have been approved for issue by the Board of Directors on 24 November 2010.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of presentation

Statement of compliance

The consolidated financial statements of Dawn Properties Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Income and cash flow statements

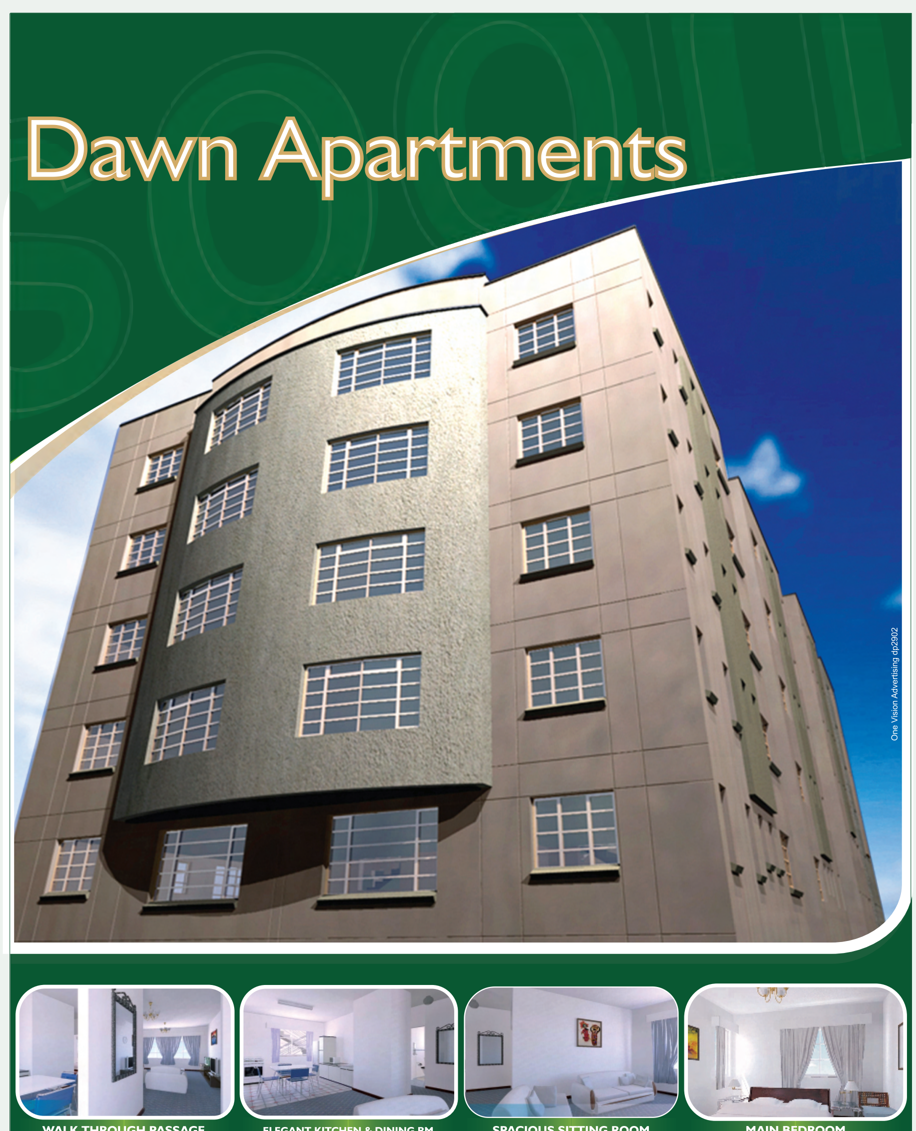
The Group presents its statement of comprehensive income by function of expense.

The Group reports cash flows from operating activities using the indirect method. The acquisition of investment properties are disclosed as cash flows from investing activities because this appropriately reflects the Group's business activities.

Preparation of the consolidated interim financial statements

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property.

The preparation of interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believe that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are disclosed in the financial statements.



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