TURNSTAR HOLDINGS LIMITED

Annual Financial Statements

for the year ended 31 January 2012

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Property Investment
Directors	C M Lekaukau (Chairman) M J Motlhabane (Managing Director) G H Abdoola I Nshakazhogwe N W Armstrong A J Lemo(resigned March 2012) T M Kgatlwane P Pillar T Moremong Ondoko (appointed January 2012) N L Bogatsu (alternate to T M Kgatlwane)
Registered office	Plot 50370 Fairgrounds Gaborone
Business address	4th Floor, Turnstar House Plot 1131/37, Queens Road Main Mall Gaborone
Postal address	P O Box 26012, Game City Gaborone Botswana
Bankers	First National Bank of Botswana Limited. Barclays Bank of Botswana Limited
Auditors	Grant Thornton Chartered Accountants A Botswana member firm of Grant Thornton International Ltd
Secretary	Leo Business Services (Proprietary) Limited
Company registration number	2000/5302
Functional Currency	Botswana Pula
Transfer secretaries	Grant Thornton Business Services (Proprietary) Limited

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Independent Auditor's Report

To the member of Turnstar Holdings Limited

We have audited the accompanying annual annual financial statements of Turnstar Holdings Limited, which comprise the statement of financial position as at 31 January 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 5 to 45.

Directors' Responsibility for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (CAP 42:01). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Turnstar Holdings Limited as at 31 January 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Botswana (CAP 42:01).

Grant Thornton

A Botswana member firm of Grant Thornton International Ltd

Directors statement of responsibility

The directors are required in terms of the Companies Act of Botswana (CAP 42:01) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards in the manner required by Companies Act of Botswana (CAP 42:01) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors have adopted the BSE code of best practice on corporate governance and the King 3 report on corporate governance.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 January 2013 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 47, which have been prepared on the going concern basis, were approved by the board on ______________________ and were signed on its behalf by:

Director **Director**

Gaborone

Statement of Financial Position as at 31 January 2012

Figures in Pula	Note(s)	2012	2011
Assets			
Non-Current Assets			
Investment property	4	749,144,794	683,530,400
Property, plant and equipment	5	1,739,984	1,405,655
Deferred tax	7	1,375,186	3,032,300
Operating lease asset	8	15,673,760	16,247,068
		767,933,724	**704,215,423**
Current Assets			
Current tax receivable	24	1,351,634	-
Operating lease asset	8	831,628	1,963,245
Trade and other receivables	9	9,184,115	8,777,280
Advance payments	34	3,270,206	-
Cash and cash equivalents	10	229,202,226	44,453,219
		243,839,809	**55,193,744**
Total Assets		**1,011,773,533**	**759,409,167**
Equity and Liabilities			
Equity and Debentures			
Stated Capital and linked unit debentures	11	314,752,339	314,752,339
Retained income and reserves		354,130,055	296,309,656
		668,882,394	**611,061,995**
Liabilities			
Non-Current Liabilities			
Borrowings	12	100,000,000	85,356,685
Deferred tax	7	40,002,849	42,459,767
		140,002,849	**127,816,452**
Current Liabilities			
Borrowings	12	186,827,143	-
Trade and other payables	13	15,771,041	20,204,014
Unclaimed debenture interest and dividend payable		290,106	326,706
		202,888,290	**20,530,720**
Total Liabilities		**342,891,139**	**148,347,172**
Total Equity and Liabilities		**1,011,773,533**	**759,409,167**

Statement of Comprehensive Income for the year ended 31 January 2012

Figures in Pula	Note(s)	2012	2011
Revenue	15	103,079,448	86,017,454
Other income		18,237,194	329,736
Operating expenses		(44,325,575)	(39,116,896)
Professional fees towards acquisition		(4,891,236)	-
Forward contract premium		(6,800,154)	-
Operating profit	16	**65,299,677**	**47,230,294**
Finance Income	17	336,753	377,005
Fair value adjustments	18	51,643,013	60,514,930
Finance costs	19	(10,490,629)	(1,210,314)
Profit before taxation		**106,788,814**	**106,911,915**
Taxation	20	799,804	(4,822,195)
Profit from continuing operations		**107,588,618**	**102,089,720**
Non Current Asset held for sale.			
Profit from non-current asset held for sale.	31	-	918,612
Profit for the year		**107,588,618**	**103,008,332**
Other comprehensive income		-	-
Total comprehensive income		**107,588,618**	**103,008,332**
Total comprehensive income attributable to:			
Share holders and unit holders		107,588,618	103,008,332
Earnings per linked unit			
Per share information			
Basic earnings per share (in thebe)	33	0.279	0.270
Diluted earnings per share (in thebe)		0.188	-
		-	**-**

Statement of Changes in Equity for the year ended 31 January 2012

Figures in Pula	Stated capital	Linked unit debentures	Total Stated capital and linked unit debentures	Retained earnings	Fair value surplus	Dividend and debenture interest reserve	Sinking fund reserve	Total equity and reserves
Balance at 01 February 2010	**121,847,049**	**192,905,290**	**314,752,339**	**14,056,700**	**200,306,563**	**21,528,230**	**2,086,697**	**552,730,529**
Changes in equity								
Total comprehensive income for the year	-	-	-	103,008,332	-	-	-	103,008,332
Final debenture interest and dividends paid for Jan 2010	-	-	-	-	-	(21,528,230)	-	(21,528,230)
Transfer to Sinking Fund	-	-	-	(1,298,694)	-	-	1,298,694	-
Sinking Fund Utilised	-	-	-	3,026,309	-	-	(3,026,309)	-
Fair value surplus transferred	-	-	-	(56,222,280)	56,222,280	-	-	-
Dividends	-	-	-	(47,068,892)	-	47,068,892	-	-
Interim debenture interest and dividend paid	-	-	-	-	-	(23,148,636)	-	(23,148,636)
Total changes	-	-	-	1,444,775	56,222,280	2,392,026	(1,727,615)	58,331,466
Balance at 01 February 2011	**121,847,049**	**192,905,290**	**314,752,339**	**15,501,475**	**256,528,843**	**23,920,256**	**359,082**	**611,061,995**
Changes in equity								
Total comprehensive income for the year	-	-	-	107,588,618	-	-	-	107,588,618
Final debenture interest and dividend paid for Jan 2011	-	-	-	-	-	(23,920,256)	-	(23,920,256)
Fair value surplus transferred	-	-	-	(54,249,096)	54,249,096	-	-	-
Transfer to Sinking Fund	-	-	-	(1,505,947)	-	-	1,505,947	-
Sinking Fund Utilised	-	-	-	273,810	-	-	(273,810)	-
Dividends	-	-	-	(51,493,824)	-	51,493,824	-	-
Interim debenture interim and dividend paid	-	-	-	-	-	(25,847,963)	-	(25,847,963)
Total changes	-	-	-	613,561	54,249,096	1,725,605	1,232,137	57,820,399
Balance at 31 January 2012	**121,847,049**	**192,905,290**	**314,752,339**	**16,115,036**	**310,777,939**	**25,645,861**	**1,591,219**	**668,882,394**
Note(s)	11	11	11					

Sinking fund reserve is created by appropriating part of the operating profits of the properties. The fund is utilised towards major expenses of these properties.
Fair value reserve is the accumulated gain or loss arising from the movement in fair value of investment property net of tax.

Statement of Cash Flows for the year ended 31 January 2012

Figures in Pula	Note(s)	2012	2011
Cash flows from operating activities			
Cash generated from operations	23	47,391,472	50,819,759
Interest income		336,753	377,005
Tax paid	24	(1,351,634)	-
Net cash from operating activities		**46,376,591**	**51,196,764**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(668,033)	(1,236,305)
Additions to investment properties	4	(13,971,381)	(63,910,853)
Acquisition costs in relation to business combination		(4,891,236)	-
Net cash from investing activities		**(19,530,650)**	**(65,147,158)**
Cash flows from financing activities			
Proceeds from borrowings		201,470,458	85,356,685
Debenture interest and dividends paid	25	(49,768,219)	(44,676,866)
Finance costs		(10,490,629)	(1,210,314)
Net cash from financing activities		**141,211,610**	**39,469,505**
Total cash movement for the year		**168,057,551**	**25,519,111**
Cash at the beginning of the year		44,453,219	7,577,358
Effect of exchange rate movement on cash balances	31	16,691,456	-
Net cash flow from discontinued operations		-	11,356,750
Total cash at end of the year	10	**229,202,226**	**44,453,219**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and in manner required by the Companies Act of Botswana (CAP 42:01). The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. The annual financial statements are prepared on a going concern basis. They are presented in Botswana Pula.

These accounting policies are consistent with the previous period, except for the changes set out in note 3 changes in accounting policy

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

The fair value of investment property is determined using discounted cash flow valuation and capitalisation approach (mainly on residential properties), using assumptions that are based on market conditions existing at the balance sheet date. The property's current retail rental rates are considered to be market related and it is assumed that the existing tenants will renew their leases on termination of the existing period. Key valuation parameters such as capitalisation rate, growth in market rental and discount rate are used to arrive at the fair value.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the residual value assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including supply and demand together with economic factors such as inflation interest and others.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 7 – Deferred tax.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Contingent liabilities

Management applies its judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

1.2 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in the income statement for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Where the Company disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

1.3 Property, plant and equipment

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Accounting Policies

1.3 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	7 years
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	10 years
IT equipment.	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

1.4 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

1.4 Financial instruments (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in income statement within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.5 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates that have been enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses and can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

1.5 Taxation (continued)

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term. The difference between the amounts recognised as income and the contractual payments are recognised as an operating lease asset. This asset is not discounted.

Income for leases is disclosed under revenue in income statement.

Contingent rental income is recognised as income in the year in which it arises.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Income and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.8 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in the income statement.

Accounting Policies

1.8 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments comprise stated capital and linked debentures, which are recorded at the proceeds received, net of direct issue costs.

1.10 Employee benefits

Short-term employee benefits

The Company implemented the provision of the Botswana Labour Laws and provided for the severance benefit for all citizen employees. Provision has been made for the gratuities and leave salary for all employees as per the terms and conditions of respective employment contracts

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Management applies its judgement to facts and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability. Contingencies are disclosed in note 27.

1.12 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of value added tax. Revenue is rental income from the investment properties and recoveries as per the terms of contract. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Accounting Policies

1.12 Revenue (continued)

Interest income is recognised, in profit or loss, using the effective interest rate method. Services and recoveries are recognised in accounting period in which services are rendered.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the Statement of Comprehensive Income as finance costs over the term of the loan.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

1.15 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The company has determined that its chief operating decision maker is the Board of the company.

Figures in Pula	2012	2011

2. Structure of the Company and its nature of operations

The company's present structure is that of a Variable Rate Loan Stock Company within the meaning of Botswana Income Tax Act 1995. As a result of this structure the ordinary shares of the company are indivisibly linked with linked unit debentures issued by the company which together comprise "linked units".

The Company's principle activities includes ownership and development of immovable properties, acquisition of immovable properties, receipt of rentals from properties. The Company has a portfolio of retail, commercial, industrial and residential properties.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company has adopted the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The company has adopted the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

3. New Standards and Interpretations (continued)

3.2 Standards and interpretations not yet effective and relevant

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 February 2012 or later periods:

IFRS 9 : Financial Instruments

This new standard was issued in November 2009. This standard is the first phase of improvements to existing IAS 39 and deals with classification and measurement of financial assets. The standard requires an entity to classify financial assets at either amortised cost or fair value on the basis of a) the entity's business model for managing the financial assets; and b) the contractual cash flow characteristics of the financial asset; unless it chooses to designate a financial asset at fair value through profit or loss. At initial recognition, IFRS 9 requires entities to measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are either measured at fair value or amortised cost as described above

The effective date of the standard is for years beginning on or after 01 January 2013.

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 10 - Consolidated Financial Statements

The standard sets out requirements for situations when control is difficult to assess, including cases involving potential voting rights, agency relationships, control of specified assets and circumstances in which voting rights are not the dominating factor in determining control.The new definition of control will lead to consolidation of entites that were not previously included in the group, potentially resulting in more assets and liabilities on the books.IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements.The revised IAS 27 is limited for accounting for investments in subsidiaries, jointly controlled entities and associates

The effective date of the standard is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

The impact of this standard is currently being assessed.

IFRS 11- Joint Arrangements

International Financial Reporting Standard 11 Joint Arrangements establishes principles for financial reporting by parties to a joint arrangement.The IFRS supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers and is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted. The IFRS is concerned principally with addressing two aspects of IAS 31: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for interests in jointly controlled entities. IFRS 11 improves on IAS 31 by establishing principles that are applicable to the accounting for all joint arrangements.The IFRS is to be applied by all entities that are a party to a joint arrangement.The IFRS classifies joint arrangements into two types—joint operations and joint ventures. The IFRS requires a joint operator to recognise and measure the assets and liabilities (and recognise the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses.The IFRS requires a joint venturer to recognise an investment and to account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures

The effective date of the standard is for years beginning on or after 01 January 2013.

The company expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IFRS 12-Disclosure of Interests in Other Entities

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

IFRS 12 Disclosure of Interests in Other Entities applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.The IFRS is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.The objective of this IFRS is to require an entity to disclose information that enables users of its financial statements to evaluate

- the nature of, and risks associated with, its interests in other entities
- the effects of those interests on its financial position, financial performance and cash flows.

The effective date of the standard is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 13- Fair value measurements

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The effective date of the standard is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

The impact of this standard is currently being assessed.

Amendments to IAS 1- Presentation of Financial Statements

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The company expects to adopt the amendment for the first time in the 2014 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

IAS 19 Revised - Employee Benefits

3. New Standards and Interpretations (continued)

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to IAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions

The adoption of this standard is not expected to impact on the results of the company.

IAS 27 Revised - Separate Financial Statements

The revised standard contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 Financial Instruments.

The effective date of the standard is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

The impact of this standard is currently being assessed.

IAS 28 Investments in Associates and Joint Ventures

The revised standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The effective date of the standard is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

It is unlikely that the standard will have a material impact on the company's annual financial statements.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure

The amendment requires entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013. Early application of both continues to be permitted.

The relief period from restating prior periods has been modified. Additional amendments to IFRS 7 Financial Instruments: Disclosures have been made to require additional disclosures on transition from IAS 39 Financial Instruments: Recognition and Measurement to IFRS 9. Entities who initially apply IFRS 9:
(a) before 1 January 2012 need not restate prior periods and are not required to provide the disclosures set out in IFRS 7;
(b) on or after 1 January 2012 and before 1 January 2013 must elect either to provide the disclosures set out in IFRS 7 or to restate prior periods; and
(c) on or after 1 January 2013 shall provide the disclosures set out in IFRS 7. The entity need not restate prior periods

This is effective for annual periods beginning on or after 1 January 2015. Earlier application is permitted. If an entity applies this IFRS in its financial statements for a period before 1 January 2015, it shall disclose that fact.

The effective date of the standard is for years beginning on or after 01 January 2015.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

The adoption of this standard is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the annual financial statements.

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

Amendments to IFRS 7 Financial Instrument Disclosures and IAS 32 Financial Instruments Presentation

The criterion of IAS 32 requires that an entity must currently have a legally enforceable right to set off the recognised amounts. The amendments provide application guidance on what is meant by ‘currently has a legally enforceable right to set off’. The amendments provide the following conditions to be met for a right to off-set:
a) must not be contingent on future event; and
b) must be legally enforceable in all of the following circumstances:
i. the normal course of business
ii. the event of default
iii. the event of insolvency or bankruptcy
of the entity and all of the counterparties.
Amendments to IFRS 7 require disclosures to include information that will enable users of an entity’s financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The company does not envisage the adoption of the standard until such time as it becomes applicable to the company's operations

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Notes to the Annual Financial Statements

Figures in Pula

4. Investment property

	2012			2011		
	Valuation	**Accumulated depreciation**	**Fair value**	**Valuation**	**Accumulated depreciation**	**Fair value**
Investment property	749,144,794	-	749,144,794	683,530,400	-	683,530,400

Reconciliation of investment property - 2012

	Opening balance	**Additions**	**Fair value adjustments**	**Impairments**	**Closing balance**
Investment property	683,530,400	13,971,381	52,047,638	(404,625)	749,144,794

Reconciliation of investment property - 2011

	Opening balance	**Additions**	**Transfers**	**Fair value adjustments**	**Impairments**	**Closing balance**
Investment property	566,354,617	63,910,853	(7,250,000)	77,330,984	(16,816,054)	683,530,400

Figures in Pula	2012	2011

4. Investment property (continued)

Pledged as security

Game City Shopping Centre, Portion 3 of Forest Farm Hill LA 975 KO	490,885,585	441,803,618
Above mentioned property is pledged as security towards bank facilities as detailed in Note 12		
Nzano Shopping Centre, Lot 904 Francistown	63,879,437	-
The property is pledged as security towards bank facilities as detailed in Note 12		
Fairgrounds Office Park, Lot 50676, Gaborone	109,885,743	-
The property is pledged as security towards bank facilities as detailed in Note 12.		

Details of property

	2012	2011
Game City Shopping Centre		
Forest Farm Hill LA 975 KO,		
Notarial Lease with Roman Catholic Church		
Lease from 1 April 2001 for 75 Years		
- Cost of the property	148,325,310	148,325,310
- Fair Value surplus (Net of straight lining adjustment)	256,788,080	219,668,638
- Capitalised expenditure Game City Phase II & III	85,772,195	73,809,670
	490,885,585	**441,803,618**
Nzano Shopping Centre		
Lot 904, Francistown		
Freehold		
- Cost of the property	42,509,893	42,509,893
- Fair Value surplus (Net of straight lining adjustment)	21,369,544	17,782,217
	63,879,437	**60,292,110**
Supa Save Mall		
Lot 6670, Mogoditshane		
Leasehold		
Lease from 12 January 1982 for 50 Years		
- Cost of the property	13,001,621	13,001,621
- Fair Value surplus (Net of straight lining adjustment)	2,446,424	2,292,099
	15,448,045	**15,293,720**
Fairgrounds Office Park		
Lot 50676, Gaborone		
Fixed year state grant		
Lease from 04 February for 50 Years		
- Cost of the property	66,468,635	66,468,635
- Fair Value surplus (Net of straight lining adjustment)	43,417,108	34,185,883
	109,885,743	**100,654,518**
Innsfree Apartments		
Lot 5004 Gaborone Ext 15		
Freehold		
- Cost of the property	-	7,006,445
- Fair Value surplus (Net of straight lining adjustment)	-	243,555
- Sales consideration	-	(7,500,000)
- Profit on sale on property	-	250,000
	-	**-**

Figures in Pula	2012	2011

4. Investment property (continued)

Main Mall Offices

Lot 1131-1137, Gaborone		
Fixed year state grant		
Lease from 15 December 1979 for 99 Years		
- Cost of the property	15,655,225	15,655,225
- Refurbishment cost	20,351,441	19,086,816
- Fair Value adjustment (Net of straight lining adjustment)	(4,108,192)	(3,466,399)
	31,898,474	**31,275,642**

Plot 63 Commerce Park		
Portion 63 Forest Hill, No. 9 KO		
Leasehold under a Notarial Deed of Cession and Delegation		
Lease from September for 99 Years		
- Cost of the property	6,218,956	6,218,956
- Fair Value surplus (Net of straight lining adjustment)	4,180,961	2,655,310
	10,399,917	**8,874,266**

Lot 14403		
Fixed year state grant		
Lease from 03 September 1985 for 50 years		
- Cost of the property	3,559,404	3,559,404
- Fair Value surplus (Net of straight lining adjustment)	1,224,935	1,036,848
	4,784,339	**4,596,252**

Tapologo Estates		
Lot 16397 and 16398, Gaborone Ext 40		
Fixed year state grant		
- Cost of the property	9,466,456	9,466,456
- Fair Value surplus (Net of straight lining adjustment)	5,699,603	5,328,708
	15,166,059	**14,795,164**

Mogoditshane Town Houses		
Tribal Lot 1293, Mogoditshane		
- Cost of the property	3,912,365	3,912,365
- Fair Value surplus (Net of straight lining adjustment)	2,884,645	2,032,745
	6,797,010	**5,945,110**

Turnstar Holdings Limited have occupied Unit No. 202 and 402 of Main Mall Property, Lot 1131-1137 towards their administrative purposes. The owner occupied portion is not significant to the portfolio of investments held by Turnstar Holdings Limited and thus no transfer of the owner occupied portion has been made to property, plant and equipment.

Details of valuation

The investment properties were valued by Knight Frank, represented by Mr. Curtis Matobolo (BSc (Hons) MRICS, MREIB), independent valuers, on 8 March 2012 as at 31 January 2012 at P 765 650 000 representing the open market value arrived at using discounted cash flow method. The capitalisation rate varies from 10% to 14%. Valuation during the current year is based on desktop valuation and as such no inspection were conducted. For residential houses comparative method has been adopted by the valuers. Valuers have assumed that the properties have been maintained to a reasonable state of repair and condition as noted on their last inspection notes as at 27 January 2011 to 4 February 2011. Neither Mr. Curtis Matobolo nor Knight Frank are connected to the company. They have adequate experience in location and category of the investment property being valued. The desktop valuation was performed on behalf of the directors of the company. The company adopted the practice of obtaining external comprehensive independent valuation of its investment properties once in every three years.

4. Investment property (continued)

Borrowing costs capitalised within the fair value of investment property during 2012: P Nil (2011: P 1 165 610).

Amounts recognised in profit and loss for the year

	2012	2011
Rental income from investment property (including recoveries)	101,374,524	86,062,396
Direct operating expenses from rental generating property	(23,571,766)	(25,371,713)
	77,802,758	**60,690,683**

Adjusted valuations

The following valuations were adjusted for annual financial statements purposes to avoid double counting:

Valuation as per financial statements	2012	2011
Fair value of investment property per independent valuer	765,650,000	701,740,713
Less: operating lease receivable	(16,505,389)	(18,210,313)
	749,144,611	**683,530,400**

5. Property, plant and equipment

	2012			2011		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	526,428	(434,323)	92,105	526,428	(352,256)	174,172
Furniture and fixtures	1,136,339	(202,820)	933,519	805,747	(123,429)	682,318
Motor vehicles	114,360	(22,564)	91,796	1,382	(1,382)	-
Office equipment	212,091	(64,448)	147,643	52,872	(51,044)	1,828
IT equipment	714,535	(239,614)	474,921	649,290	(101,953)	547,337
Total	**2,703,753**	**(963,769)**	**1,739,984**	**2,035,719**	**(630,064)**	**1,405,655**

Reconciliation of property, plant and equipment - 2012

	Opening carrying value	**Additions**	**Depreciation**	**Closing carrying value**
Plant and machinery	174,172	-	(82,067)	92,105
Furniture and fixtures	682,318	330,591	(79,390)	933,519
Motor vehicles	-	112,978	(21,182)	91,796
Office equipment	1,828	159,219	(13,404)	147,643
IT equipment	547,337	65,245	(137,661)	474,921
	1,405,655	**668,033**	**(333,704)**	**1,739,984**

Reconciliation of property, plant and equipment - 2011

	Opening carrying value	**Additions**	**Depreciation**	**Closing carrying value**
Plant and machinery	234,726	17,500	(78,054)	174,172
Furniture and fixtures	44,215	653,044	(14,941)	682,318
Office equipment	2,864	-	(1,036)	1,828
IT equipment	775	565,761	(19,199)	547,337
	282,580	**1,236,305**	**(113,230)**	**1,405,655**

6. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Loans and receivables	Total
Trade and other receivables	8,969,248	8,969,248
Cash and cash equivalents	229,202,226	229,202,226
	238,171,474	**238,171,474**

2011

	Loans and receivables	Total
Trade and other receivables	7,294,406	7,294,406
Cash and cash equivalents	44,453,219	44,453,219
	51,747,625	**51,747,625**

7. Deferred tax

Deferred tax liability

Accelerated capital allowances for tax purposes	(13,725,697)	(13,059,763)
Tax losses available for set off against future taxable income	446,396	2,201,640
On fair value surplus on investment properties	(22,645,967)	(24,847,426)
On operating lease receivables	(3,631,185)	(4,552,578)
On provision for bad and doubtful debts	928,790	830,660
	(38,627,663)	**(39,427,467)**

Reconciliation of deferred tax asset (liability)

At beginning of the year	(39,427,467)	(34,605,272)
On IAS 17 Straight line adjustment	375,084	11,236
Increase (decrease) in tax losses available for set off against future taxable income	(1,491,047)	1,058,016
Originating temporary difference on fixed assets	(2,233,105)	(1,955,996)
Originating temporary difference on fair value of investment property	(780,232)	(4,242,809)
On provision for bad debts	197,809	307,358
Impact due to change in tax rates	4,731,295	-
	(38,627,663)	**(39,427,467)**

Changes in tax rates

In accordance with the Income Tax (Amendment) Act, 2011, the two tier system of charging 15% Basic Company Tax and 10% Additional Company Tax will be abolished and replaced with a single corporate tax rate of 22% for the resident companies in Botswana with effect from tax year commencing on 01 July 2011. The Company has used the single corporate tax rate of 22% for the calculations of deferred taxes for the current reporting financial year.

8. Operating lease asset

Non-current assets	15,673,760	16,247,068
Current assets	831,628	1,963,245
	16,505,388	**18,210,313**

Operating lease assets relate to the impact on straight lining of leases as requried by IAS 17. This relates to the difference between the contractual rentals over the period of lease against the actual rentals charged during the year. The company owns various investment properties, with average lease term ranging between 1 to 5 years with the exception of a few leases, which are between 10 to 25 years. Average annual escalation on these leases is 9%.

9. Trade and other receivables

Trade receivables	6,275,900	3,972,650
Tenant installation recoverable	1,907,701	-
Prepaid expenses	214,867	958,124
Value added tax	-	524,750
Other receivables	785,647	3,321,756
	9,184,115	**8,777,280**

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for bank facilities as detailed in Note 12.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates:

Fair value of trade and other receivables

Trade and other receivables	9,184,115	8,777,280

The company's policy is to consider impairment provisions based on review of individual debtors current credit situation, past performance and other factors and where required, appropriate provisions have been made for impairment.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 1 month past due are not considered to be impaired. At 31 January 2012, P 369,708 (2011: P 800 775) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	281,216	515,221
2 months past due	67,265	152,647
3 months past due	1,928,928	132,907

Trade and other receivables impaired

As of 31 January 2012, trade and other receivables of P 4,221,772 (2011: P 4,283,771) were impaired and provided for.

The ageing of these receivables is as follows:

Not more than 3 months	596,213	1,882,568
More than 3 Months	3,625,559	2,401,203

Figures in Pula	2012	2011

9. Trade and other receivables (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	3,195,269	2,093,207
Transfers :Provision for bad debts on disposal groups	127,370	-
Provision for impairment	2,016,997	1,611,563
Amounts written off as uncollectable	(20,273)	(331,780)
Bad Debts recovered during the year	(1,097,591)	(177,721)
	4,221,772	**3,195,269**

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss (note 16). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,504	6,916
Bank balances	229,199,722	44,446,303
	229,202,226	**44,453,219**

Bank balances of the company include a US Dollar balance of USD 27 million with Barclays Bank Botswana Limited. This amount is secured against term loan facility as detailed in Note 12.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates. However the banks in Botswana are not rated, but are subsidiaries of rated banks in South Africa.

11. Stated Capital and linked unit debentures

Issued Stated capital and Linked unit debentures

Stated Capital	- 385 810 579 Ordinary shares of no par value	121,847,049	121,847,049
Linked unit debentures	- 385 810 579 Linked unit debentures of 50 thebe each.	192,905,290	192,905,290
		314,752,339	**314,752,339**

The debentures carry interest at a rate which is linked to the dividend declared on the ordinary shares, and it becomes payable upon declaration of dividends on shares.

Linked unit debentures are redeemable subject to approval of shareholders by a special resolution and with written consent of the creditors of the company.

On 14 November 2011, at the Extraordinary General Meeting, the shareholders passed an Ordinary Resolution, in terms of which a further 186 343 024 shares and debentures would be issued. This new issue of shares would increase the stated capital of the company from BWP 314 752 339 to BWP 635 262 340. Such increase in stated capital to comprise 186 343 024 shares and 186 343 024 debenture capital of the company at BWP 0.50 each.

During the year, the company has offered a rights issue to its existing unit holders of 108 784 884 linked units at a price of BWP 1.72 per linked unit. The rights offer commenced on 13 January 2012 and was closed as at 17 February 2012.

Figures in Pula	2012	2011

12. Borrowings

Held at amortised cost		
First National Bank of Botswana Limited	100,000,000	85,356,685
The loan approved is for P 100 000 000 towards consolidation of the overdraft and further loan requirements of the company. Moratorium on capital repayments is provided until June 2013 with interest being serviced monthly. The loan is charged interest at prime less 2% and is secured against the first covering bond over Lot 66458 Gaborone for P 70 million and first covering bond over Lot 904, Francistown for P 30 million.		
Barclays Bank of Botswana Limited	186,827,143	-
The term loan is towards a bridging finance to fund a forward foreign exchange transaction concluded with ABSA capital, in the total amount of USD 27 million pending receipt of funds pursuant to a rights issue by the company. Interest is charged at 2% below prime lending rate. The loan is secured by an unlimited deed of cession of all funds held, or to be held, by Barclays Bank of Botswana Limited to the credit of the company in the Forex Account.		
	286,827,143	**85,356,685**

During the year the company has availed a facility with Barclays Bank of Botswana Limited for USD 43 500 000. This facility is towards the payment of purchase consideration for the proposed acquisition of shares of Island View (Proprietary) Limited and underlying investment property held by Mlimani Holdings Limited, a 100% subsidiary of Island View (Proprietary) Limited and settlement of the company's facility of BWP 100 million with First National Bank Botswana Limited. This facility is charged interest at 1 month USD LIBOR plus 1.85% compounded quarterly in arrears and is secured as follows:

1. First covering mortgage bond passed in favour of the bank in BWP equivalent of USD 50 million over Plot 49762, Phase 4 Gaborone, otherwise known as Game City Shopping Centre, Gaborone
2. Deed of cession over rentals for an unlimited amount of all rentals which may accrue from any and all tenants of Plot No 2, Block L, Ubungu Area, Kinondoni Municipality, Dar Es Salaam, Tanzania, otherwise known as Mlimani City.
3. Deed of cession over rentals for an unlimited amount of all rentals which may accrue from any and all tenants of Plot 49762, Phase 4, Gaborone, otherwise known as Game City Shopping Centre, Gaborone
4. Unlimited deed of cession of any and all benefits which may accrue in terms of the insurance policy arranged in respect of the Game City Shopping Centre, Gaborone.

As at year end the company had not utilised this facility as the proposed acquisition was under progress.

Non-current liabilities		
At amortised cost	100,000,000	85,356,685
Current liabilities		
At amortised cost	186,827,143	-
	286,827,143	**85,356,685**

13. Trade and other payables

Trade payables	7,809,604	14,136,761
Value Added Tax	365,241	-
Withholding tax payable	158,778	-
Retention payable	2,240,363	3,504,405
Accrued leave pay	1,266,177	-
Security Deposits	3,812,660	2,562,848
Rights issue application money received	118,218	-
	15,771,041	**20,204,014**

Fair value of trade and other payables

Trade & other payables	15,771,041	20,204,014

14. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2012

	Financial liabilities at amortised cost	Total
Borrowings	286,827,143	286,827,143
Trade and other payables	7,809,604	7,809,604
Retention payable	2,240,363	2,240,363
Security deposit	3,812,660	3,812,660
	300,689,770	**300,689,770**

2011

	Financial liabilities at amortised cost	Total
Borrowings	85,356,685	85,356,685
Other payables	14,136,761	14,136,761
Retention payable	3,504,405	3,504,405
Security deposit	2,562,848	2,562,848
	105,560,699	**105,560,699**

15. Revenue

	2012	2011
Rental Income	86,075,791	72,435,142
Turnover rent - Contingent rent income	733,245	665,137
Straight line adjustments	(1,704,924)	(44,942)
Other Recoveries	17,975,336	12,962,117
	103,079,448	**86,017,454**

16. Operating profit

Operating profit for the year is stated after accounting for the following:

	2012	2011
Operating lease charges		
Premises		
y Contractual amounts	10,000	35,600
Lease rentals on operating lease		
y Contingent amounts	6,378,416	4,038,222
	6,388,416	**4,073,822**

	2012	2011
Security fees	1,917,003	1,717,309
Depreciation on property, plant and equipment	333,703	113,230
Employee costs	9,846,460	3,292,529
Asset management fees	285,683	3,270,441
Commission paid	519,294	5,164,145
Impairment of trade receivables	2,016,997	1,611,563
Repairs and maintenance	2,693,639	4,989,874
Utilities	12,896,293	9,579,579

Figures in Pula	2012	2011

16. Operating profit (continued)

Included in other income

Foreign exchange (gain) or loss on revaluation of cash and cash equivalents	(16,691,456)	-
Bad debts recovered	(1,097,591)	(177,721)

17. Finance income

Interest revenue

Interest Income from cash and cash equivalents	336,753	377,005

18. Fair value adjustments

Investment property (Fair value model)	52,047,638	77,330,984
Impairment of Investment Property	(404,625)	(16,816,054)
	51,643,013	**60,514,930**

Impairment to investment property during the year represents the reduction in fair value of certain properties as valued by an independent valuer, based on market conditions. The reduction in value does not indicate cash loss to the company.

19. Finance costs

Interest paid to Barclays Bank of Botswana Limited	4,976,597	-
Interest paid to First National Bank of Botswana Limited	5,514,032	1,210,314
	10,490,629	**1,210,314**

20. Taxation

Major components of the tax income

Deferred

Deferred taxation	(799,804)	4,822,195

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	22.00 %	25.00 %
Adjustment for debenture interest	(8.80)%	(10.42)%
Capital gains tax	0.73 %	3.97 %
Fair value surplus considered for capital gains tax	(10.25)%	(14.03)%
Disallowable charges	- %	(0.01)%
Changes in tax rates	(4.43)%	- %
	(0.75)%	**4.51 %**

In accordance with the Income Tax (Amendment) Act, 2011, the two tier system of charging 15% Basic Company Tax and 10% Additional Company Tax will be abolished and replaced with a single corporate tax rate of 22% for the resident companies in Botswana with effect from tax year commencing on 01 July 2011. The Company has used the single corporate tax rate of 22% for the calculations of deferred taxes during the current reporting financial year.

No provision has been made for 2012 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is P 2 029 072 (2011: P 8,806,561).

21. Auditors' remuneration

Fees	339,400	317,736

Figures in Pula	2012	2011

22. Operating Lease Arrangements

Operating leases as lessor

Property rental income earned during the year is set out in note 15. At the balance sheet date, the company had contracted with its tenants for the following future minimum contractual lease payments:-

Rental Income		
Not more than one year	79,991,915	78,317,719
Later than one year and not latter than five years	155,449,819	131,882,036
Later than five years	33,089,752	41,512,401
	268,531,486	**251,712,156**

Operating leases relate to various investment properties owned by the company, with average lease years between 1 to 5 years with the exception of a few leases, which are between 10 to 25 years. Average annual escalation on these leases is 9%. Some of these leases have an option to renew for further years, at market related rates, at the time of such renewal. The lessees do not have an option to purchase the property at the expiry of the lease year.

Two of the leases have contingent rent option and accordingly an amount of P 733 245 (2011: P 655 136) is recognised in the income statement as contingent rent income.

Operating leases as lessee

One of the leases for a land is held under a 75 year lease commencing from 1 April 2001 expiring on 31 March 2076. Upon expiry of the lease year the property will revert to the Lessor with the development thereon. Consideration for this lease is payable at the rate of 10% of the gross rentals received from the property built on this land, net of operating expenses for the first 10 years. Thereafter, the rental increases by 2.5% of the gross rental (net of recoveries) every five years up to 40th year of lease. The lease rentals are held at 20% for 40th year to 50th year and thereafter at 25% from 51st year to the 75th year. These rental payments are recognised as contingent rent expenses during the year amounting to P 4 038 222 (2010: P 3 961 297).

Future leasing charges for the land are based at 12.5% (2010/2011: 10%) of the gross rentals received, net of operating expenses, which cannot be estimated reliably beyond one year. Estimated charges would be P 6 378 416 (2011: P 4 038 221).

23. Cash generated from operations

Profit before taxation	106,788,814	106,911,915
Adjustments for:		
Depreciation and amortisation	333,703	113,230
Profit on foreign exchange	(16,662,548)	-
Interest received	(336,753)	(377,005)
Finance costs	10,490,629	1,210,314
Fair value adjustments	(51,643,013)	(60,514,930)
Movements in operating lease assets and accruals	1,704,925	44,942
Professional fees towards acquisition	4,891,236	-
Changes in working capital:		
Trade and other receivables	(406,834)	(3,373,598)
Advance payments	(3,270,206)	-
Trade and other payables	(4,461,881)	6,943,989
Unclaimed debenture interest and dividend payable	(36,600)	(139,098)
	47,391,472	**50,819,759**

24. Tax paid

Balance at end of the year	(1,351,634)	-

Figures in Pula	2012	2011

25. Dividends and debenture interest paid

Balance at beginning of the year	(23,920,256)	(21,528,230)
Dividends and debenture interest declared	(51,493,824)	(47,068,892)
Balance at end of the year	25,645,861	23,920,256
	(49,768,219)	**(44,676,866)**

26. Commitments

Authorised capital expenditure

Investment properties

Capital expenditure contracted and committed for as at the date of statement of financial position but not yet incurred is as follows:-

Game City Phase III		
Estimate cost approved by board	-	11,246,000
Less: Actual cost	-	(6,071,387)
Amount to be disclosed for Game city Phase III	**-**	**5,174,613**

The company has entered into an agreement with Merchant banker towards facilitating and assisting the company for a potential purchase of investment. As per the terms of the engagement, the company has to pay the merchant banker a retainer fee and a success fee for the services rendered. The agreement has various conditional clauses to be adhered by the company. Should there be a breach of condition as per the agreement by the company, the success fee of United States of America Dollar 2 million would become payable by the company to the merchant banker immediately. As at year end the implementation of the transaction was still under process. The transaction was completed on 22 February 2012.

During the year the company has entered into an agreement with G H Group (Proprietary) Limited and AIDC (Proprietary) Limited in relation to acquisition of Island View (Proprietary) Limited and Milimani Holdings Limited a company incorporated in Tanzania for a purchase consideration of USD 77 million. The transaction was approved by majority share holders in the Extra Ordinary General Meeting dated 14 November 2011. As at the balance sheet date certain conditions precedent to the transaction were still under process. The transaction was completed on 22 Feb 2012.

27. Contingencies

The company issued a guarantee in favour of Botswana Power Corporation for P 584 145 (2011: P 584 145).

Figures in Pula	2012	2011

28. Related parties

Relationships

	Auto City (Proprietary) Limited Botswana Insurance Funds Management Limited Botswana Life Insurance Limited CBD Filling Station (Proprietary) Limited Damstock (Proprietary) Limited Eleganza (Proprietary) Limited Fego Cafe (Proprietary) Limited Finance House (Proprietary) Limited G H Family Holdings (Proprietary) Limited G H Group (Proprietary) Limited G H Investments (Proprietary) Limited Island View (Proprietary) Limited Island View Distributors (Proprietary) Limited Khumo Property Asset Management (Proprietary) Limited Leno Holdings (Proprietary) Limited Maiteko Enterprises (Proprietary) Limited Mlimani Holdings Limited Stanbic Bank Botswana Limited The Square Mart Proprietary) Limited Unibuild (Proprietary) Limited Zambezi Motors (Proprietary) Limited Lion Motors (Proprietary) Limited Development Management Investments (Proprietary) Limited Opal Investments (Proprietary) Limited Middleway Investments (Proprietary) Limited Tste Investments (Proprietary) Limited Boithato Farms Phokoje Construction (Proprietary) Limited Tylersoft (Proprietary) Limited CNCF Investments (Proprietary) Limited
Directors	C M Lekaukau J M Motlhabane G H Abdoola I Nshakazhogwe N W Armstrong T M Kgatlwane A J Lemo (resigned March 2012) P Pillar T Moremong Ondoko (appointed January 2012) N L Bogatsu (alternate T M Kgatlwane)
Members of key management	J M Motlhabane

Related party balances

Amounts included in Trade receivable (Trade Payable) regarding related parties		
Khumo Property Assets Management (Proprietary) Limited	48,017	(912,397)
Botswana Insurance Fund Management Limited	186,559	3,039
N W Amstrong	(297,479)	673,252
Botswana Life Insurance Limited	18,666	(68,573)

Related party transactions

Figures in Pula	2012	2011

28. Related parties (continued)

Debenture Interest paid to related parties		
G H Group (Proprietary) Limited	3,696,955	3,158,400
Botswana Insurance Fund Management limited	20,875,580	18,103,253
Stanbic Bank Botswana Limited	431,657	5,702,580
Leno Holdings (Proprietary) Limited	122,900	105,000
C M Lekaukau	61,450	52,500
A J Lemo	43,015	36,750
I Nshakazhogwe	208,930	178,500
N W Armstrong	61,450	52,500
Dividends paid to related parties		
G H Group (Proprietary) Limited	183,499	324,864
Botswana Insurance Fund Management Limited	1,023,088	1,862,049
Stanbic Bank Botswana Limited	25,317	586,539
Leno Holdings (Proprietary) Limited	6,100	10,800
C M Lekaukau	3,050	5,400
A J Lemo	2,135	3,780
I Nshakazhogwe	10,370	18,360
N W Armstrong	3,050	5,400
Rent received from related parties		
Khumo Property Asset Management (Proprietary) Limited	(526,217)	(392,561)
Botswana Insurance Fund Management Limited	(1,823,500)	(1,644,143)
Botswana Life Insurance Limited	(6,588,480)	(5,028,296)
Development Management (Proprietary) Limited	(285,164)	(50,685)
Directors Fees		
C M Lekaukau	96,800	84,033
G H Abdoola	62,920	-
N W Armstrong	133,100	125,441
I Nshakazhogwe	91,960	110,734
A J Lemo	101,640	119,391
V Senye	-	76,683
P Pillar	113,740	-
T Kgatlwane (representing BIFM)	107,690	-
Legal and professional payments		
Armstrongs	-	300,675
G H Abdoola	200,000	-
Neil Armstrong	716,157	86,625
Payments towards construction or development of Properties		
G H Group (Proprietary) Limited - Development Manager's Fees paid	-	2,400,655
Khumo Property Asset Management (Proprietary) Limited - Contractor payments	720,861	15,538,315
Fees/ Commission Paid		
Khumo Property Asset Management (Proprietary) Limited	804,077	8,414,981
Severance pay and other payments to directors		
G H Abdoola	653,264	-
Compensation to directors and other key management		
Salary and other short-term benefits	1,353,000	1,304,406

29. Directors' emoluments

Emoluments paid to the directors during the year.

Executive

2012	Emoluments	Total
For services as directors	1,353,000	1,353,000

2011	Emoluments	Total
For services as directors	1,304,406	1,304,406

Non-executive

2011	Emoluments	Total
For services as directors	707,850	707,850

2010	Emoluments	Total
For services as directors	516,252	516,252

30. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for unitholder's and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in note , 12, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to unitholder's, return capital to unitholder's, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio.

There are no externally imposed capital requirements.

The gearing ratio at 2012 and 2011 respectively were as follows:

Total borrowings			
Borrowings	12	286,827,143	85,356,685
Less: Cash and cash equivalents	10	229,202,226	44,453,219
Net debt		57,624,917	40,903,466
Total equity		668,882,394	611,061,995
Total capital		**726,507,311**	**651,965,461**
Gearing ratio		8 %	6 %

Financial risk management

The Company’s activities expose it to a variety of financial and market risk, including foreign currency risk, liquidity risk, credit risk and cash flow interest rate risk

The Company having completed the taking in house of its property and asset management functions, is formulating an overall risk management policy.

Pending finalisation of the policy, the Board has sought through management, to identify and mitigate against risk.

30. Risk management (continued)

Liquidity risk

The Company's liquidity risk is a result of funds available to cover present and future commitments. The Board implements prudent liquidity risk management, evaluating through the tools of the budget and cash flow forecasts its committed and foreseeable credit facilities, and ensures then that it has sufficient available cash and adequate funding resources.

The table below analyses the company's financial liabilities and financial assets into relevant maturity groupings based on the remaining year at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30. Risk management (continued)

Financial Liabilities

At 31 January 2012	Due not more than one month	Due after one month but not more than three months	Due after three months but not than one year	Due after one year
Borrowings	-	186,827,143	-	100,000,000
Trade and other payables	9,234,559	-	-	-
Security deposits	-	-	-	3,812,660
Retention	-	-	2,240,363	-

At 31 January 2011	Due not more than one month	Due after one month but not more than three months	Due after three months but not than one year	Due after one year
Borrowings	-	-	-	85,356,685
Trade and other payables	14,136,761	-	-	-
Security deposits	-	-	-	2,562,848
Retention	-	-	-	3,504,405

Financial Assets

At 31 January 2012	Due not more than one month	Due after one month but not more than three months	Due after three months but not than one year	Due after one year
Cash and cash equivalents	229,202,228	-	-	-
Trade and other receivables	8,969,248	-	-	-

At 31 January 2011	Due not more than one month	Due after one month but not more than three months	Due after three months but not than one year	Due after one year
Cash and cash equivalents	44,453,219	-	-	-
Trade and other receivables	7,509,800	-	1,267,480	-

Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. During 2012 and 2011 financial years, the company's borrowings at variable rate were denominated in Pula .

At 31 January,2012, if interest rates on Pula-denominated borrowings had been 0.50% higher/lower with all other variables held constant, impact on post-tax profit for the year would have been P 483,618 (2011: P 75,625) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Borrowings	9.00 %	186,827,143	100,000,000	-	-	-

30. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents held at banks and trade receivables, including rental receivables from tenants. The Company evaluates the credit risk relating to the tenants on a regular basis, taking into account the financial position, past experience and other factors.

Such risks are subject to periodic review. The Company has policies in place to ensure that rental contracts are entered into only with tenants with an appropriate credit history taking into account the financial position, past experience and other factors. Cash balances are held only with reputable financial institutions with high quality credit standing. The utilisation of credit limits is regularly monitored.

Financial instrument	2012	2011
Trade and other receivables	8,969,248	12,099,036
First National Bank of Botswana Limited	31,518,052	44,453,219
Barclays Bank of Botswana Limited	197,684,174	-

Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the South African Rand's .

In the normal course of business, the company enters into transactions denominated in foreign currencies. As a result, the company is subject to exposure to fluctuations in foreign currency exchange risk. The Company does not hedge against this risk since the exposure to such foreign currency transactions are minimal.

During the year, in anticipation of payment of a US Dollar consideration for the acquisition of an interest in a foreign entity, the Company hedged against the exposure with respect to the US Dollar. At 31 January 2012, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, impact on post-tax profit for the year would have been P 21,904,716 (2011: Nil-) higher and P 17 922 041 (2011: Nil) lower mainly as a result of foreign exchange gains or losses on translation of US dollar denominated cash and cash equivalents, and foreign exchange losses or gains on translation of US dollar other payables.

Foreign currency exposure at the end of the reporting period

Current assets		
Cash and cash equivalents, US Dollar 27 003 658 (2011: Nil)	197,684,173	-
Liabilities		
Other payables USD 74 000 (2011: Nil)	541,728	-

Exchange rates used for conversion of foreign items were:

USD	0.1366	-

31. Discontinued operations and disposal group

One of the leases for an investment property had an option for the lessee to acquire the property after the lease period which ended in June 2010. The lessee opted to purchase the investment property. Also during the year one of the investment property was categorised as a disposal group based on management decision to sell the property.

Cumulative income or expense recognised relating to held for sale Investment property previously classified as Non Current Asset held for Sale.

	2012	2011
Revenues from discontinued operations and disposal group	-	(2,082,573)
Profit on sale of disposal group	-	(250,000)
Expenses on discontinued operations and disposal group	-	225,823
Impairment of property on discontinued operation	-	1,188,138
	-	**(918,612)**

Net Increase in cash and cash equivalents from Discontinued Operations

	2012	2011
Sale Proceeds on discontinued operations and disposal group	-	(9,500,000)
Revenues from discontinued operations and disposal group	-	(2,082,573)
Expenses on discontinued operations and disposal group	-	225,823
	-	**(11,356,750)**

Figures in Pula	2012	2011

32. DISTRIBUTION PER LINKED UNIT

Debenture interest		
Interim	23,688,770	21,219,582
Final proposed	19,208,032	23,727,351
Dividends		
Interim	2,159,194	1,929,054
Final proposed	6,437,828	192,905
	51,493,824	**47,068,892**
Distrbution per linked unit (thebe)	9.00	12.20
Debenture Interest per linked units (thebe)	7.64	11.65
Dividends per linked units (in thebe)	1.36	0.55

33. BASIC AND DILUTED EARNINGS PER LINKED UNIT

Basic and diluted earnings per linked unit is calculated by dividing the earnings attributable to the Linked unit holders by the weighted average number of Linked unit holders in issue during the year.

Basic and diluted earnings attributable to linked unit holders		
- from continued operations	107,588,618	102,089,720
- from discontinued operations	-	918,612
	107,588,618	**103,008,332**
Basic earnings per linked unit (in thebe)	0.27	0.26
Profit from continuing operations (in thebe)	0.27	0.26
Profit from discontinued operations (in thebe)		0.00
Diluted earnings per linked unit (in thebe)	0.18	
Weighted average number of linked units (as at year end)	385,810,57	385,810,57
Weighted average number of linked units (including issues after year end)	572,153,60	

34. Advance payments

During the year the company incurred costs in relation to Rights offer of linked units to the existing unit holders and raising of borrowings from the bank. The appropriate accounting of the costs have been deferred as the Rights offer and draw down of the borrowings have concluded post year end .

35. Operating Segments

Figures in Pula	2012	2011

36. Directors linked unit holdings

Executive Directors		
G H Abdoola - Beneficial	30,082,001	30,075,001
Non Executive Directors		
C. M. Lekaukau - Beneficial	500,000	500,000
N. W. Armstrong - Beneficial	500,000	500,000
A. J. Lemo - Beneficial	350,000	350,000
I. Nshakazhogwe - Beneficial	1,700,000	1,700,000
V. Senye - Non Beneficial	-	-
T. Kgatlwane - Non Beneficial	-	-
P. Pillar - Non Beneficial	-	-
	33,132,001	**33,125,001**

The Directors had the beneficial interest in Turnstar Holdings Limited as at year end.

37. Shareholders information

Top ten linked unit holders		
Stanbic Nominees Botswana (Proprietary) Limited RE: BIFM	132,149,239	133,150,153
Stanbic Nominees Botswana (Proprietary) Limited RE: AG BPOPF	66,365,842	45,668,038
G H Group (Proprietary) Limited	30,082,001	30,075,001
BBN (Proprietary) Limited RE: SSB 001/1	-	29,763,617
Stanbic Nominees Botswana (Proprietary) Limited RE: BIFM BPOPF	24,114,743	28,696,160
BBN (Proprietary) Limited RE: AG 211/002	-	22,911,620
BBN(Proprietary) Limited RE: IAM 030/14	-	16,553,345
BBN(Proprietary) Limited RE: AG 214/001	-	5,592,062
Motor Vehicle Accident Fund	6,950,000	6,950,000
Stanbic Nominees Botswana (Proprietary) Limited RE:CF BPOPF	-	6,776,471
SCBN (PTY) LTD RE: IAM 030/14	16,553,345	-
SCBN (PTY) LTD RE: AG 211/002	22,991,923	-
FNB NOMINEES (PTY)LTD RE:CFM BPOPF10001011	11,887,971	-
FNB NOMINEES (PTY)LTD RE:SIMS BPOPF 10001009	7,355,729	-
SCBN (PTY) LTD RE: AG 214/001	5,592,062	-
	324,042,855	**326,136,467**

Linked unit holder classification		
The spread of Linked unit holders as at year end between public and non public was as follows: (in percentage)	%	%
Public	54	54
Non Public	46	46
	100	**100**

38. Business combinations occuring after the end of the reporting period

Island View (Proprietary) Limited

On 22 February 2012 the company acquired 100% of the voting equity interest of Island View (Proprietary) Limited which resulted in the company obtaining control over Island View (Proprietary) Limited and its 100% owned subsidiary Mlimani Holdings Limited. Island View (Proprietary) Limited is an IFSC company registered in Botswana. It holds 100% of Mlimani Holdings Limited which is a property investment company registered in Tanzania. Mlimani Holdings Limited currently owns Mlimani City a commercial building and generates rental income from the property. As a result of the acquisition, the company has commenced its expansion plans across Africa.

Goodwill of P 15,176,383 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Fair value of assets acquired and liabilities assumed (amounts stated in US Dollars)

Investment property	78,200,000	-
Property, plant and equipment	452,549	-
Deferred tax	(5,830,811)	-
Operating lease asset	735,174	-
Trade and other receivables	1,213,451	-
Cash and cash equivalents	871,811	-
Borrowings	(43,556,885)	-
Trade and other payables	(3,702,895)	-
Total identifiable net assets	28,382,394	-
Goodwill	2,085,235	-
	30,467,629	**-**

Acquisition date fair value of consideration paid

Equity – 77 558 140 linked units in Turnstar Holdings Limited	(20,000,000)	-
Additional equity - 76 404 676 linked units in Turnstar Holdings Limited	(10,467,629)	-
	(30,467,629)	**-**

Equity issued as part of consideration paid

The fair value of 77 558 140 linked units and additional 76 404 676 linked units issued as part of the consideration for the business combination was determined based on the rights issue offer price to existing shareholders at P 1.72 per linked unit. The said rate has been agreed with the vendors vide agreement of sale entered with the Vendors as at 1 August 2011.

Acquisition related costs

The acquisition related costs amounted to P 17,886,688. These costs have been expensed in the year of acquisition and are included in acquisition related costs in comprehensive income.

Detailed Income Statement

Figures in Pula	Note(s)	2012	2011
Revenue			
Rental Income		86,075,791	72,435,142
Recoveries		17,975,336	12,962,117
Turnover Rent		733,245	665,137
Income - Straightlining		(1,704,924)	(44,942)
	15	**103,079,448**	**86,017,454**
Other income			
Sundry Income		1,545,738	329,736
Interest received	17	336,753	377,005
Profit on exchange differences		16,691,456	-
Fair value adjustments	18	52,047,638	77,330,984
		70,621,585	**78,037,725**
Expenses (Refer to page 47)		**(56,016,965)**	**(39,116,896)**
Operating profit	16	**117,684,068**	**124,938,283**
Finance costs	19	(10,490,629)	(1,210,314)
Fair value adjustments	18	(404,625)	(16,816,054)
		(10,895,254)	**(18,026,368)**
Profit before taxation		**106,788,814**	**106,911,915**
Taxation	20	(799,804)	4,822,195
Profit for the year from continuing operations		**107,588,618**	**102,089,720**
Profit from discontinued operations		-	918,612
Profit for the year		**107,588,618**	**103,008,332**

Detailed Income Statement

Figures in Pula	Note(s)	2012	2011
Operating expenses			
Accounting fees		(55,000)	-
Asset management fees		(285,683)	(3,270,441)
Advertising & Promotions		(717,262)	(178,186)
Auditors remuneration	21	(339,400)	(317,736)
Bad debts		(2,016,997)	(1,611,563)
Bank charges		(133,172)	(96,276)
Cleaning		(652,228)	(708,766)
Commission paid		(519,294)	(5,164,145)
Consulting and professional fees		(569,887)	(976,099)
Depreciation, amortisation and impairments		(333,703)	(113,230)
Donations		(37,244)	(5,000)
Employee costs		(9,846,460)	(3,292,529)
Entertainment		(293,383)	-
AGM and Board Meetings		(2,203)	(1,908)
Facilities management		(109,038)	(91,808)
Stock Exchange Fees		(115,687)	(102,681)
Meter Reading		(48,688)	(58,563)
I T and other expenses		(599,344)	(131,130)
Tenant Installation		-	(11,381)
Forward contract premium		(6,800,154)	-
Professional fees towards acquisition		(4,891,236)	-
Gifts		-	(578)
IT expenses		(38,329)	-
Insurance		(743,088)	(650,365)
Lease rentals on operating lease		(6,388,416)	(4,073,822)
Legal expenses		(198,284)	-
Levies		(142,204)	(303,420)
Loss on exchange differences		(28,908)	-
Motor vehicle expenses		(71,847)	(1,000)
Pest control		(867,240)	(793,726)
Petrol and oil		(28,130)	(17,840)
Recruitment & Training expenses		(139,408)	(45,370)
Postage		(15,225)	(13,484)
Printing and stationery		(186,501)	(44,334)
Protective clothing		(40,216)	(21,260)
Repairs and maintenance		(2,693,639)	(4,989,874)
Secretarial fees		(437,989)	(356,940)
Security		(1,917,003)	(1,717,309)
Staff welfare		(89,271)	(44,871)
Subscriptions		(52,225)	(1,063)
Telephone and fax		(251,205)	(97,981)
Training		(168,603)	(193,308)
Travelling expenses		(256,878)	(39,330)
Utilities		(12,896,293)	(9,579,579)
		(56,016,965)	**(39,116,896)**

The supplementary information presented does not form part of the annual financial statements and is unaudited