



Dawn Properties Limited

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2012

CHAIRMAN'S STATEMENT

Introduction

In my first statement as Chairman, I am delighted to report that Dawn is focused on unlocking shareholder value. I chair the Board at an exciting stage of Dawn's development. We are focusing the Board's energy on value enhancement and on the benefits of the Group's long term strategy and our future sustainability. Sustainable long term strategy will center around diversifying our property portfolio driven by a strong and effective Board of Directors. I recognise that an effective board is central to the long term sustainable success of the Group. Your current Board is committed to effective governance to achieve long term sustainable success.

Economic overview

The 2013 National Budget recently unveiled by the Finance Minister confirms that the economy is losing momentum. The gross domestic product ("GDP") was revised from the initial forecast of 9.4% to 4.4%. This makes it clear that we are still operating in a volatile environment. Of course the quantum of the revision is cause for concern given that macro-economic indicators are used to plan by industry and commerce. The tourism sector is expected to grow by 4.3% this year and 4% in 2013. The forecasts are perhaps fair in view of the general market illiquidity, limited air connectivity to tourist resorts and the need to refresh most hospitality products.

Group review

Shareholders were advised that the Group and African Sun Limited have resolved to work together to unlock value equitably for shareholders. I am delighted to advise shareholders that we have now restored a conducive working relationship with African Sun and significant progress has been made in resolving issues that were of concern to the Group.

You will be aware that CB Richard Ellis (Private) Limited operates under a Service Mark License agreement entered into with CB Richard Ellis Limited an English company. In terms of the agreement the license expires on 31 December 2012. The Licensor has determined that they no longer wish to renew the license and consequently we are obliged to rebrand. The rebranding exercise has commenced and we will keep you updated of progress. The non-renewal of the service agreement has affected two other countries in Africa.

The Board is reconsidering the disposal of assets to allow for strategy realignment and a smooth transition. Key stakeholders including the management team have committed to supporting the process and therefore a smooth switch is expected. It must be emphasized that the business will continue to execute its mandate as usual now and in the foreseeable future.

Financial review

The hotel portfolio revenues grew by 8% to \$1.3 million. The second half of the year is expected to maintain similar growth levels. The Group achieved a profit of \$7.3 million for the period compared to \$574K last year. This is after accounting for a loss of \$765K on disposal of the Agro business and deferred tax write back of \$7.4 million. The loss on the Agro business arises from the de-recognition of the business. The deferred tax write back is due to the change in International Accounting Standard (IAS)12, which requires deferred tax on investment property to be calculated at the rate applicable to capital gains tax. In prior periods deferred tax on investment properties was provided for at a rate of 25.75% in compliance with the relevant accounting standard. From January this year IAS 12 requires that deferred tax be provided with reference to the applicable capital gains tax which in this case is 5%.

The Group ended the period with no material debt and a cash balance of \$627K, compared to \$215K last year.

Directorship

Mr Chimuriwo resigned from the Board in November 2012. On my behalf and on the behalf of all stakeholders I would like to thank him for leading the Group for the last 3 years and wish him well in his ventures. I would like to take this opportunity to welcome Mr Richard Makoni who was appointed to the Board on 26 November 2012.

Resignation of Chief Executive Officer

Mike Manyika has given notice of his resignation as Chief Executive of the Group with effect from 31 December 2012. On behalf of the Board, I would like to thank Mike Manyika for his contribution to the Group during more than nine years of demanding times in the industry. At this stage, we understand Mike's decision to seek new professional opportunities elsewhere.

While the Board recruits Mike's replacement, Mrs Nora Tome, the Company Secretary and Finance Executive has been appointed as the acting Chief Executive.

Future prospects

I am confident that Dawn will deliver value to all stakeholders. The Company will focus on its strategy of unlocking value embedded in its assets and diversify revenue flow

Appreciation

It is my belief that the most important investment that a company makes is in its people. I am impressed by the professionalism and dedication of Dawn's employees. I would like to thank all of them, for their contribution to the success of your Group. I would also like to take this opportunity to thank my fellow Board members and all Stakeholders for their support and dedication to the success of the Group.

Phibion Gwatidzo

Chairman

By Order of the Board

N.M. Tome (Mrs)

5 December 2012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Unaudited September 2012 US\$	Audited March 2012 US \$
ASSETS		
Non-current assets		
Investment property	74 250 000	74 250 000
Property, plant and equipment	8 817 898	8 866 740
Deferred income tax assets	344 847	-
	83 412 545	83 116 740
Current assets		
Trade and other receivables	317 187	197 680
Cash and cash equivalents	627 103	215 414
	944 290	413 094
Assets of disposal group classified as held for sale	3 002 560	3 461 376
Total assets	87 359 395	86 991 210
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	7 353 815	7 353 815
Linked unit debenture equity component	206 790	206 790
Retained earnings	59 484 664	52 123 552
Shareholders' equity	84 744 354	77 383 242
Non-controlling interests	486 610	(114 108)
Total equity	85 230 964	77 269 134

LIABILITIES		
Non-current liabilities		
Linked unit debentures	1 590 696	1 590 696
Deferred income tax liabilities	-	6 992 531
	1 590 696	8 583 227

Current liabilities		
Trade and other payables	87 275	89 306
	87 275	89 306
Liabilities of disposal group classified as held for sale	450 460	1 049 543
Total liabilities	2 128 431	9 722 076
Total equity and liabilities	87 359 395	86 991 210

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING 30 SEPTEMBER 2012

	Unaudited September 2012 US\$	Unaudited September 2011 US\$
Cash flow from operating activities		
-Profit before income tax (including discontinued operations)	31 778	773 632
Adjustments for:		
-Depreciation of property, plant and equipment	52 078	108 599
-Loss on disposal of subsidiary	764 518	-
-Finance income	-	(21 797)
-Finance cost	-	1 096
-Loss/(profit) on disposal of property, plant and equipment	1 590	(1 125)
Operating cashflow before working capital changes	849 964	860 407
Changes in working capital:		
Decrease/(increase) in biological assets	-	(99 959)
Decrease/(increase) in inventories	(4 988)	(2 799)
(Increase) in trade and other receivables	(46 425)	(240 093)
(Decrease)/Increase in trade and other payables	(345 297)	(194 815)
Cash generated by operations	453 254	322 741
Income tax paid	(96 355)	(13 217)
Interest paid	-	(1 098)
Interest received	-	21 797
Net cash generated from operating activities	356 899	330 223
Cash flow from investing activities		
Purchase of property, plant and equipment	(12 850)	(71 447)
Proceeds from disposal of property, plant and equipment	12 000	3 023
Net cash used in investing activities	(850)	(68 424)
Cash flow from financing activities		
Repayments of borrowings	-	(202 315)
Net cash (used in)/generated by financing activities	-	(202 315)
Net increase/(decrease) in cash and cash equivalents	356 049	59 484
Cash and cash equivalents at beginning of the year	475 962	115 732
Cash and cash equivalents at the end of period	832 011	175 216

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDING 30 SEPTEMBER 2012

	Unaudited September 2012 US\$	Unaudited September 2011 Restated US\$
Continuing operations		
Revenue	1 282 544	1 199 399
Administration expenses	(738 780)	(563 358)
Loss from disposal of subsidiary	(784 518)	-
Operating (loss)/ profit before income tax	(220 754)	636 041
Income tax credit	7 382 339	968 834
Profit for the period from continuing operations	7 161 585	1 604 875
Discontinued operations		
Profit/ (loss) for the period from discontinued operations	115 716	(1 030 465)
Profit for the period	7 277 301	574 410
Other comprehensive income		
Continuing operations		
-(Loss)/gain on revaluation of land and buildings	-	-
-Net (Loss)/gain on revaluation of land and buildings	-	-
Discontinued operations		
-(Loss)/gain on revaluation of land and buildings	-	-
Other comprehensive income for the period	-	-
Total comprehensive income for the period	7 277 301	574 410

Profit attributable to:		
- Owners of the parent	7 361 112	570 956
- Non-controlling interest	(83 811)	3 454
	7 277 301	574 410
Total comprehensive income attributable to:		
- Owners of the parent	7 361 112	570 956
- Non-controlling interest	(83 811)	3 454
	7 277 301	574 410
Basic and diluted earnings per share for profit attributable to the owners of parent during the period	0.296	0.010
Headline earnings per share	0.327	0.010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDING 30 SEPTEMBER 2012

	Attributable to owners of the parent									
	Share capital US\$	Share premium US\$	Revaluation reserves US\$	Other reserves US\$	Retained earnings US\$	Total US\$	Non-controlling interests US\$	Total US\$		
Half year ended 30 September 2011	18 156	17 680 929	7 276 550	206 790	51 911 906	77 094 331	264 251	77 358 582		
Balance as at 1 April 2011	18 156	17 680 929	7 276 550	206 790	51 911 906	77 094 331	264 251	77 358 582		
Comprehensive income	-	-	-	-	570 956	570 956	3 454	574 410		
Profit for the period	-	-	-	-	570 956	570 956	3 454	574 410		
Other comprehensive income	-	-	-	-	-	-	-	-		
Gain on revaluation of land and buildings, net of tax	-	-	-	-	-	-	-	-		
Total comprehensive income for the period	-	-	-	-	570 956	570 956	3 454	574 410		
Balance as at 30 September 2011	18 156	17 680 929	7 276 550	206 790	52 482 862	77 664 927	267 705	77 932 632		
Half year ended 30 September 2012	18 156	17 680 929	7 276 550	206 790	52 123 552	77 383 242	(114 108)	77 269 134		
Balance as at 1 April 2012	18 156	17 680 929	7 276 550	206 790	52 123 552	77 383 242	(114 108)	77 269 134		
Comprehensive income	-	-	-	-	7 361 112	7 361 112	(83 811)	7 277 301		
Profit for the period	-	-	-	-	7 361 112	7 361 112	(83 811)	7 277 301		
Non-controlling interest re-recognised on disposal	-	-	-	-	-	-	684 529	684 529		
Total comprehensive income for the period	-	-	-	-	7 361 112	7 361 112	600 718	7 961 830		
Balance as at 30 September 2012	18 156	17 680 929	7 353 815	206 790	59 484 664	84 744 354	486 610	85 230 964		

1 GENERAL INFORMATION

The principal business of the Group is that of investing in investment property. The Group is a limited liability company incorporated and domiciled in Zimbabwe and is listed on the Zimbabwe Stock Exchange (ZSE). 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 Standard ("IFRS") as issued by the International Accounting Standard Board ("IASB"), International Financial Reporting Interpretations Committee ("IFRIC") and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") S333/99 and S82/96.

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.

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

3 NOTES TO THE FINANCIAL STATEMENTS

3.1 Disposal of interest in subsidiary with loss of control

On 31 May 2012, the Group disposed of the full 70% interest held in Dawn Produce (Private) Limited so as to concentrate on its core business of investment property. Dawn Produce (Private) Limited was disposed of to the non-controlling interest at a consideration of US\$1. This resulted in a loss on disposal of US\$764,518. The assets and liabilities of Dawn Produce (Private) Limited on the date of disposal were as follows;

3 Disposal of interest in subsidiary with loss of control (continued)

	US\$	
Assets		
Property, plant & equipment		277,161
Trade and other receivables		161,999
Total assets		439,160
Liabilities		
Trade and other payables		(359,169)
	September 2012	September 2011
	US\$	US \$
3.2 Cash and cash equivalents		
Cash and cash equivalents - cash flow statement	832 011	175 216
Transferred to disposal group classified as held for sale	(204 908)	-
Cash and cash equivalents from continuing operations	627 103	175 216