



Dawn Properties Limited

UNAUDITED FINANCIAL RESULTS

FOR THE SIX MONTHS TO 30 SEPTEMBER 2011

CHAIRMAN'S STATEMENT

INTRODUCTION

The economy has maintained a steady growth path abetted by the strong performance in the mining and tourism sectors. Growth for the fiscal year 2012 is expected to be 9.4%, slightly ahead of the forecast of 9.3% for 2011. The mining and agriculture sectors are expected to be the main growth drivers in 2012. Lending by the financial sector has also increased although this has been mainly to the manufacturing, distribution and agricultural sectors. Funding for the construction and real estate sectors continues to be scarce. The financial sector will require greater depth before it can commence meaningful lending to the sector. It is important to note that the economy is coming from a very low base and therefore the indicated growth although encouraging is not outstanding. The country could do much more given its resource base but this won't happen until all Government agencies and the private sector work in unison to create an enabling environment.

The increase in economic activity should positively affect disposable incomes and this augurs well for the hospitality sector. The hospitality sector grew by 16% in the first half of the calendar year. This compares favourably with global growth of 4.5% and Sub-Sahara Africa's growth of 8%. Growth might have been better were it not for the fact that the world economy is still reeling from the effects of the recession. The growth trend is expected to be maintained for the balance of the year.

STRATEGY EXECUTION

I am glad to report that progress has been made although I would have wished to report more concrete outcomes in certain areas. Pursuant to its strategic objectives the company is currently in discussions with its tenant with a view to securing enhanced income flows and the upgrading of key hotels within its portfolio during the calendar year 2012. Negotiations for the disposal of CB Richard Ellis have reached an advanced stage and all things being equal the transaction will be concluded before the end of the 2012 financial year. The Group's firm intention to withdraw from agricultural activities remains as the currently being used is earmarked for property development in the short to medium term. Divestment or discontinuance alternatives are being considered. On the property development front, a report of study has been submitted to City of Harare. Harare. The report of study seeks to amend the Marlborough local development plan so that it permits the company's proposed land uses. It is envisaged that the new local plan will become operative towards the end of next year.

FINANCIAL REVIEW

Statement of Comprehensive Income

Turnover for the period at \$3.3 million was 25% ahead of turnover achieved in the prior period. Total operating costs increased by 14% mainly driven by the agro business unit which grew substantially compared to the same period last year. Profit before tax for the period of \$774K is 119% higher than that achieved in the prior period.

Statement of Financial Position

The balance sheet remains sound and largely unchanged as compared with the 31 March 2011 position. Borrowings remain at a minimal level.

Hotel property portfolio

The rental income of US\$1.2 million was 15% higher than that of last year. This represents an annualised yield of 3.4% our target yield being 10% on carrying value. The enhancement of income streams is receiving the board's active attention and is commented on above. Operating expenses at US\$648K were 9% lower than last year. Consequently, profit before tax of US\$556K was 63% higher than the prior period. The balance of the financial year is expected to maintain a similar trend.

Property services segment

Turnover for the period at US\$1.4million was 6% below last year's. Performance through to 31 March 2012 is expected to be stronger. As the economic fundamentals continue to reshape, the business cycles attendant to this unit have substantially changed and resulted in a decline in revenues. In the circumstances cost cutting measures were instituted and a profit before tax of US\$211K was achieved, this being 42% higher than last year.

Agro segment

Turnover of US\$664K was substantially higher than that of the prior period. At half year the unit managed a breakeven position compared to a loss of US\$67K in the prior period.

OUTLOOK

The group's property portfolio has the potential to yield meaningful profits and cash flow, which in part, can be channelled to property development initiatives. Your board is working hard to bring about the necessary changes so the underlying worth of the properties is reflected in earnings levels. There are encouraging signs that real progress is being made in these areas. Consequently, the Group expects stronger yields in the short to medium term.

APPRECIATION

May I 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

By Order of the Board
Mrs. N.M. Tome

17 November 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS TO 30 SEPTEMBER 2011

	30-Sep-11 US\$	30-Sep-10 US\$
Revenue	3 288 388	2 621 968
Cost of sales	(1 142 186)	(1 083 712)
Operating income	2 146 202	1 538 256
Administration expenses	(1 393 269)	(1 211 674)
	-	-
Operating profit	752 933	326 582
Net interest income	20 699	25 198
Profit before taxation	773 632	351 780
Taxation	(199 222)	243 354
Profit for the period	574 410	595 134
Attributable to:		
Owners of the parent	570 956	597 422
Non-controlling interest	3 454	(2 288)
Ordinary shares in issue	2 457 172 108	2 457 172 108
Earnings per share - cents	0.02	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	30-Sep-11 US\$	31- Mar-11 US\$
ASSETS		
Non-current assets		
Investment Property	74 250 000	74 250 000
Property, plant and equipment	11 370 564	11 409 613
Deferred income tax assets	58 290	66 380
Goodwill	120 186	120 186
	85 799 040	85 846 179
Current assets		
Biological assets	616 589	516 630
Inventories	166 884	164 085
Trade and accounts receivable	819 347	579 254
Cash at bank, on deposit and on hand	175 216	115 732
	1 778 036	1 375 701
Total assets	87 577 076	87 221 880
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	18 156	18 156
Share premium	17 680 929	17 680 929
Revaluation Reserve	7 276 550	7 276 550
Retained profit	52 482 683	51 911 907
Shareholders' equity	77 458 498	76 887 542
Non controlling interest	267 705	264 251
Total equity	77 726 203	77 151 793
Non-current liabilities		
Linked unit debentures	1 797 486	1 797 486
Deferred taxation	7 425 536	7 236 308
	9 223 022	9 033 794
Current liabilities		
Trade and other payables	389 801	584 616
Short term borrowings	249 362	451 677
Income tax provision	(11 312)	-
	627 851	1 036 293
Total liabilities	9 850 873	10 070 087
Total equity and liabilities	87 577 076	87 221 880



UNAUDITED FINANCIAL RESULTS

FOR THE SIX MONTHS TO 30 SEPTEMBER 2011

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS TO 30 SEPTEMBER 2011

	30-Sep-11 US\$	30 -Sep 10 US\$
Cash flow from operating activities		
Profit before taxation	773 632	351 780
Adjustment for:		
-Depreciation	108 599	97 428
-Net gain from fair adjustment on investment property	-	-
-Finance income	(21 797)	(25 198)
-Finance cost	1 098	-
-Profit on disposal of property, plant and equipment	(1 125)	(4 324)
-Impairment charge for trade receivables	-	-
Operating surplus before working capital changes	860 407	419 686
Changes in working capital		
- (Increase) in biological assets	(99 959)	(199 221)
-(Increase) in inventory	(2 799)	(113 160)
-(Increase)/decrease in trade and other receivable	(240 093)	128 094
-(Decrease) in trade and other payables	(194 815)	161 860
Cash generated by operations	322 741	397 259
Taxation paid	(13 217)	(3 268)
Interest paid	(1 098)	-
Interest received	21 797	25 198
Net cash generated by operating activities	330 223	419 189
Cash flow from investing activities		
Purchase of vehicle and equipment	(71 447)	(614 616)
Proceeds on disposal of fixed assets	3 023	7 854
Net cash utilised in investing activities	(68 424)	(606 762)
Cash flow from financing activities		
Proceeds from borrowings	-	-
Repayments of loans	(202 315)	-
Net cash (utilised in)/generated by financing activities	(202 315)	-
Net increase/(decrease) in cash and cash equivalents	59,484	(187 573)
Cash and cash equivalents at the beginning of the period	115,732	284 621
Cash and cash equivalents at the end of the period	175 216	97 048
Represented by:		
Cash and bank balance	175 216	97 048

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS TO 30 SEPTEMBER 2011

	30-Sep-11 US\$	30- Sep-10 US\$
Ordinary share capital		
Balance as at 31 March 2011	18 156	18 156
Share capital issued during the year	-	-
Balance as at 30 September 2011	18 156	18 156
Share premium		
Balance as at 31 March 2011	17 680 929	17 680 929
Share capital issued during the year	-	-
Balance as at 30 September 2011	17 680 929	17,680,929
Revaluation Reserve		
Balance as at 31 March 2011	7 276 550	4 942 400
Revaluation surplus	-	-
Balance as at 30 September 2011	7 276 550	4 942 400
Retained earnings		
Balance as at 31 March 2011	51 911 907	40 211 192
Other comprehensive income	-	-
Profit for the period	570 956	595 135
Balance as at 30 September 2011	52 482 863	40 806 327

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, Beverley Court, Corner Fourth Street and Nelson Mandela Avenue, Harare.

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.