



ABRIDGED AUDITED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

CHAIRMAN'S STATEMENT

Introduction
It is with pleasure that I present the abridged audited financial statements for Dawn Properties Limited ("the Company" or the "Group") for the nine months ended 31 December 2015.

Economic Environment
The economy grew by 1.5% in 2015, which was below the projected rate of 3.5%. Among other things, the low growth was due to the continued tight liquidity constraints, subdued foreign direct investment, high cost of funding and negative inflation rates, averaging -2.4% between January and November 2015. The capital and current account deficit grew from US\$40.3 million in 2014 to an estimated deficit of US\$385.8 million in 2015.

Further challenges included the global decline of commodity prices and the reduced agricultural output due to the poor rains. Commodity prices are expected to continue downwards, in part due to the strengthening of the United States (US) dollar. The direction and performance of the US dollar will continue to have a direct impact on the local economy. In particular, and directly related to the Company, the stronger US dollar would negatively impact local tourism by making it relatively more expensive than comparative regional offerings.

Change in Financial Year End
The Group changed its financial year end from 31 March to 31 December. The change was necessitated by the need to align the Group's financial year end to that of the Company's majority shareholder - Brainworks Capital Management (Private) Limited. As a result of the change, the current financial period covers a nine month period from the 1st of April to 31 December 2015.

FINANCIAL REVIEW
Statement of Comprehensive Income
The Group achieved a turnover of US\$3.4 million in the period under review compared to US\$5.2 million for the twelve months ended 31 March 2015. Operating expenses were US\$3.6 million. Included in these operating expenses are significant once off charges namely retrenchment costs of US\$0.5 million and impairment allowances on the property consultancy segment debtors of US\$0.36 million.

The Group recognised an income tax charge of US\$3.6 million. Included in the income tax charge is an income tax expense of US\$0.93 million relating to the 2009 - to 2014 financial periods and deferred tax impact of US\$2.3 million, which arose from the finalisation of the case between the Group and the Zimbabwe Revenue Authority which had been disclosed as part of the contingent liabilities in the prior years. This matter is more fully disclosed in note 9 to the abridged financial statements. As a result of the tax charge, the Group posted after tax losses for the nine months of US\$3.8 million, compared to after tax profits of US\$0.15 million for the twelve months ending 31 March 2015.

Statement of Financial Position
The carrying value of the investment property decreased marginally to US\$84.4 million compared to \$85.1 million as at 31 March 2015.

OPERATIONS
Hotel Property Portfolio
The hotel property portfolio achieved total revenue of US\$1.84 million in the nine month period under review. This equates to an annualised yield of 3.37% on the combined portfolio, which is well below the Group's benchmark of 8%. To improve the yields, the Company, in conjunction with its tenants, has taken steps to improve the product offered in its properties and consequently to review the rentals from the hotels.

Property Consultancy
Property consulting generated fees of US\$1.63 million for the nine months under review, relative to US\$2.7 million for the twelve months ended 31 March 2015. A restructuring exercise was carried out to right size the business, in terms of its costs structures relative to the income opportunities prevailing. Going forward, the property consultancy segment will focus on the provision of two key services - property management and valuation.

DIRECTORATE
Mr. J. Dowa resigned as Chief Executive Officer and director of the Company with effect from 1 December 2015. On behalf of the Board, I would like to thank Mr. Dowa for his management of the Group during a period of change, and wish him well in his future endeavours.

The Board appointed Mr P. Matute as the Company's Managing Director with effect from 1 December 2015. Messrs P. Saungweme and P. Siewwright were also appointed to the Board on 21 September 2015.

SHAREHOLDING CHANGES
Following the acquisition by Brainworks Capital Management (Private) Limited ("Brainworks Capital"), of more than 35% of the Company's issued shares, Brainworks Capital undertook a mandatory offer ("the Offer") to minorities in Dawn Properties Limited, in compliance with the Zimbabwe Stock Exchange listing requirements. As at the close of the Offer, Brainworks Capital acquired an additional 4.44% shares and now owns 66.81% of the Company's issued shares.

MANAGEMENT CONTRACT
The Board entered into a management contract with Brainworks Capital with effect from 1 January 2016. Under this arrangement, Brainworks Capital will second the Managing Director and the Finance Director to manage the operations of Dawn Properties Limited and report to the Board in accordance with its corporate governance requirements. Brainworks Capital's remuneration will be performance based.

DIVIDEND
In view of the current economic challenges and the subdued performance, the Board has resolved not to declare a dividend for the year ended 31 December 2015.

OUTLOOK
After restructuring its operations and management structures, the Company is better positioned to respond to opportunities and threats in the environment. In addition, the Company's maiden property development project - the Elizabeth Windsor Gardens, is expected to deliver its first units within the 2016 financial year.

APPRECIATION
May I take this opportunity to thank all our valued clients for their continued custom and support. My appreciation also goes to Board members, management and our staff for their continued dedication and hard work.

**P. GWATIDZO
CHAIRMAN
DAWN PROPERTIES LIMITED**

NOTES TO THE ABRIDGED AUDITED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The principal business of Dawn Properties Limited ("Dawn Properties") and its subsidiaries (together the "Group") is that of owning investment property, providing property valuation, management and consultancy services. The Company 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, 100 Nelson Mandela Avenue, Harare. These abridged financial statements ("the financial statements") were approved for issue by the Board of Directors on 15 March 2016.

2 BASIS OF PREPARATION

The abridged financial statements have been prepared in accordance with International Financial Reporting Standards, ("IFRSs") and the International Financial Reporting Interpretations Committee, ("IFRIC") applicable to companies reporting under IFRSs, the Zimbabwe Companies Act (Chapter 24:03) and the relevant Statutory Instruments ("SI") SI 33/09 and SI 62/96. The financial statements are expressed in the United States of America dollar ("US\$") and are prepared under the historical cost convention as modified by the fair valuation of investment property.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, unless where otherwise stated.

4 AUDITOR'S OPINION

The financial statements must be read in conjunction with the full set of financial statements for the nine months ended 31 December 2015. The independent auditor - Messrs Pricewaterhousecoopers Chartered Accountants (Zimbabwe) have indicated that their opinion on the financial statements would be unqualified.

5 CHANGE IN FINANCIAL YEAR-END

The Group changed its financial year-end from 31 March to 31 December. The change was due to the need to align the Group's financial year-end to that of the major shareholder - Brainworks Capital Management (Private) Limited. As a result of the change, the current financial statements are based on nine months ending 31 December 2015.

6 ESTIMATES

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the prior period financial statements, with the exception of estimation of wear and tear allowances on the hotel properties, as more fully explained in note 9.

7 INVENTORY

Property under construction (note 7.1)
Stationery and other office consumables

7.1 Analysis of property under construction costs

Land value
Development expenses incurred to date

The property under construction comprise blocks of flats that are currently being developed with a view to sale in Marlborough, Harare, Zimbabwe. The units are expected to be completed within the next financial reporting period.

8 OPERATING EXPENSES

Staff costs
Retrenchment costs
Depreciation
Audit fees
Directors' fees
Impairment charges
Other administrative expenses

9 INCOME TAX EXPENSE

9.1 Income tax expense

Current income tax on profits:
- current year charge
- prior year under provision

Deferred tax charge
Income tax expense

The prior year current income tax underprovision of US\$928 808 arose mainly from the change in the estimate of capital allowances on the hotel properties. Where the Group had previously claimed US\$2 609 850 per annum, application of the principles established by the High Court ruling on the tax dispute which was reported as part of the contingent liabilities in the prior years effectively reduced the previous annual estimate of the capital allowances to US\$801 405 with effect from the 2009 financial year end, resulting in an aggregate increase in the previously reported income tax expense by US\$928 808 up to the year ended 31 March 2015. The change in the annual capital allowances has been accounted for as a change in an accounting estimate.

The current year deferred tax charge includes US\$2 328 373 arising from the reduction in the annual capital allowances.

10 CHANGES IN INVESTMENTS IN SUBSIDIARIES

10.1 Acquisition of a subsidiary

On 31 July 2015, the Group through Nhaka Properties (Private) Limited, acquired 100% of the share capital of Windspike Investments (Private) Limited for US\$400 000. Windspike Investments (Private) Limited is a non-trading company that owns undeveloped land in Harare. The following table summarises the consideration paid for the acquisition of the Company and the fair value of the assets acquired. The Company did not have any liabilities at the acquisition date.

	US\$
Cash consideration	400 000
Recognised amounts of identifiable assets: - Land	(400 000)
Goodwill	-

10.2 Acquisition of additional interest in subsidiary

On 1 April 2015, Dawn Real Estates (Private) Limited acquired the remaining 24% of the issued shares of Ekodey (Private) Limited ("Ekodey") for a purchase consideration of US\$350 000. The Group now holds 100% of the equity share capital of Ekodey. The carrying amount of the non-controlling interests in Ekodey on the date of acquisition was US\$369 780. The Group derecognised non-controlling interests of US\$369 780 and recorded an increase in the equity attributable to owners of the parent of US\$19 780. The effect of changes in the ownership interest of Ekodey on the equity attributable to owners of the Group during the year is summarised as follows:

	31 December 2015 US\$	31 March 2015 US\$
Consideration paid to non-controlling interests	350 000	-
Carrying amount of non-controlling interests acquired	369 780	-
Gain recognised in parent's equity	19 780	-

10.3 Disposal of subsidiaries

The Group disposed of its entire equity interests in two subsidiaries namely Liphong Investments (Private) Limited ("Liphong"), and Flenflora (Private) Limited. Both subsidiaries were not trading. Liphong was disposed of as settlement of the ownership dispute that had been disclosed as part of the contingent liabilities in the prior years.

	31 December 2015 US\$	31 March 2015 US\$
Adjustments:	(3 844 380)	200 898
Loss/(profit) from disposal of motor vehicles and equipment	127 012	462 088
Profit from disposal of investments in subsidiaries	(27 081)	(4 384)
Impairment loss on property and equipment	(100 069)	-
Impairment of goodwill	-	46 286
Fair value loss on remeasurement of investment property	-	120 186
Headline (loss)/earnings	(3 844 380)	300 000
Headline (loss)/earnings	(3 844 380)	662 966

11 EARNINGS PER SHARE

11.1 Basic earnings per share

(Loss)/profit attributable to the owners of the parent

Weighted average number of ordinary shares in issue

(Loss)/earnings per share (US cents)

(Loss)/profit attributable to the owners of the parent	(3 844 380)	200 898
Weighted average number of ordinary shares in issue	2 457 172 108	2 457 172 108
(Loss)/earnings per share (US cents)	(0.16)	0.08

11.2 Diluted earnings per share

The Group has no arrangements that will dilute ordinary shares, therefore the diluted earnings per share are the same as the basic earnings per share.

11.3 Headline earnings per share (Loss)/profit attributable to equity holders

Adjustments:
Loss/(profit) from disposal of motor vehicles and equipment

Profit from disposal of investments in subsidiaries

Impairment loss on property and equipment

Impairment of goodwill

Fair value loss on remeasurement of investment property

Headline (loss)/earnings

Weighted average number of ordinary shares in issue (numbers)

Headline (loss)/earnings per share (US cents)

	31 December 2015 US\$	31 March 2015 US\$
Adjustments:	(3 844 380)	200 898
Loss/(profit) from disposal of motor vehicles and equipment	127 012	462 088
Profit from disposal of investments in subsidiaries	(27 081)	(4 384)
Impairment loss on property and equipment	(100 069)	-
Impairment of goodwill	-	46 286
Fair value loss on remeasurement of investment property	-	120 186
Headline (loss)/earnings	(3 844 380)	300 000
Headline (loss)/earnings	(3 844 380)	662 966
Weighted average number of ordinary shares in issue (numbers)	2 457 172 108	2 457 172 108
Headline (loss)/earnings per share (US cents)	(0.15)	0.01

For the purposes of calculating earnings per share, the weighted average number of ordinary shares outstanding during the year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year. Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2015, there were no potential dilutive shares.

12 CONTINGENCIES

As reported in the prior year financial statements, City of Harare allocated land registered in Dawn Properties Limited ("Dawn")'s name to two beneficiaries - Seventh Day Adventist Church and Jungle Sisters. City of Harare acknowledged its error and undertook to compensate Dawn with land of equal value. City of Harare has since identified a suitable piece of land to subdivide and transfer to Dawn as compensation and the process to effect transfer is currently underway. The value of the land is US\$205 000.

13 RELATED PARTY TRANSACTIONS

The Group leases out all its hotel property to African Sun Limited ("ASL") who are owned 57% by Brainworks Capital Management (Private) Limited ("Brainworks"). Brainworks are the major shareholder of ASL. The leases are structured in a way that charges rentals related to turnover.

Related party transactions and balances for the period under review were as follows:

	31 December 2015 US\$	31 March 2015 US\$
Lease rental income recognised	1 805 798	2 492 557
Outstanding lease rentals	508 741	391 823

The outstanding amount from African Sun Limited is unsecured in nature and bears no interest as it is expected to be paid in full within the next financial year. No allowance for impairment has been recognised against the balance due from African Sun Limited (31 March 2015: US\$nil).

14 SEGMENT ANALYSIS

	INVESTMENT PROPERTY		PROPERTY CONSULTANCY		TOTAL	
	31 December 2015 US\$	31 March 2015 US\$	31 December 2015 US\$	31 March 2015 US\$	31 December 2015 US\$	31 March 2015 US\$
Revenue	1 841 506	2 566 993	1 595 386	2 607 691	3 436 892	5 174 684
Operating profit/(loss)	507 273	463 649	(333 609)	119 969	173 664	583 618
Non current assets	85 159 791	85 843 204	403 279	522 611	85 563 070	86 365 815
Current assets	2 356 369	600 612	872 296	2 655 437	3 228 665	3 256 049
Total assets	87 516 160	86 443 816	1 275 575	3 178 048	87 791 735	89 621 864
Non-current liabilities	-	-	-	-	-	-
Current liabilities	1 083 197	179 642	403 329	446 924	1 486 525	626 566
Total liabilities	1 083 197	179 642	403 329	446 924	1 486 525	626 566

15 COMMITMENTS

Authorised and contracted for
Authorised and not contracted for

16 EVENTS AFTER REPORTING DATE

Subsequent to the reporting date, Dawn Properties Limited ("the Company") entered into a transaction to acquire the entire issued shares of Makasa Sun (Private) Limited ("Makasa") from Barclays Bank of Zimbabwe Limited and Barclays Bank Pension Fund. Makasa owns a hotel property in Victoria Falls. The Company will issue a detailed circular and a notice convening an Extraordinary General Meeting to shareholders once all processes have been finalized.

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31 December 2015 US\$	31 March 2015 US\$
ASSETS			
Non-current assets			
Investment property		84 428 712	85 135 000
Property and equipment		1 135 043	1 230 815
		85 563 755	86 365 815
Current assets			
Inventory	7	899 538	27 138
Trade and other receivables		1 293 220	996 833
Current income tax assets		40 392	19 027
Cash and cash equivalents		1 018 536	2 241 090
		3 251 686	3 283 188
TOTAL ASSETS		88 815 441	89 649 003
EQUITY			
Share capital		1 965 738	1 965 738
Share premium		17 530 833	17 530 833
Revaluation reserves		7 353 815	7 353 815
Retained profits		56 651 987	60 632 970
Shareholders' equity		83 502 373	87 483 356
Non-controlling interests			
		-	369 780
Total equity		83 502 373	87 853 136
LIABILITIES			
Non-current liabilities			
Deferred tax		3 787 964	1 169 301
Current liabilities			
Trade and other payables		769 049	626 566
Current income tax		756 055	-
		1 525 104	626 566
Total liabilities		5 313 068	1 795 867
TOTAL EQUITY AND LIABILITIES		88 815 441	89 649 003

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

	Note	31 December 2015 US\$	31 March 2015 US\$
Revenue		3 436 892	5 174 684
Net loss from fair value adjustment on investment property		(200 000)	(300 000)
Other income		76 356	45 687
Total income		3 313 248	4 920 371
Operating expenses	8	(3 582 055)	(4 336 754)
Operating (loss)/profit		(268 807)	583 617
Finance income		42 585	73 856
(Loss)/profit before income tax		(226 222)	657 473
Income tax expense	9	(3 618 158)	(508 320)
(Loss)/profit for the year		(3 844 380)	149 153
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be subsequently be reclassified to profit or loss		-	-
Total comprehensive (loss)/income for the year		(3 844 380)	149 153
Attributable to:			
- Owners of the parent		(3 844 380)	200 898
- Non-controlling interest		-	(51 745)
		(3 844 380)	149 153
Basic earnings per share:	11	(0.16)	0.01

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 DECEMBER 2015

	ATTRIBUTABLE TO THE OWNERS OF THE PARENTS						Non-controlling interests US\$	Total US\$
	Share capital US\$	Share premium US\$	Revaluation reserves US\$	Linked unit debentures equity component US\$	Retained profits US\$	Total US\$		Total US\$
YEAR ENDED 31 MARCH 2015								
Balance as at 1 April 2014 (as previously stated)	18 156	17 680 929	7 353 815	206 790</				