



CRESTA MARAKANELO LIMITED

(Previously Cresta Marakanelo (Proprietary) Limited)
(Incorporated in the Republic of Botswana on 23 August 1974 and converted to a public company on 7 December 2009)
(Registration number CO: 1974/556)
(Share Code: CML ISIN: BW 000 000 0892)
("Cresta" or "the Company")

PROSPECTUS

Relating to:

An offer for sale of 62 900 000 Cresta Shares at an offer price of P1.45 per Share

by way of

**a private placement of 18 500 000 Cresta Shares,
a public offer of 40 700 000 Cresta Shares,
a sale of 3 700 000 Cresta Shares to an Employee Share Trust ,**

and

the subsequent listing of 185 000 000 Cresta Shares, being the Stated Share Capital, on the Botswana Stock Exchange ("BSE").

Important Dates:

Press Announcement on Listing	17 May 2010
Issue of this Prospectus	17 May 2010
Opening of the Public Offer at 09h00	17 May 2010
Closing of the Public Offer at 16h30	7 June 2010
Listing on the Botswana Stock Exchange	17 June 2010

This Prospectus dated 17 May 2010, accompanied by the documents referred to under "Registration of Prospectus" in page 37 of this Prospectus, was registered by the Registrar of Companies in Botswana on 12 May 2010 in terms of sections 300(1) and 308(2) of the Companies Act, (CAP.42:01).

This Prospectus is issued for the purpose of providing certain information about an investment in Cresta, a public company incorporated in the Republic of Botswana and to be listed on the BSE. If you are in doubt as to the action you should take in relation to this document, please consult your stockbroker, banker, legal practitioner or other professional adviser immediately. If you wish to apply for Cresta Shares in terms of the Public Offer then you must complete the procedure for application and payment set out in page 11, 118 and 120 of this Prospectus.

Lead Advisors and Attorneys



ATTORNEYS NOTARIES & CONVEYANCERS

Financial Advisors



BOTSWANA LIMITED

Sponsoring Broker



Member of the Botswana Stock Exchange

Reporting Accountants



Transfer Secretaries



Receiving Bankers



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PART 1: CORPORATE INFORMATION

Head office

Cresta Marakanelo Limited
Registration number: CO 1974/556
Plot 50676, Fairground Office Park
Phase 2, Block D, Unit 2
Private Bag 00272
Gaborone, Botswana

Lead advisors and attorneys

Armstrongs Attorneys
Registered as a partnership
5th Floor, Barclays House
Khama Crescent
P.O Box 1368,
Gaborone, Botswana

Financial advisors

Imara Botswana Limited
Registration number CO 2002/2770
Block A, Unit 3
Millennium Office Park, Kgale Hill
Private Bag 00186
Gaborone, Botswana

Transfer secretaries

DPS Consulting Services (Pty) Ltd
Registration number CO 2006/5617
Plot 50371, Fairground Office Park
1st Floor
P.O Box 294
Gaborone, Botswana

Reporting accountants and auditors

PricewaterhouseCoopers
Registered as a partnership
Plot 50371, Fairground Office Park
P.O Box 294
Gaborone, Botswana

Sponsoring brokers

Stockbrokers Botswana Limited
Registration number CO 88/163
Ground Floor, United Nations House
Plot 22, Khama Crescent
Private Bag 00113
Gaborone, Botswana

Receiving bank

Barclays Bank of Botswana Limited
Registration number CO 1732
6th Floor, Barclays House
Khama Crescent
Private Bag 478
Gaborone, Botswana

Company secretary

Desert Secretarial Services
Registration number CO 2970
Deloitte House, Plot 50664
Fairground Office Park
P.O Box 211008
Bontleng
Gaborone, Botswana
Represented by David Fricker, Qualified Chartered
Secretary

PART 2: DEFINITIONS

In this Prospectus and the annexures hereto, unless the context indicates otherwise, the terms in the first column have the meanings assigned to them in the second column, words in the singular include the plural and vice versa, words importing natural persons include corporations and associations of persons and reference to any gender includes the other genders.

“the Act”	The Companies Act (CAP 42:01), as amended from time to time;
“Application Forms”	The application forms attached to this Prospectus. This is the only method of application and allocation for Shares in terms of the Public Offer;
“Armstrongs”	Armstrongs Attorneys, a partnership practising as attorneys in terms of the Legal Practitioners Act of Botswana. Lead advisors and attorneys to Cresta for the purpose of the Listing;
“BDC”	Botswana Development Corporation Limited (registration number 1970/750);
“BHDC”	Botswana Hotel Development Company (Proprietary) Limited (registration number 1959/71);
“the Board”	The board of directors of Cresta Marakanelo Limited;
“Botswana”	The Republic of Botswana;
“the BSE”	The Botswana Stock Exchange;
“CH”	Cresta Holdings (Proprietary) Limited (registration number C02009/2957) a company incorporated with limited liability and registered according to the laws of Botswana and the official owner of the Cresta trademark;
“Cresta or the Company”	Cresta Marakanelo Limited (registration number 1974/556) a company incorporated with limited liability and registered according to the laws of Botswana;
“CSDB”	Central Securities Depository Company of Botswana Limited;
“the Directors”	The directors of Cresta;
“Employee Share Trust” or “the Trust”	The Employee Share Trust established for the benefit of employees of Cresta;
“Gateways”	A classification of hotels, denoting hotels of a similar offering and experience in accordance with the Cresta Holdings brand standards;
“Imara”	Imara Botswana Limited (registration number 2002/2770), registered according to the laws of Botswana. The financial advisors to Cresta for the purposes of Listing;
“Listing”	The listing of the Stated Share Capital of Cresta on the BSE following the completion of the Private Placement and the Public Offer ;
“Listing Date”	The date which Cresta is expected to list on the BSE, on or around 17 June 2010;

“the Management Agreement”	An agreement entered into between CH and Cresta in terms of which CH supplies management services to Cresta;
“Metonic Investments”	Metonic Investments Limited, a company registered in Jersey, Channel Islands;
“Metonic Trust”	A trust incorporated in Jersey, Channel Islands and the 100% shareholder of Metonic Investments;
“the Offer Price”	The price payable for the offer of Cresta Shares, being P1.45 per Cresta Share;
“the Offer Shares”	A total of 62 900 000 Cresta Shares being sold as part of the Private Placement and the Public Offer;
“the Original Shareholders”	The shareholders in the Company immediately prior to the Private Placement, Public Offer and Listing comprised of:

SHAREHOLDER	PERCENTAGE HELD
TA Botswana Limited	40%
Botswana Development Corporation Limited	60%
TOTAL	100%

“Operating leases”	Operating leases as set out in detail in Annexure 8 on page 102;
“Placees or Private Placees”	Selected institutional investors who have accepted the offer for Shares to be made by way of Private Placement in terms of this Prospectus;
“the Private Placement”	The offer to Placees to purchase 18 500 000 Cresta Shares at a price of P 1.45 per Share in terms of this Prospectus and in terms of the Placing Agreement;
“this Prospectus”	This Prospectus registered by the Registrar of Companies in Botswana on 12 May 2010 in terms of sections 300(1) and 308(2) of the Companies Act, (CAP.42:01), as amended and issued on 17 May 2010, and its annexures and attachments;
“the Public Offer”	The offer to the public to purchase 40 700 000 Cresta Shares at a price of P 1.45 per share in terms of this Prospectus;
“Pula or P”	The legal tender of the Republic of Botswana in which all monetary amounts in this Prospectus are expressed;
“the Placing Agreement”	The agreements between Cresta and the Placees in terms of which the Placees will purchase a total of 18 500 000 Cresta Shares at a price of P1.45 per share in terms of the Private Placement;
“the Reporting Accountants”	PricewaterhouseCoopers, Certified Public Accountants, Botswana, who are the auditors and Reporting Accountants for the purposes of the Listing;
“Shareholders”	The holders of Cresta Shares in the Stated Share Capital of Cresta;
“Shares” or “Cresta Shares”	Ordinary shares of no par value in the Stated Share Capital of Cresta which are offered for sale in terms of this Prospectus;
“Stated Share Capital”	The Stated Share Capital of Cresta being 185 000 000 Cresta Shares to be listed on the BSE;
“Sponsoring Brokers or Stockbrokers Botswana”	Stockbrokers Botswana Limited, a member of the BSE (registration number 88/163), who are the Sponsoring Broker for the purposes of the Listing;

Limited”

“TA Botswana”	TA Botswana Limited (registration number 1982/3943), a shareholder of Cresta registered according to the laws of Botswana;
“Trans Industries”	Trans Industries (Proprietary) Limited (registration number 936), registered according to the laws of Botswana;
“Transfer Secretary”	DPS Consulting Services (Proprietary) Limited (registration number 2006/5617), registered according to the laws of Botswana; and
“Undertaking Agreement”	An agreement between BDC and Cresta whereby BDC undertakes to make available the Cresta Shares owned by BDC for sale under the Private Placement and Public Offer and to retain those Shares not sold in terms of the Public Offer, the salient features of which are set out in Annexure 10 on page 108.

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PART 3: FEATURES OF THE OFFER

This Prospectus contains the salient features of the Public Offer which should be read in its entirety for a full appreciation thereof. In making an investment decision, the prospective investors must rely on their own or their advisors' examination of the Company and the terms of the Private Placement and the Public Offer including the merits and risks involved. Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation or investment matters and are advised to consult their own professional advisors concerning the acquisition, holding or disposal of Cresta Shares.

1 PURPOSE OF THE OFFER

The main purpose of the Private Placement, Public Offer and Listing is:

- **The disposal by BDC of a portion of their shareholding in Cresta:** BDC currently holds 60% of Cresta and are looking to dilute this holding to 26%. BDC intends to dispose of a total of 62 900 000 Cresta Shares through the Private Placement, Public Offer and the sale of shares to the Employee Share Trust for a total of P91 205 000. The motivation behind the disposal is a result of the investment policy of the BDC whereby BDC seeks to empower local citizens. BDC was established in 1970 to be the country's main agency for commercial and industrial development. Sticking to its mandate of growing the economy, BDC has promoted development through Loan Financing, Equity Participation and Property Development. In order to promote citizen empowerment, BDC's investment policy requires it to sell down stakes in businesses in which they are invested to citizens of Botswana at appropriate intervals in the cycles of the businesses.
- **To afford citizens the opportunity to participate in the growth of the Company:** The Board believes that Cresta represents a significant investment opportunity and seeks to use the Listing as an opportunity for local citizens to participate in the future uplift of the Company.
- **To facilitate the formation of the Employee Share Trust:** The Company has put in place an Employee Share Trust and will loan and advance the funds to facilitate the acquisition of 3 700 000 Cresta Shares, representing 2% of the Stated Share Capital of the Company, by the Trust. The Employee Share Trust will allow for Cresta employees to participate in the growth of the Company and will be used to motivate and retain all levels of staff.
- **To facilitate future growth in the Company:** The Listing will allow management to pursue opportunities for Cresta by allowing the Company access to various forms of capital not available to a private company. These include the ability to pursue acquisitions through either the issue of Cresta Shares or the raising of capital through the BSE.
- **To enhance investor awareness of Cresta:** Cresta has recently gone through a re-branding exercise. However, the Board believes that the Listing will increase the public's awareness of the Company and will raise the status of the Company.

2 CRESTA'S KEY STRENGTHS

- **Largest hotel operator in Botswana:** Cresta is recognised in the local market as the largest hotel operator both in the number of rooms (eight hotels and 724 rooms) and in the geographical spread of its hotels. There is no other hotel operator that has such a dominant presence in the larger cities in Botswana as well as the key tourist areas.
- **Experienced, competent and stable management team:** The Cresta management team has in excess of 100 years working in the hospitality industry. In addition, Cresta has a training philosophy to ensure that all its hotels are staffed with well trained and experienced staff.
- **High occupancy rates and a growing target market:** The current average occupancy rate experienced by Cresta is 67% as at 31 March 2010 which is above the current average in the Botswana hospitality industry. Cresta's key target market is business travellers and the Company has experienced very high occupancy rates at those hotels situated in key business areas. The shortage of accommodation in areas such as Gaborone will ensure that occupancy levels remain high. In addition, the number of leisure travellers in Botswana has been

reduced over the last few years due to the global recession, but this is expected to turnaround in the medium term.

- **Rental profile:** Cresta has long term operating leases on six of its eight hotels and an additional operating lease on part of Marang Gardens. Five of the leases were re-negotiated with BHDC in March 2010 and the other two leases were signed in October 2009 and July 2007 respectively. All seven leases are for a period of ten years, ensuring Cresta has security over the rentals during this period. The renewal clauses in the leases also ensure Cresta has security over the management of these hotels over the rental period.
- **Well respected brand:** CH's African presence and extensive hotel management experience has resulted in the "Cresta" brand being well respected and recognised throughout Africa. By being associated with this brand, the Company attracts a number of guests and it will also assist Cresta with its expansion plans into the regional market. As a result of its geographical spread and successful hotels, Cresta is a well established and respected brand in the local Botswana market.
- **Strong relationships and synergies with CH:** CH has an African reach, with management contracts in Nigeria and Zimbabwe. Cresta has a strong relationship with CH, having had management contracts with them since 1987.
- **Supportive and committed Shareholders:** TA Botswana and BDC remain supportive shareholders to Cresta and are committed to the long term success of the Company. This is demonstrated by the fact that TA Botswana will maintain its 40% shareholding and that BDC will retain a 26% stake as well as those Cresta Shares not disposed of during the Public Offer.
- **Clear business plan and future prospects:** Cresta has a clearly defined business strategy in place to grow occupancy rates and maintain Cresta's position as the market leader. The management team are well positioned to take advantage of any opportunities that may arise in the local and regional market.
- **Experienced and stable Board of Directors:** The current Board consists of eight non-Executive Directors, all of which have significant experience in the local market. The Board brings together a mix of skills including finance, investment, hospitality, risk and corporate actions. The majority of the Board is based in Botswana and has been actively involved in the Company's development.
- **Committed to conducting business in an ethical and responsible manner:** Cresta is a proudly Botswana company and recognises the importance of its staff as well as its natural surroundings. To this end, Cresta is committed to the development of staff as well as the preservation of the natural surroundings. In addition, the Board and management have in place a Corporate Governance policy which sets out the code of conduct for Directors and management to ensure integrity and high ethical standards are maintained. Details of the Corporate Governance policy are set out in Paragraph 42 of this Prospectus.
- **State of the art IT platform:** Cresta has invested in the Medallion Project Management System which is recognised as the preferred hotel management system by many hotel operators worldwide.
- **Strong historical financial performance:** Cresta has recorded profits for the last four financial years and has assured revenue streams for the future. The Company has traditionally had strong cashflows and a low gearing ratio. It is the intention of the Directors to pay out dividends to Shareholders, if future cashflows permit.

3 HISTORICAL AND FORECAST INCOME STATEMENT HIGHLIGHTS

The table below sets out summary financial information, the details of which are included in Annexure 2, 3, 4 and 5 and has been included in this section for illustrative purposes only. Forecasts for the year ended 30 June 2010 have been prepared by the Directors in accordance with the Company's accounting policies. Attention is drawn to Annexure 4 which includes forecast assumptions and the Reporting Accountants opinion on the reasonableness of these.

	Year ended 30 June 2007 Actual P'000s	Year ended 30 June 2008 Actual P'000s	Year ended 30 June 2009 Actual P'000s	Year ended 30 June 2010 Forecast P'000s
Revenue	100,896	143,661	158,874	179,920
EBITDA	14,411	32,250	40,633	37,890
Operating Profit	9,758	27,599	33,320	29,043
Profit before tax	7,287	25,139	31,663	27,373
Profit after tax	7,111	19,423	25,436	20,530
Earnings per share (P's)	0.04	0.10	0.14	0.11
Dividend per share (P's)	0.19	0.52	0.69	0.02
Earnings Yield (based on offer price)	2.65%	7.24%	9.48%	7.65%
Dividend Yield (based on offer price)	13.3%	36.2%	47.4%	1.4%
P.E Ratio (based on offer price)	37.72x	13.81x	10.55x	13.07x

Notes:

- For the purpose of earnings per share and P.E ratio calculations, the Stated Share Capital for all years is assumed to be 185 000 000 Cresta Shares (Stated Share Capital post share split).
- For the purpose of dividend per share calculation, the Stated Share Capital for years ending 30 June 2007, 2008 and 2009 was 18 500 000 Cresta Shares. For the year ended 30 June 2010, the Stated Share Capital is 185 000 000 Cresta Shares.
- A final dividend of P6.7 million was paid for the year ending 30 June 2009. An interim dividend of P3.7 million for the 6 months ended 31 December 2009 was proposed in March 2010 and will be paid out to TA Botswana and BDC ahead of the Listing.
- Dividends after the Listing of the Company will be declared and paid twice annually subject to cashflows. Consequently, Cresta Shares transferred pursuant to the Private Placement and the Public Offer will be eligible for final dividends for the period ending 30 June 2010.

4 LISTING ON THE BSE7. C.5 -BSE
s.19 Part 1.10th CA

Subject to obtaining a minimum spread of 300 public Shareholders, the BSE has granted approval for the Listing of 185 000 000 Cresta Shares on the Main Board of the BSE under the name "CML" with effect from the commencement of business on 17 June 2010.

5 PARTICULARS OF THE PLACEMENT AND THE PUBLIC OFFER7. C.2 -BSE
s.18 Part 1.10th CA

In terms of this Prospectus, 62 900 000 Cresta Shares are offered for sale, 18 500 000 by way of Private Placement, 40 700 000 by way of Public Offer, at an offer price of P 1.45 per share and 3 700 000 to be held via an Employee Share Trust.

6 PERSONS WHO MAY APPLY FOR ORDINARY SHARES IN TERMS OF THIS PROSPECTUS

Private Placement

In terms of the Private Placement, the Placees have agreed to purchase a total of 18 500 000 Cresta Shares and details of the Placees are set out in Annexure 12 on page 112 of this prospectus.

Public Offer

40 700 000 Cresta Shares are being offered for subscription by the public. In allotting shares to members of the public the following are eligible;

- Natural person; and
- Legal Entities

7 EMPLOYEE SHARE TRUST

Of the Shares being disposed of by BDC, 3 700 000 Shares, representing 2% of the Stated Share Capital of the Company, have been set aside for the benefit of the employees of the Company. These shares will be held through an Employee Share Trust whose beneficiaries shall be the employees of Cresta. The purchase of these Shares by the Employee Share Trust will be funded by a loan amounting to P5 365 000 advanced to the Trust by Cresta.

Cresta intends to submit the rules of the Employee Share Trust to the BSE for approval subsequent to the Listing. Once the BSE approval has been granted, these rules will be presented to Shareholders for approval at an Extraordinary General Meeting. Once both these approvals have been granted, the Shares held in the Employee Share Trust will be allocated to qualifying Cresta employees in accordance with mechanisms detailed in the rules.

In the event that the Rules of the Trust are not adopted by the first annual general meeting of the Company, the Trust will be wound up and the Trust Shares shall be returned to BDC as against repayment of original acquisition price of Cresta Shares. Cresta shall be responsible for all the associated costs of the winding up of the Trust.

8 TIMES AND DATES OF THE OPENING AND CLOSING OF THE PUBLIC OFFER

Opening of the Public Offer	17 May 2010 at 09h00
Closing of the Public Offer	7 June 2010 at 16h30
Last date for receipt of postal acceptances	7 June 2010 at 16h30
Results of Public Offer published	11 June 2010 at 09h00
Expected listing on the Botswana Stock Exchange	17 June 2010 at 09h00
Share Certificates and refund cheques posted from	17 June 2010 at 09h00

9 APPLICATION AND COMPLETION OF THE APPLICATION FORM

9.1 Applications for Cresta Shares

Applications for Shares to be made available by Public Offer will only be accepted on the following conditions:

- o There are two separate Application Forms, one to be used by individuals (page 114 of this Prospectus) and one for legal entities (page 116 of this Prospectus);
- o Only one application may be made by any applicant (except the Placees in terms of the Placing Agreement);

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- Applications may only be made on the Application Forms which accompany this Prospectus and the requirements, terms and conditions contained in the Application Forms and this Prospectus must be complied with;
 - Applications must be for a minimum of 100 shares and thereafter in multiples of 100 shares;
 - Applications are irrevocable and may not be withdrawn once received by the Transfer Secretary or a registered stock broker;
 - Copies or reproductions of the Application Form will not be accepted;
 - Each application will be regarded as a single application, except when received from a nominee company. Such applications must state the number of principals covered by the application in the appropriate block on the Application Forms and must be completed in the manner prescribed therein;
 - Application Forms must be completed in accordance with the instructions contained therein and the provisions of this Prospectus. The Directors of Cresta reserve the right to accept, in whole or in part, any application which is incomplete or incorrectly completed;
 - Applications will only be regarded as complete when the cheque rendered in payment has been received, deposited and the funds cleared;
 - No receipts will be issued for Application Forms, application monies or supporting documentation;
 - Applicants may be called upon to furnish satisfactory evidence of their authority or capacity to sign the Application Form; and
 - Shares may not be applied for in the name of an unassisted minor or a deceased estate.

9.2 Acceptance or refusal of applications

The Directors of Cresta reserve the right to accept or refuse any application, either in whole or in part, or accept some applications in full and others in part, or to abate any or all applications in such manner as they may determine, in their discretion, but subject to the overriding requirement that to the extent possible as many applications as possible would be allocated all the Offer Shares applied for and that the method of acceptance or refusal applied receives the approval of the BSE.

9.3 Allocation of Shares in the event of oversubscription and undersubscription

Oversubscription

The allocation of Offer Shares will be subject to the discretion of the Board, which has, as its primary objective, the achievement of a broad and balanced shareholder base. In the event of an oversubscription of the Offer Shares, the Board shall prefer citizens of Botswana in the allocation process with regard to the Offer Shares.

Undersubscription

In the event of an undersubscription, BDC have undertaken to retain those Offer Shares that are not subscribed for in terms of the Public Offer. Salient features of this undertaking are included in the Undertaking Agreement as set out in Annexure 11 on page 111. In the unlikely event that Cresta does not achieve the shareholder spread required by the BSE through the Public Offer and Private Placing, all applicants will be refunded by cheque drawn on Barclays Bank, in Botswana currency, posted by ordinary mail at the risk of the applicant, within seven days of the condition not being fulfilled, as set out in paragraph 9.4 below.

9.4 Submission of application forms and payment for shares

Application Forms together with the requisite cheque payment may be delivered by hand, in an envelope marked "Cresta IPO", to any one of the following:

- Stockbrokers Botswana, Ground Floor, United Nations, Khama Crescent, Private Bag 0013 Gaborone, Contact details +267 3957900; or
- Motswedi Securities, Plot 113, Unit 30 Kgale Mews, Private Bag 00223 Gaborone, Contact details +267 318 8627; or
- Capital Securities Plot 64511, Ground Floor, BSE Building Showgrounds, Private Bag 173 Gaborone, Contact details +267 318 8886; or
- African Alliance Securities, African Alliance House, Fairgrounds, Office Park, Gaborone, Contact details +267 318 8958; or
- DPS Consulting Services, Plot 50371, Fairground Office Park, Gaborone, Contact details +267 3952011; or
- Specific Barclays Bank branches as set out in Annexure 13 on page 113;

So as to be received by no later than 7 June at 16h30. No late applications will be accepted.

Neither the Company, its Directors nor its appointed advisors accept responsibility for any Application Forms which are not lodged as aforesaid.

Each Application Form must be accompanied by payment of the total price of the shares applied for by way of cheque, crossed "not transferable" and drawn in favour of "Cresta IPO "

The cheques accompanying each Application Form will immediately be deposited for payment, and will be held by the Transfer Secretary pending compliance with the conditions set out in paragraphs 0 and 9.2 above. If such condition is not fulfilled, application monies will be refunded by cheque drawn on Barclays Bank, in Botswana currency, posted by ordinary mail at the risk of the applicant, within seven days of the condition not being fulfilled, to the address furnished on the Application Form by the applicant. No interest will be paid on any amounts refunded.

9.5 Dematerialised and Physical Shares

Members of the public applying for Offer Shares in terms of the Public Offer will have the option to elect to receive their Cresta Shares in either physical or dematerialised form as detailed below.

Physical form: For those members of the public applying for physical shares, Cresta share certificates will be posted from 17 June 2010, following the completion of the Public Offer.

Dematerialised form: Those members of the public applying for dematerialised shares will have their CSDB accounts credited with the Offer Shares they have been allocated in terms of the Public Offer.

9.6 Acceptance conditional upon listing

Acceptance of applications for Offer Shares and the allotment and issue of Offer Shares pursuant thereto will be conditional upon the Committee of the BSE granting a listing of the Stated Share Capital of Cresta.

10 EXPENSES OF THE PLACEMENT, PUBLIC OFFER AND LISTING

The expenses of the listing are estimated at P3 500 000 (excluding VAT, where applicable) and include BSE fees, printing, publication and distribution costs of this Prospectus and fees payable to professional advisors. An approximate breakdown of the anticipated Listing costs is contained below.

LISTING EXPENSES	(P)
Printing and distribution	70 000
Media	40 000
BSE fees	330 000
Professional advisors	2 660 000
Other	400 000
TOTAL	3 500 000

DRAFT

11 HISTORY OF THE COMPANY

Cresta was initially incorporated as B.D.C Hotel Management Company (Pty) Limited in August 1974 and was essentially created as hotel management company, operating the hotels owned by BDC. At incorporation, the Company operated four hotels namely the President Hotel, Riley's Hotel, Thapama Hotel and Bosele Hotel which collectively had 247 rooms. At this time, BDC was the sole shareholder in the Company and in January 1980 approved the change of name to Marakanelo (Pty) Limited ("Marakanelo").

During the early eighties, Marakanelo reported financial losses due to the lack of hotel management experience within the Company. In recognising the need for an experienced hotel manager, BDC awarded a management contract to TA Botswana in 1987. Under this management contract, TA Botswana took over the management of the four BDC hotels and reported profits for the Company within a year. This was a significant milestone in the Company's history and a dividend of P100,000 was declared in 1989. As a result of the financial turnaround of Marakanelo, TA Botswana acquired a 40% shareholding in the company from BDC in 1989. BDC retained their 60% shareholding and the Company name was changed to Cresta Marakanelo (Pty) Limited.

Cresta still leases the original four hotels from BDC, as well as Cresta Lodge. In addition, Cresta recently signed a ten year operating lease with Botsalo (Pty) Limited for Cresta Botsalo and has had in place an operating lease with Knights Bridge (Pty) Limited for the Residency wing of Marang Gardens. The Company added two hotels to their portfolio, Cresta Mowana Safari Lodge and Cresta Marang (which makes up Cresta Marang Gardens), bringing the total number of hotels under management to eight, with a total of 724 rooms. CH provides and will continue to provide technical assistance to Cresta regarding service delivery, hotel design and layout and refurbishments.

Over the last eleven years, the Company has expanded and is now recognised as a leading hotel brand in Botswana. Last year Cresta underwent a re-branding exercise whereby hotels within the portfolio are categorised into four separate Gateways which are defined by the products offerings of each Cresta hotels. Hotels which have the same offerings are grouped into the same Gateway. The majority of Cresta's customers are business travellers, but some locations and services offered also cater for leisure travellers.

In October 2009, the shareholders passed a special resolution converting the Company into a public company and adopted a Constitution which complies with the requirements of the Companies Act for a public company and the Botswana Stock Exchange Listing Requirements for a listed company. That special resolution was registered with the Registrar of Companies on 30 November 2009 and the conversion of the Company from a private to a public company was approved on the 7 December 2009 by the Registrar of Companies. The Constitution of Cresta was registered on the 17 December 2009.

12 BRIEF OVERVIEW OF TA BOTSWANA AND BDC.

TA Botswana

TA Botswana is a Botswana incorporated investment holding company. It is a subsidiary of CH which in turn is a wholly owned subsidiary of Trans Industries, both Botswana registered companies. Trans Industries is a 100% subsidiary of Metonic Investments, a company registered in Jersey and owned by Metonic Trust. The 100% beneficiary of Metonic Trust is TA Holdings Limited, a Zimbabwean investment company that is listed on the Zimbabwe Stock Exchange with interests in hospitality, insurance (including general, life and reinsurance); agro chemicals; and construction materials manufacturing and distribution. The top ten shareholders of TA Holdings Limited are set out in the table below.

Shareholder	Shareholding
Tencled Incorporated	16.51%
Old Mutual Life Assurance Company Zimbabwe Limited	15.33%
FMI Investments (Pvt) Limited	11.36%
Edwards Nominees (Pvt) Limited – New Non Residents	8.27%
Remo Nominees (Pvt) Limited	6.97%
Remo Nominees (Pvt) Limited – New Non Residents	5.33%
Old Mutual Zimbabwe Limited	4.77%
Beshog Investments (Pvt) Limited	3.30%
Edwards Nominees (Pvt) Limited	3.02%
Waughco Nominees (Pvt) Limited – New Non Residents	2.58%
TOTAL	77.42%

TA Botswana holds 40% of the Stated Share Capital of Cresta. Cresta is the only investment that is held by TA Botswana and the company has no other income streams save for distributions from Cresta.

BDC

BDC was established in 1970 to be Botswana's main agency for commercial and industrial development. The Government of Botswana owns 100% of the stated share capital of BDC. The primary role of BDC is to provide financial assistance to investors with commercially viable projects. They support projects that generate sustainable employment for Botswana and add to the skills of the local workforce.

At a BDC board meeting held on 10 February 2010, the directors of BDC approved the sale of a portion of the Cresta Shares held by BDC. The resolutions passed at this board meeting were as follows:

- o The sell down of 34% of BDC shares held in Cresta at the price of P1.45 per Cresta Share; and
- o To give authority to the Managing Director of BDC to sign all the necessary documentation to give effect to the sale of shares.

7. D.2 -BSE
s.6 (2) Part 1.10th CA

13 NATURE OF BUSINESS

Cresta operates in the travel and tourism sector, concentrating on the provision of hotel services to business travellers. In addition to accommodation, Cresta, as part of its services, offers customers restaurants, bars, safari tours, provision of conference facilities, outside catering, as well as other ancillary business activities carried out from the Hotels. In its operations, Cresta derives marketing benefits and support from the use of the "Cresta" brand, which is wholly owned by CH.

13.1 Hotels

The Company has hotels in the main cities and towns of Botswana, including Gaborone, Francistown, Maun, Selebi Phikwe, Kasane and Palapye. The strategic locations of these hotels have resulted in Cresta providing the main source of accommodation for business travellers in Botswana. Despite there being a large number of small independent travel and tourist operators in the country, the majority of these are targeted at leisure travellers and are located in the Delta area.

Cresta owns two properties on which it has built hotels. Cresta Marang Gardens was acquired by the Company in 2005, although the Residency wing of the hotel is under a long term operating lease with Knights Bridge (Pty) Limited. Cresta Mowana Safari Lodge was built by the Company in 1993. The other hotels have long term operating leases either with BHDC and Botsalo (Pty) Limited. Five of the leases with BHDC have recently been renewed and are valid until 2020, with renewal clauses in the leases. Details of the leases are discussed in paragraph 13.4 below and detailed in Annexure 8 on page 102 of this Prospectus.

Information on the four different "Gateways" is set out below, including details of each of the hotels.

A. Cresta Urban Oasis

The hotels under this Gateway operate in major cities in Botswana and target business travellers. These properties are located close to the city centre and have lush gardens offering a more serene environment.

The facilities available include meeting and conference rooms, wireless internet access and high-end restaurants, thereby meeting all business travellers' needs. The hotels under this Gateway are:

Cresta Lodge Gaborone

This is a three star hotel located 2 kilometres from the Gaborone city centre, just 5 kilometres from Gaborone Game Park and is leased from the BHDC. The lease with BHDC was recently renewed and is valid until 2020. The hotel began operations in 1991 at a built cost of P15 000 000. This hotel offers 160 air conditioned rooms, perfectly manicured lawns, fine cuisine from the Chatters Restaurant, a swimming pool, conference facilities and paraplegic facilities, among others. The hotel recently commissioned a conference facility with a capacity of four hundred seats and boasts state of the art public address system, LCD projectors and lighting system. Cresta Lodge is currently undergoing extensive refurbishment of the 160 rooms and reception area. The refurbishments will be completed in May 2010 and Cresta expects these to improve the hotels ratings. There is high demand for accommodation at Cresta Lodge due to the facilities and services offered and the location of the hotel. Cresta Lodge experiences high occupancy rates as a result, and occupancy levels as at 31 March 2010 were at 71%.

Cresta Marang Gardens

This is a three star hotel located five minutes outside the Francistown city centre on the banks of Tati River and has 105 air conditioned rooms, 51 in the Marang wing and 54 in the Residency wing. The Marang hotel was added to the Cresta portfolio in 1999 on an operating lease basis and was subsequently purchased by the Company in 2003 for P24 000 000. The Residency wing was added to the hotel in 2007 on a renewable operating lease basis from Knights Bridge (current period of the lease is until 2017). The hotel has conference facilities with a multi media projector as well as a casino and is suitable for both business and leisure guests. Occupancy levels at Cresta Marang Gardens, as at 31 March 2010 were at 54%.

B. Cresta Urban Heartbeat

Similar to Cresta Urban Oasis, the hotels in the Cresta Urban Heartbeat brand cater for business travellers as they are located in the city centres of the major cities (Gaborone and Francistown). These hotels offer a cosmopolitan setting with simple rooms and high quality restaurants ideal for business meals. Hotels under this Gateway are:

Cresta President Hotel

A three star hotel located in the heart of Gaborone, leased from BHDC on a recently renewed 10 year lease. The hotel has a rich history having hosted the Queen of England and also the first President of Botswana at independence in 1966. The hotel has 93 air conditioned rooms, conference facilities, restaurant, bar and wireless internet access. Due to its location it offers direct access to the National Museum and the Parliament Buildings. This hotel is ideal for the business traveller and like Cresta Lodge experiences high occupancy rates (70% as at 31 March 2010). Refurbishments were completed in August 2007 costing P25 000 000 and this has improved the hotel's standing as a business hotel in Gaborone.

Cresta Thapama Hotel

This is a three star hotel located in Francistown, the second largest commercial centre in Botswana and is on a recently renewed 10 year lease from BHDC. This hotel offers comfort and friendly service and is ideal for both the business and leisure guest. There are 96 air conditioned rooms, a sports complex, two swimming pools and a casino. A refurbishment program costing P25 000 000, was recently completed in March 2009 which improved both the rooms and the current conference facilities. Cresta Thapama also experiences high occupancy rates, 71% as at 31 March 2010.

C. Cresta African Roots

These hotels offer modern and affordable accommodation, emphasising on value and comfort. They are located in the smaller cities within Botswana and have access to the surrounding areas, as highlighted in the hotel information below. Hotels under this Gateway include:

Cresta Riley's Hotel

This is a two star hotel and is located on the banks of the Thamakalane River in Maun, the gateway to the Okavango Delta and offers 51 air conditioned rooms. It is leased from the BHDC on a recently renewed 10 year lease. The hotel prides itself in providing its guests with a warm Africa welcome, modern conference facilities, fine dining, game viewing, bird watching, garden terrace, gift shop and swimming pool. Occupancy levels as at 31 March 2010 were high at 77%. Refurbishments at this hotel, although at an early stage, have commenced and are focused on the rooms and the restaurant, Harry's Grill. The hotels rating is expected to improve as a result.

Cresta Bosele Hotel

Located in Selebi-Phikwe (400km from Gaborone), Cresta Bosele Hotel is leased from BHDC on a 10 year lease. This hotel offers 52 air conditioned rooms and is a gateway to the Tuli Block, famous for wildlife. The hotel has a casino and the Bosele Grill, a high quality restaurant. Although the hotel currently has a two star grading, management expect the hotel to be re-rated in the near future. Occupancy as Cresta Bosele currently was 63% as at 31 March 2010.

Cresta Botsalo Hotel

Cresta Botsalo is the most recent addition to the Cresta portfolio. Cresta secured the operating lease for the hotel in October 2009, after previously managing it under a management contract. Cresta Botsalo is a 49 roomed, two star hotel located in the town of Palapye (approximately 260km from Gaborone) along the highway between Gaborone and Francistown. Occupancy rates at the hotel as at 31 March 2010 were 70%. Management recognises that some of the facilities at Cresta Botsalo need upgrading and refurbishments will commence on the hotel during 2010. Cresta Botsalo currently offers state of the art conference facilities and a casino.

D. Cresta African Fingerprint

Cresta only has one hotel within this brand, which is a signature destination offering a unique travel experience to guests. This Gateway's hotel has a high rating and offers guests a travel experience, which includes safaris and other activities in addition to top class hotel rooms and restaurants.

Mowana Safari Lodge

Mowana Safari Lodge is Cresta's flagship hotel, having won awards in the best hotel in Botswana category in the London's World Tourism Market in 2006 and South African Profession Management Review. It is a four star hotel located in Kasane on the banks of the Chobe River and offers tranquil surroundings. The hotel was added to the Cresta portfolio in 1993 at a built cost of P32 000 000. The hotel has 116 luxury air conditioned rooms, conference facilities and a 9 hole golf course. All the rooms offer a spectacular view of the Chobe River and are ethnically decorated to complement the natural ambiance. Guests at Mowana Safari Lodge are predominantly tourists from Europe, Asia and America who make full use of the location of the hotel and the game drives and boat cruises available. Mowana Safari Lodge has hosted a number of high profile guests, including Bill Clinton, Elizabeth Taylor and the Japanese prince. The hotel offers guests tennis courts, a pool, tiger fishing, boat cruises and game drives among other facilities. Mowana Safari Lodge had occupancy levels at 56% as at 31 March 2010.

13.2 Occupancy Rates

As mentioned previously Cresta has historically experienced above average levels of occupancy. This is a direct result of the business travellers which make up a large portion of the Company's business. Average occupancy levels as at March 2010 were 67% and the Company is confident that these levels will not only be maintained but will increase in the future as the number of international travellers to Botswana increases.

13.3 Refurbishment of Hotels

The Company has adopted a general refurbishment policy whereby hotels will be refurbished on a rolling five year program. The refurbishment focuses on soft furnishings as well as furniture and these refurbishments are often implemented in conjunction with structural refurbishments and upgrades of the properties which are undertaken by the property owners. Major refurbishments and expansions are currently being undertaken at Cresta Lodge and are expected to be completed by May 2010. Refurbishments at Cresta Riley's Hotel are at an early stage and minor refurbishments will commence on Cresta Botsalo Hotel in 2010 (lasting three months). Refurbishments are planned to commence at Cresta Marang Gardens and Cresta Mowana Safari Lodge within the next two years.

These soft refurbishments are financed by the Company's working capital.

13.4 Operating Leases

As previously highlighted, Cresta has seven long term operating leases. The majority of these leases are with BHDC and details of all the lease agreements are set out in Annexure 8 on page 102. Five of the leases were recently re-negotiated with BHDC which resulted in the annual rentals on these five properties increasing by an average of 83%. These new rentals will be payable from 1 July 2010 and the leases are valid until 31 June 2020 with an annual escalation rate of 8%. The ten year lease on Cresta Botsalo Hotel was signed in October 2009. All the leases have renewal clauses and Cresta has historically had a good relationship with BHDC.

13.5 Management Agreement

Cresta have had a Management Agreement with CH and its affiliates since 1987, whereby CH provides management services to Cresta and its hotels. The current Management Agreement was signed on 1 January 2010 and is valid for a period of ten years, expiring in 1 January 2020. The salient features of the Management Agreement are set out in Annexure 7 on page 100.

CH and TA Botswana are subsidiaries of Trans Industries, a company registered in Botswana. In terms of the Management Agreement, in the event that TA Botswana's shareholding in Cresta drops below 5% of the Stated Share Capital, the brand name "Cresta" is to be withdrawn. TA Botswana has undertaken to maintain their current shareholding above the 5% level for at least the period of the current Management Agreement. This undertaking by TA Botswana is set out in Annexure 11 on page 111.

13.6 Staff

Cresta has a total staff of 755 allocated as follows:

Category	Number
- Corporate executives	6
- Hotel management	72
- Accounting	22
- Administration & general	20
- Food & beverages	368
- Front office	78
- Maintenance	33
- Housekeeping	144
- Sales & marketing	11
- Training	1
TOTAL	755

As would be expected in the hospitality industry, Cresta's staff is very important to the success of the business. The managers of each hotel have significant experience and are responsible for the staff and the daily running of the hotels. The Company has implemented a training policy for all staff in the areas of their speciality. This ensures that staff are continually developed and the Company is in-line with changing developments within the hospitality sector. Cresta has applied for accreditation as a training institution with the Botswana Training Authority (BOTA) and the BOTA certification that staff will obtain is recognised in all Southern African Development Community ("SADC") member states.

The Company aims to retain staff, especially on completion of their training and intends to maintain a staff turnover rate around 10%, which is below the current industry average (15%-20%). The Company is committed to creating employment for the citizens of Botswana, who make up 99% of the Cresta staff. The Company intends to maintain this trend.

In terms of remuneration, staff motivation is a key part of Cresta's strategy and salary surveys are carried every three years and the results are taken into account in determining remuneration. This is to enable the Company to retain and attract experienced and competent staff. As part of the Listing, an Employee Share Trust has been created to ensure that all staff are adequately motivated to achieve Cresta's success. Details of key management are discussed in paragraph 21 on page 29 of this Prospectus.

13.7 Other Revenue Streams

In addition to accommodation, Cresta generates revenue from general food and beverages, the restaurants located in hotels, conference facilities, outside catering services and other ancillary services which it offers guests. Many of these revenue streams are a direct result of Cresta aiming to offer more for their guests. Conference facilities are an important part of Cresta's business and facilities are available at all eight hotels.

13.8 Competitive positioning

Cresta is a unique hotel operator in the Botswana market as it has the largest number of rooms (724) and a wide geographical spread. With its hotels being located in major cities as well as the outlying smaller towns and tourist areas, Cresta has the ability to access different markets in Botswana. Cresta offers accommodation to business travellers to the main cities, travellers to the mining and agriculture communities as well as tourist and leisure travellers. Having a mix of business travellers and leisure travellers as the target market has resulted in Cresta being less affected by the global recession than its peers within the Botswana hospitality industry. Historically a significant portion of travellers to Botswana have been for business purposes and this trend is set to continue. In addition, Cresta will benefit when the number of leisure travellers to Botswana increases.

13.9 Social Responsibility

Cresta recognises the importance of the country's environment and local communities in operating a successful Botswana business. The Company has implemented environmentally friendly policies and is actively involved with the local communities as set out below.

13.9.1 Environmental policies

Cresta takes into account environmental considerations in all major business decisions and employees are encouraged to operate in an environmentally responsive manner. In order to operate in an environmentally friendly manner, Cresta has adopted the following practices:

- a reduction in the use of hazardous products;
- the procurement of bio-degradable supplies;
- continuously making the customers aware of the environmental factors in the specific areas where they are in direct contact; and
- a reduction of the amount of wastage and the production of pollutants to the environment.

13.9.2 Charitable organisations

Cresta has in the past raised funds for local charitable organisations that have interest in orphans, HIV/AIDS and the environment and Cresta will continue with this initiative in the near future. On an annual basis, a list of deserving charitable organisations which address issues of compassion within the communities where Cresta operates or at national level, is compiled and donations are made to approved organisations on a quarterly basis.

Cresta's involvement in the local community include:

- the Masiela Trust Fund which Cresta has made donations to since 2001;
- the SOS in Francistown which has an annual SOS Christmas Party hosted by Cresta;
- Provision of beds and linen for SOS villages in Tlokweng and Serowe;
- Building a house for an orphaned family in Francistown;
- Providing children recreational facilities at Mokubilo, Thapama and Nkange villages;
- A Monetary donation Environmental Heritage Foundation.

14 FUTURE PROSPECTS

14.1 Tourism sector in Botswana

Over the years tourism has become a significant contributor to the Botswana economy and one of the major foreign currency earning industries after the diamond industry. The majority of tourists to Botswana are regional, with South African visitors making up approximately 40% of all arrivals in Botswana and Zimbabwean visitors, approximately 30%. International arrivals make up the balance (approximately 30%). Many of the regional arrivals in Botswana would be classified as business travellers, coming to Botswana for business, or in the case of Zimbabwe, to purchase goods, whilst the majority of international arrivals have traditionally been leisure travellers.

The effects of the global economic slow down have had an impact on the country's tourism sector, with a decline in the number of international arrivals to Botswana. This has had a direct effect on hotel occupancy levels in certain areas of Botswana which are traditionally holiday destinations, such as the Okavango Delta. Hotel operators that focus purely on leisure travellers have experienced a more significant decrease in occupancy rates than those operators that have a mix of leisure and business travellers.

The global recession has also had an impact on Botswana's diamond industry and the Government of Botswana has recognised tourism as an alternative source of economic growth. To facilitate further growth in the sector, the government's tourism policy and related legislation have been reviewed and will be presented to Parliament in 2010/2011. This is expected to promote growth of the industry in Botswana.

14.2 Future Occupancy

Cresta is uniquely placed in the Botswana market as it has a mix of hotels and services offerings. The Company's largest market is business travellers, although it also caters for leisure travellers with its hotels within the African Fingerprint and African Roots gateways. Most operators in the industry have been exposed to decreasing demand due to the global recession, and are experiencing low occupancy rates. Being located in the major cities in Botswana has ensured that Cresta has a large number of repeat guests especially in cities such as Gaborone where there is a large number of business travellers.

Cresta has traditionally had a large number of guests staying at the hotels on business for the Government of Botswana. This number is expected to decrease as Government has issued a directive to local councils to reduce their expenditure by 25% including their travel costs, but Cresta believes the impact to revenue will not be significant as the hotels usually frequented by Government travellers currently have high levels of occupancy. The Company expects occupancy rates to remain between 70% and 75% over the long term.

In the short term, the number of visitors to Botswana is expected to increase in 2010 due to an overflow of visitors to South Africa for the 2010 FIFA World Cup. The international arrivals to South Africa are expected to be significant and there are opportunities for some visitors to visit neighbouring countries such as Botswana, given the proximity to South Africa and in particular to host cities such as Rustenberg and Polokwane.

In the medium to long term, management believes Cresta is well positioned to take advantage of a number of opportunities in the local market. Ecotourism is a growing industry, and international tourists have over the years, become more interested in eco-tourism. Through its African roots and African Fingerprint gateways, Cresta is able to meet these demands of many international travellers. The Company already offers a different form of eco-tourism at these hotels and will also look to develop similar sites in Botswana.

Going forward, Cresta intends to increase its local market share and enter the regional market by seeking out new opportunities. The section below details each of the key strategies identified by management.

14.2.1 Growth Strategy

Cresta has identified its key growth strategy as expansion both locally and regionally. With this in mind, management has identified areas in Botswana where the demand for accommodation is currently unsatisfied, such as the Central District of Botswana. The Company intends to leverage off their skills and experience seek operating leases in these areas for the management of hotels. Regionally, Cresta has a number of opportunities available to it through its strong relationship with CH. CH currently has management contracts in Zimbabwe and Nigeria and has significant experience in the region. Cresta has identified key growth areas within the region and will actively pursue opportunities to expand the current operations. The Listing gives Cresta the ability to actively pursue expansion as the Company has increased access to capital.

It is Cresta's intention to remain a hotel operator and only in exceptional circumstances will the Company acquire hotel properties. Management has in place a detailed business plan which sets out the strategies to improve the Company's market share and expand operations locally and regionally. In addition, Cresta has recently established a Projects division to identify and pursue potential opportunities in the local and regional market. There is a dedicated Project Manager who leads the division, Justice Motswetla, whose details are set out in paragraph 21 of this Prospectus.

To help develop its current hotels and operations, the Company has installed a state of the art hotel management system which allows for a full analysis of all the areas of operation. The system produces detailed reports which are used by management to forecast areas of growth and plan the distribution of resources, such as staff, and recognise trends in the market.

Refurbishment is key to Cresta's growth as it improves the rating of hotels and increases the number of beds available. The Company is currently undergoing a number of refurbishments to existing hotels over the next two financial years. Refurbishments will be carried out at Cresta Mowana Safari Lodge and Cresta Marang Gardens and is expected to increase the occupancy levels at these hotels by approximately 5%. Refurbishments have commenced at Cresta Riley with an intention to also make an addition to the hotel.

14.2.2 Sales and Marketing Strategy

Cresta has historically placed a large emphasis on sales and marketing, believing it to be a very important part of bed sales in the industry. Cresta gives priority to its Sales and Marketing department and has continually upgraded these systems and processes. This has contributed significantly to the growth of the Company and the brand awareness that is experienced by Cresta. The Company has targeted the middle to high end guests for both business and leisure and will continue to pursue this target market.

The Company has recently completed a rebranding exercise and the benefits, which the Company expects to accrue, include improved visibility of the Company and the streamlining of the different services offered by the company into the four distinct Gateways. The positive brand image and awareness will be enhanced through an aggressive and robust marketing strategy which has been put together by the sales and marketing team. This strategy includes extensive advertising within Botswana and in international publications, leveraging off the relationship with CH and participating in tourism exhibitions both locally and in selected target markets.

The Company's hotel rates are kept in line with peers to ensure that the prices are competitive in the local market. New products are developed by the Company in line with international tourism sector developments, such as customer Loyalty Cards.

14.2.3 Human capital strategy

The Company's success is largely dependant on the quality of service at the hotels, effective support staff and effective management. As detailed in paragraph 13.6 on page 19, Cresta staff have access to training and continual development to ensure that the level of service offered at the hotels meets guests needs. The level of service is important in ensuring guests return to the hotels, and the hotels maintain the high levels of occupancy being experienced. Cresta recognises the importance of the staff and is dedicated to retaining and motivating all levels of staff. With this in mind, Cresta has established an Employee Share Trust which will be used to motivate staff.

14.2.4 Information technology strategy

Cresta has installed a Property Management System called Medallion in all of its hotels. This system is recognised as the preferred hotel management system by many hotel operators worldwide. The Medallion system allows for a full break down and analysis of the different areas of operation and the data collected is

used for front and back office management, including reservations, client relations management, food and beverages, housekeeping and staffing.

The system was installed in early 2009 for a cost of approximately P4.5 million.

14.3 Directors opinion on the Prospects of Cresta

It is the Directors opinion that Cresta is well positioned in the current market to take advantage of the opportunities detailed above. For the nine months to March 2010, the Company has been trading favourably and the Directors believe that Cresta has strong future prospects.

15 PROFIT HISTORY AND PROFIT FORECAST

7. A.17 –BSE
S5 (b) Part 1. 10th CA

The information below should be read in conjunction with the independent Reporting Accountants' Reports as set out in Annexure 2, 3 and 4 to this Prospectus.

	Year Ended 30 June 2005 P000's	Year Ended 30 June 2006 P000's	Year Ended 30 June 2007 P000's	Year Ended 30 June 2008 P000's	Year Ended 30 June 2009 P000's	6 months Ended 31 Dec 2009 P000's	Forecast Year ended 30 Jun 2010 P000's
Revenue	86 192	83 692	100 896	143 661	158 874	81 315	162 469
Cost of revenue	(61 929)	(64 212)	(71 385)	(87 823)	(93 275)	(55 018)	(105 130)
Depreciation and amortisation	(6 110)	(4 443)	(4 613)	(4 611)	(7 272)	(7 263)	(11 950)
Operating costs	(11 558)	(12 310)	(15 140)	(23 628)	(25 007)	(10 633)	(16 346)
Operating income before net finance costs and taxation	6 595	2 727	9 758	27 599	33 320	12 050	29 043
Interest income	685	893	29	27	572	116	547
Interest expense	(3 061)	(2 844)	(2 500)	(2 487)	(2 229)	(1 045)	(2 217)
Profit before tax	4 219	776	7 287	25 139	31 663	11 121	27 373
Income tax expense	(405)	(573)	(176)	(5 716)	(6 227)	(1 781)	(6 843)
Net income from ordinary activities	3 814	203	7 111	19 423	25 436	9 340	20 530
Dividends	(1 906)	(3 400)	(3 556)	(9 711)	(12 718)	(3 700)	(3 700)
Retained profits	1 908	(3 197)	3 555	9 712	12 719	5 640	16 830
Earnings per share (thebe) *	2.06	0.11	3.84	10.50	13.75	5.05	11.10
Dividend per share (thebe) **	10.30	18.38	19.22	52.49	68.75	20.20	20.20

Notes:

* EPS calculated from the Stated Share Capital following the share split (185 000 000)

** DPS calculated from the Stated Share Capital prior to the share split (18 500 000)

16 ASSUMPTIONS TO THE PROFIT FORECAST

8.32-BSE

Notes to the profit forecasts are set out in Annexure 4 on page 93 and include the assumptions made by management and the Reporting Accountants' opinion on these forecasts. The forecasts for the year ended 30 June 2010 have

been arrived at after considering the six month actual results to 31 December 2009 and six month budget accounts to 30 June 2010.

17 DIVIDEND POLICY

7. E.7 BSE

17.1 Current year dividends

Historically the Directors have declared dividends of between 40% -50% of the net profit after tax. An interim dividend of P6m for the 2009 financial year was paid in April 2009 and a final dividend of P6.7 million was paid for the 12 months ended 30 June 2009. An interim dividend of P3.7 million has been proposed for the 6 months ended 31 December 2009

17.2 Future dividends

It is currently proposed that dividends be paid semi-annually based on the financial performance of the Company for the 6 months ended 31 December and the 12 months ended 30 June. The quantum of the dividend is subject to the discretion of the Directors and dependant on available cashflows.

In terms of the Company's Constitution, any dividend payable in respect of a Cresta Share:

- Shall bear no interest;
- Which is unclaimed, may be retained by the Company and may be invested or used as the Directors may deem fit for the benefit of the Company until claimed by the member concerned; and
- Which remains unclaimed for a period of ten years from the date of declaration, shall be forfeited and retained by the Company.

18 BALANCE SHEETS

7. E.7 and 8.35 BSE

	At 30 June 2009 (Audited) P'000s	At 31 December 2009 (Unaudited) P'000s
ASSETS		
Non-current assets		
Property, plant and equipment	98 695	108 997
Available for sale investments	103	103
Intangible assets	200	542
Deferred income tax	-	828
	98 998	110 470
Current assets		
Inventories	896	1 258
Related company balances	-	4
Receivables and prepayments	10 157	15 103
Cash and cash equivalents	10 011	857
	21 064	17 222
Total assets	120 062	127 692
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	18 500	18 500
Retained earnings	58 246	67 585
Dividend reserves	6 718	-
Total equity	83 464	86 085
Non-current liabilities		
Borrowings	13 062	12 483
Deferred income tax	3 338	3 854
	16 940	16 337

Current liabilities		
Trade and other payables	13 288	12 465
Borrowings	5 842	5 859
Dividend payable	-	4 030
Related party loans	-	1 399
Income tax liabilities	528	1 517
	19 658	25 270
Total liabilities	36 598	41 607
Total equity and liabilities	120 062	127 692

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PART 5: ADDITIONAL INFORMATION

7.B -BSE
s.2(a)Part1.10th CA

19 DIRECTORS

The full names, addresses and occupations of the directors of Cresta are set out below:

Name	Date of Appointment	Residential Address & Postal Address	Current Occupations	Other Directorships and Nature of those Businesses
M. M Nthebolan (Motswana)	27 02 2008	Plot 27808, Block 3, Gaborone, Botswana	Managing Director of BDC	<ul style="list-style-type: none"> • BDC (Investment) • Mashatu Nature Reserve (Pty) Limited (Tourism) • Fengyue Glass Manufacturing Company (Pty) Limited (Glass Manufacturing) • Air Botswana Corporation (Air Transport) • Superfit Gym and Wellness Centre (Pty) Limited (Health and Fitness) • Southern African Development Community – Development Finance Resource Center (Institutional Capacity Building)
R. D Mogorosi (Motswana)	27 02 2008	Moedi House, Plot 50380, Fairground , Off Machel Drive , Gaborone, Botswana	Industry Manager at BDC	<ul style="list-style-type: none"> • Botswana National Productivity Centre (Training and Development) • Malutu Enterprises (Pty) Limited (Land Holding) • Kwen Concrete Products (Pty) Limited (Manufacturing) • Can Manufacturers Botswana (Pty) Limited (Manufacturing)
B. G Mmualefe (Motswana)	31 12 2007	Plot 19284, Phase 2 P Bag 160 Gaborone West Botswana	Manager, Marketing and Research, BDC	<ul style="list-style-type: none"> • Phakalane Property Development (Property) • Lobatse Tile Limited (Manufacturing) • Commercial Holdings (Pty) Limited (Property) • Coast to Coast (Tourism) • Can Manufacturers Botswana (Pty) Limited (Manufacturing)
O. Majuru (Zimbabwean)	22 01 2010	7 Chateau Laliqie 1 Chapel Avenue Bryanston, 2191 South Africa	Chief Executive Officer of Cresta Holdings	<ul style="list-style-type: none"> • TA Holdings Ltd (Investment) • Cresta Holdings (Pty) Limited (Hospitality) • Cresta Zimbabwe (Hospitality) • Metonic Investments (Investment) • TA Botswana Limited (Investment) • Trans Industries (Pty) Limited (Investment)

Name	Date of Appointment	Residential Address & Postal Address	Current Occupations	Other Directorships and Nature of those Businesses
J.Y Stevens (South African)	22 01 2010	Plot 50664, Fairgrounds Office Park, Gaborone	Private Consultant	<ul style="list-style-type: none"> • Botswana Accountancy College (Education) • Botswana Unified Revenue Service (Government) • Masego (Pty) Limited (Property) • Delhurst Properties (Pty) Limited (Property) • Kestrel (Pty) Limited (Property) • FK Holdings (Pty) Limited (Property) • Barclays House (Pty) Limited (Property) • Desert Secretarial Services (Pty) Limited (Financial Services) • Seroto (Pty) Limited (Property) • Quassia (Pty) Limited (Property) • Crake (Pty) Limited (Property) • East Coast Developments (Proprietary) Limited
B. P Nyajeka (Zimbabwean)	28 11 2004	37 Shaneragh Road, Mandara, Harare Zimbabwe	Executive Director of TA Holdings	<ul style="list-style-type: none"> • T A Holdings Limited (Investment) • Botswana Insurance Company (General Insurance) • CH (Hospitality) • Metonic Investments (Investment) • Trans Industries (Investment) • ZB Financial Holdings (Financial Services) • Zimnat Lion Limited (Insurance) • Zimnat Life Limited (Life insurance) • Sable Chemicals (Agro Industries) • ZFC Limited (Agro Industries) • PG Industries Zimbabwe (Manufacturing) • Neural (Pty) Limited (Insurance Management Services) • TA Botswana Limited (Investment)
H. M Munyati (Zimbabwean)	28 11 2007	Plot 32573, Phakalane Gaborone, Botswana	Chief Executive Officer of Trans Industries	<ul style="list-style-type: none"> • Botswana Insurance Company Limited (General Insurance) • Lion Assurance Company Limited (General Insurance) • Trans Industries (Investment) • TA Botswana (Investment) • Metonic Investments (Investment) • CH (Hospitality) • Neural (Pty) Limited (Insurance Management Services) • Quest Ventures (Pty) Limited (Investment)
E. M Dewah (Motswana)	22 01 2010	Plot 2723, Notwane Rd, Extension 9, Gaborone Botswana	Private Consultant	<ul style="list-style-type: none"> • Sefalana Holdings Company Limited (Investment) • Kalahari Conservation Society (Environmental)

20 DETAILS OF DIRECTORS

Nthebolan, Maria Mmasolo (44)

Non-Executive Chairman

Maria holds a Master of Arts in Financial Economics from the University of Botswana and has been the Managing Director of BDC since 2009. She joined BDC in 1995 as a Senior Operations Officer in the Industry Division and rose through the ranks to her current position. Prior to joining BDC she was with the Ministry of Finance & Development Planning as an Economist. She has attended numerous courses in corporate finance, corporate governance, venture capital and private equity and management development programme. Prior to her appointment as Managing Director, she held the position of General Manager and Business Development. She has accumulated a wealth of experience in project evaluation and management. She holds various directorships with both public and private sector corporate.

Mogorosi, Rosemary Deborah (52)

Non-Executive Director

Rosemary D Mogorosi is currently a Manager for the Industry division in BDC. She has previously held the roles of Chief Financial Accountant as well as Management Accountant & Treasury in the same organization. She has previously worked at Avis car rental and Barclays Bank. Rosemary is a Certified Chartered Accountant (FCCA) and holds a post graduate Diploma in Business Administration (De Montefort UK). She is in serving in the boards of Kwena Concrete Products (Pty) Ltd as the Chairperson, the board of Malutu Enterprises Pty Ltd as a Chairperson and director in Cresta and Can Manufacturers (Pty Ltd). She is also a council member in Botswana Institute of Accountants and one of her roles is to chair the SMME. She has also served as a member in the Membership and Examination Committee of the institute

Mmualefe, Batlang Goganelamang (46)

Non-Executive Director

Batlang is currently the Manager for Marketing and Research at BDC and has previously held the roles of Manager (Risk Management), Manager (Corporate Communications) and Senior Research Officer in the same institution. Mr Mmualefe previously worked for Bank of Botswana and Ministry of Finance and Development Planning in varying positions.

He holds Masters Degree in Development Economics from Williams College in USA and a Bachelor of Arts Degree in Economics and Statistics from the University of Botswana. He holds various certificates for attending professional programs on a wide scope of business areas including risk management, project management, and international financial management, corporate communication, management development programs, among others. Mr Mmualefe is a member of GARP (Global Association for Risk Professionals).

Munyati, Hilary Munyaradzi (46)

Non-Executive Director

Hilary is the Chief Executive Officer of Trans Industries which has significant interests in insurance, hotels and investments management companies in Botswana, Uganda and South Africa. Hilary completed a Bachelor of Accountancy (Honours) degree at the University of Zimbabwe in 1985 and served articles with KPMG (Chartered Accountants) in Harare, Zimbabwe, being admitted as a member of the Institute of Chartered Accountants of Zimbabwe in 1989. He completed the Masters in Business Leadership (MBL) degree program with the University of South Africa (UNISA) in 2009. Hilary has previously held a number of high profile leadership positions including being chairman of four companies listed on the Zimbabwe Stock Exchange and being Chief Executive of a large diversified group with interests in mining, agriculture, manufacturing and retailing sectors.

Majuru, Osbourne (43)

Non-Executive Director

Osbourne is currently the CEO of Cresta Holdings. Prior to that he was the Executive Director of Operations after having been the Special Assistant to the Executive Chairman of TA Holdings Limited. He was with Ashanti Goldfields since 1998 until 2002. He held the position of Finance Director in Tanzania, Zimbabwe and Ashanti's International

Treasury Office in the Isle of Man. He is a Chartered Accountant (Zimbabwe) with a Bachelor of Accountancy (Honours) degree.

Stevens, John Yendall (60)

Non-Executive Director

John qualified as a Chartered Accountant in 1976. He joined Deloitte & Touche in Durban in 1974 and was with the firm for 33 years, 25 years serving as a partner resident in Botswana of which the last eight years were as Senior Partner. John was elected to the Board of Deloitte & Touche Southern Africa in 2004. John also headed up Deloitte & Touche insolvency and reorganisation division in Botswana and has completed 50 insolvent estates. John retired from Deloitte & Touche in 2007 and has taken up the challenge of private consultancy. Over the past 27 years, John has gained extensive experience in many spheres of business in Botswana and the many clients that John has served include Barloworld Botswana, Murray & Roberts, Realestate Development Company, Botswana Insurance Company, National Development Bank, Avis Botswana, Bank of Botswana and Debswana. John is the past Chairman of the Botswana Institute Accountants after having served on the Council of the Institute for a number of years. In his role as a Council Member he chaired the Technical, Public Relations and Taxation and Exchange Control Committee.

Nyajeka, Bothwell Patrick (46)

Non-Executive Director

Bothwell is an executive director and Chief Financial Officer of TA Holdings Limited. Before joining TA Holdings Bothwell worked for the Anglo American Corporation Group in Zimbabwe. Bothwell is also a non executive chairman of a financial services group listed on the Zimbabwe Stock Exchange and also sits on the Council of the Institute of Chartered Accountants of (Zimbabwe).

Dewah, Elias Moyo (69)

Non-Executive Director

Elias holds a Master of Business Administration in Strategic Management and Industrialisation from the University of the Netherlands, as well as a Bachelor of Arts (Economics and Accounting) from the University of Botswana, a Diploma in Agriculture and a Specialist Certificate in Co-operative Development (United Kingdom). Currently he is a Private Consultant in the field of Management of Business Organization, Public-Private Dialogue, Democracy and Governance. Prior to that Elias has served in the Government of Botswana for 24 years in various capacities, such as the Head of Marketing (Department of Co-operatives), Director of Commerce and Consumer Affairs (Ministry of Commerce and Industry), Executive Director of Botswana Confederation of Commerce, Industry and Manpower. Before his roles with the Government of Botswana, Elias was the operations Manager of Shell Oil (Botswana) and General Manager of Rural Industries Innovation Centre. Elias received a Presidential Honour for Meritorius Service in 2007.

21 SENIOR MANAGEMENT

Makaya, Tawanda (44)

Managing Director

Tawanda is a Chartered Accountant by profession and holds an MBL from the University of South Africa. He completed his articles of clerkship with Deloitte & Touche Zimbabwe and qualified in 1991. He was a recipient of a bursary from Astra Holdings while at the University of Zimbabwe for being the best accounting student. Tawanda joined Astra Holdings in 1992 as Group Internal Auditor in June 1992 after which he joined TA Holdings in 1994 as the Group Finance Executive. In 1996 he was transferred to Cresta as the Group Financial Controller and rose through the ranks to become CFO and eventually Managing Director in 2007.

Mganga, Valentine (35)

Chief Financial Officer

Valentine was appointed Chief Financial Officer in March 2009 and is responsible for the production of the Company's financial information as well as the Company's secretarial functions. Valentine manages all finance functions of the eight Cresta hotels. He is a Certified Chartered Accountant with Bachelor of Accountancy degree and started his career as an Auditor with Deloitte & Touche. Valentine's previous work experience includes the role of Management Accountant for African Alliance and Internal Auditor with Botswana Telecomms.

Banda, Segomotso (36)

Group Human Resources Manager

Segomotso holds a Master of Science in Human Resource Management from the University of Manchester, UK and has been with Cresta for five years. Prior to joining Cresta, she was an Human Resources lecturer at the Botswana Institute of Administration and Commerce.

de Kock, Michael (52)

Group Operations Manager

Michael holds a Higher National Diploma from South Devon Technical College, UK. He rejoined Cresta in 2008 from the City Lodge group in South Africa where he worked as a Hotel General Manager. Prior to joining the City Lodge group, he worked in various hospitality establishments in Botswana, Zimbabwe and South Africa.

Motswetla, Matsapa Justice (36)

Project Manager

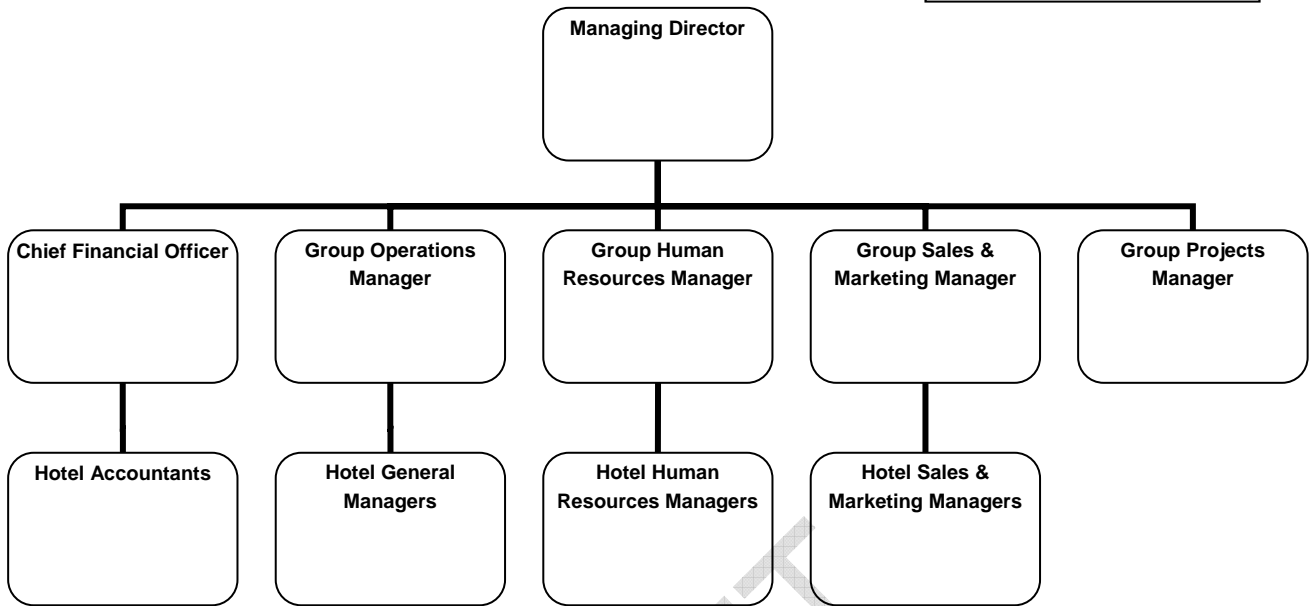
Matsapa is a Civil Engineer by profession and obtained his Bachelor of Engineering in Civil Engineering from the University of Botswana. He joined Cresta in July of 2009. His areas of speciality include project & construction management (structural works) and strategy implementation. Prior to joining Cresta he was employed by X-Pert Group Botswana in Gaborone where he handled major projects, among them, as a Facilitator on the construction of Botswana International University of Science and Technology. Matsapa also worked for GHC Africa Limited in Johannesburg South Africa where he was project manager for a R400 million multi purpose development and also for Group 5 in South Africa where he was site engineer of the construction of Sandhurst Towers, a 15 storey apartment block valued at R500 million.

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22 ORGANOGRAM OF CRESTA

As detailed previously in paragraph 13.6 on page 19, Cresta has a total staff count of 755 employees and the diagram below sets out the Company structure.

7.B.3 -BSE
s.2(b)Part1.10th CA



23 APPOINTMENT, QUALIFICATION, REMUNERATION, BORROWING AND VOTING POWERS, AND RETIREMENT INFORMATION OF DIRECTORS

The relevant provisions of the Constitution of Cresta concerning the appointment, qualification, remuneration, borrowing and voting powers and the retirement information of the Directors are set out in Annexure 1 on page 39 of this Prospectus.

7.B.5 -BSE
s.2 (c)Part1.10th CA

24 DIRECTORS' REMUNERATION

The total aggregate benefits paid to the Directors of Cresta by Cresta for the year ended 30 June 2009 were as follows:

	SALARIES	BENEFITS	BONUSES	FEES	TOTAL
Non-executive Directors	-	-	-	94 500	94 500

- The Directors of the Company were not paid fees in their individual capacities. All fees were paid to the Shareholder which each Director represents on the Board of Directors.
- Independent Directors were only appointed in the 2010 financial year.

7.B.13-14 -BSE
s.17 (c)Part1.10th CA

25 DIRECTORS' INTERESTS

The table below sets out the direct and indirect interests in Cresta held by the Directors.

	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING
Nyajeka, Bothwell Patrick	-	0.009%

26 BORROWING POWERS OF THE DIRECTORS

In accordance with the Constitution of Cresta, the Directors may raise or borrow for the purposes of the Company's business, such sums of money as in aggregate at any time that do not exceed such other sum as the Company may, by Ordinary Resolution in General Meeting determine.

The Directors have not exceeded any of their borrowing powers during the past three years.

27 DIRECTORS' RESPONSIBILITY STATEMENT

7.B.17-BSE

The Directors, whose names are given on page 26 of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and that this Prospectus contains all information required by law.

The Directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonable expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of Cresta and of the rights attaching to the securities to which the Listing particulars relate.

At a Board meeting held on 28 April 2010, the Directors approved the following resolutions to allow for the Private Placement, Public Offer and Listing to occur:

- o Issue of the Prospectus;
- o Transfer of Cresta Shares in terms of the Private Placement;
- o Authorisation of the Chairman to execute the Placing Agreements, the Prospectus and any documentation required in terms of the Private Placement, Public Offer and Listing;
- o Application for Listing to be lodged with the BSE;
- o Undertaking that signed share certificates will only be issued when BSE Listing Requirements have been complied with;
- o The profit forecast for the year ended 30 June 2010 in respect of the Company;
- o Application for listing to be lodged with the BSE;
- o The Listing of Cresta on the BSE;
- o The opening of an account with Barclays Bank for the purpose of the Public Offer; and
- o On successful conclusion of the Listing, the Directors will comply with the provisions of the BSE Act and BSE Listing Requirements as amended from time to time.

7. A.4 -BSE
s.8 Part1.10th CA

28 CAPITAL STRUCTURE

- a. Stated Share Capital prior to the Private Placement, Public Offer and establishment of the Employee Share Trust.

SHAREHOLDER	NUMBER OF CRESTA SHARES
BDC	111,000,000
TA Botswana	74,000 000
STATED SHARE CAPITAL	185 000 000

- b. Expected Stated Share Capital after the completion of the Private Placement, Public Offer and establishment of the Employee Share Trust*.

SHAREHOLDER	NUMBER OF CRESTA SHARES
TA Botswana	74 000 000
BDC	48 100 000
Public Shareholders	40 700 000
Private Placees	18 500 000
Employee Share Trust	3 700 000
STATED SHARE CAPITAL	185 000 000

* All of the Cresta Shares rank pari passu in every respect. Any variation of rights attaching to Cresta's Shares will require the approval of Shareholders in a general meeting in accordance with the Constitution of Cresta and the Listings Requirements of the BSE and the Act.

- c. Reconciliation of changes to shareholding in the Company

7. E.12 -BSE
s. 22 Part 1.10th CA

Shares to be transferred in terms of the Private Placement	18 500 000
Shares to be transferred in terms of the Public Offer	40 700 000

29 ADEQUACY OF CAPITAL

The Directors are of the opinion that the actual working capital combined with that available to the Company is sufficient for the Company's requirements for at least the next eighteen months. The Directors have taken into account refurbishments requirements and general working capital requirements of the Company.

30 VOTING RIGHTS

7. A.6 -BSE
s.8 Part 1.10th CA

In accordance with the Constitution of Cresta, at any general meeting, every Shareholder present in person or represented by proxy shall have one vote on a show of hands, and on a poll every Shareholder present in person or by proxy shall have one vote for each share of which he is the holder.

31 ALTERATIONS TO SHARE CAPITAL

7. A.9 -BSE
S6 (1) (b) (c) Part 1.10th

Prior to the Private Placement and to facilitate the Listing, the Shareholders approved a share split of the Stated Share Capital of Cresta on 11 March 2010. The share split was in the ratio 10:1 and the table below sets out the effects of the share split on the shareholdings in Cresta.

	BDC Shareholding (number of shares)	TA Botswana shareholding (number of shares)	Total Stated Share Capital
Prior to share split	11 100 000	7 400 000	18 500 000
Post share split	111 000 000	74 000 000	185 000 000

Apart from this share split, there has been no alteration of the Stated Share Capital during the past three years. In addition, in the three years prior to this Public Offer, there have not been any offers of shares in Cresta to the public.

32 MAJOR SHAREHOLDERS

7.E. 8 -BSE

An analysis of the pre and post-listing shareholding of the company is contained below.

REGISTERED SHAREHOLDER	PRE-LISTING SHAREHOLDING	POST-LISTING SHAREHOLDING
BDC	60%	26%
TA Botswana	40%	40%
Other Public Shareholders	-	22%
Placees	-	10%
Employee Share Trust	-	2%
	100%	100%

Based on a total number of shares of 185 000 000

BDC as Shareholders of Cresta have entered into Placing Agreements in terms of which they intend to dispose of Cresta Shares to the Placees.

33 CAPITAL COMMITMENTS, LEASE COMMITMENTS AND CONTINGENT LIABILITIES

The capital commitments and lease commitments of Cresta as at 31 December 2009 are set out below:

33.1 Capital commitments

The material capital expenditure that Cresta incurs is mostly refurbishments, including purchase of furniture, fixtures and fittings for the hotels. The year ending 30 June 2009 Cresta spent approximately P21.2 million on capital expenditure alone. Currently refurbishments are taking place in Cresta Lodge. The Company has a refurbishment policy every 5 years for all hotels. The Company expects to carry out refurbishment programs at Cresta Riley's Hotel, Cresta Botsalo, Cresta Marang Gardens and Mowana Safari Lodge within the next two years.

33.2 Lease payments

Cresta currently has seven operating leases in place, as set out in paragraph 13.4 above and Annexure 8 on page 102.

The table below sets out the rental payments to be made for the financial year ended 30 June 2009.

Property	Annual Rental Payments for Year ended 30 June 2009
Cresta Bosele	P1 028 294
Cresta Rileys	P979 776
Cresta Presidents Hotel	P856 912
Cresta Lodge	P4 199 040
Cresta Thapama	P1 713 994
Cresta Botsalo	Lease only valid from October 2009
Residency wing of Cresta Marang Gardens	P1 259 712

33.3 Contingent Liabilities

During 2003, the Botswana Unified Revenue Service ("BURS") investigated the company with a view to withholding tax in respect of management fees paid from 1994 to date. BURS is claiming withholding tax of P4 939 704, excluding interest. In the High Court judgement the court found in favour of Cresta Marakanelo. BURS have given notice of appeal against the judgement, and the company has cross-appealed. No interest has yet been assessed or accrued as the matter is sub judice until the Court of Appeal has ruled on the matter. The amount referenced in the Contingent Liability note to the annual financial statements (see Annexure 2 on page 82) is the total amount claimed by BURS in the case brought before the High Court.

34 DETAILS OF OFF-BALANCE SHEET FINANCING

As at 31 December 2009 there has been no off-balance sheet financing by Cresta.

35 LOANS RECEIVABLE

7.A. 21 -BSE
s.9 Part 1.10th CA

As at 31 December 2009 there were no loans receivable.

36 BORROWINGS

7A.12 -BSE

Details of borrowings as at 31 December 2009 are set out in the table below. This table is included for illustrative purposes only and a detailed analysis of the Company's borrowings as at 31 December 2009 is included in Annexure 3 on page 83, the Reporting Accountants' Report on the interim financial information.

INSTITUTION	TYPE	AMOUNT
Barclays Bank of Botswana Limited	Term loan	14 380 000
Barclays Bank of Botswana Limited	Overdraft	3 962 000
TOTAL		18 342 000

The above borrowings arose as a result of the acquisition of Cresta Marang Gardens and they are secured by the same property.

37 PROPERTY AND SUBSIDIARIES ACQUIRED OR DISPOSED OF, WITHIN THE LAST THREE YEARS OR TO BE ACQUIRED OR DISPOSED OF

7D.9 &10-BSE
s.21 Part 1.10th CA

No properties or subsidiaries have been acquired within the last three years and no disposals have taken place within the last 3 years. There are no intentions to acquire properties or other assets in the immediate short term. The Directors believe however that should the opportunity arise to acquire a hotel or property that will enhance the business, then it will be pursued.

The proceeds from the Private Placement and Public Offer will be payable to BDC and the Company will not receive any financial benefits from the Private Placement or Public Offer. In addition, Cresta is not pursuing the acquisition of shares in any company or body corporate during the Listing process nor has it pursued any acquisition of the same in the preceding five years.

38 PRINCIPAL IMMOVABLE PROPERTY OWNED AND LEASED

Cresta owns immovable property, details of these properties is in Annexure 9 on page 106. Details of the leased properties are set out in Annexure 8 on page 102 of this Prospectus.

7A-BSE
s.6 Part 1.10th CA

39 DETAILS OF SUBSIDIARY COMPANY

Cresta had a wholly owned subsidiary company, Tasman (Pty) Ltd, registration number 95/1222 which was incorporated on 23 August 1995. Tasman (Pty) Ltd was amalgamated with its holding company via short form amalgamation in accordance with section 225(1) of the Companies Act on the 17th of February 2010. The effect of the short form amalgamation is that the property, rights, powers and privileges of Tasman (Pty) Ltd will continue to be that of Cresta, and Tasman (Pty) Ltd ceases to exist. Tasman owns the Marang plot situated in Francistown although the hotel business is owned by Cresta.

40 MATERIAL CONTRACTS

7F-BSE
s.16 Part 1.10th CA

Other than the Management Agreements disclosed in this Prospectus, see Annexure 8 of the Prospectus and the Operating Leases, there is a service supply agreement between Cresta and "Into Africa Mowana Safaris". Cresta as part of its hotel operations provides safari and other related leisure activities to its guests. In order to do so it has contracted "Into Africa Mowana Safaris" for the provision of all the skill and expertise by it. The agreement commenced on 1 November 2008 and is valid for 3 years.

The "Into Africa Mowana Safaris" pays to Cresta a commission of 30% of its monthly income derived from all transfer, game, boat and leisure activities and 10% of its monthly income from Chobe day trips and four countries day trips.

41 COMMISSIONS

7A.8-BSE
s.8 Part 1.10th CA

No commission or consideration has been paid by Cresta during the three years preceding the date of this Prospectus to any person for transfer of ordinary shares.

42 CORPORATE GOVERNANCE

The Board is fully committed to effective corporate governance and the need for integrity and high ethical standards in the conduct of its business. Cresta is fully committed to achieving the principles of good corporate governance embodied in the BSE Code of Corporate Governance and King Report 1 and 2. Board training will be conducted from time to time to ensure compliance with the above Codes.

42.1 Board of Directors

The Board comprises of eight non-executive Directors who have a range of complementary skills and experience. The Board is chaired by Maria Mmasolo Nthebolan a non-executive Director.

The Board meets at least four times a year and retains full responsibility for the direction and control of the company.

42.2 Audit Committee

The audit committee assists the board in monitoring internal controls. The members of the committee are comprised of non-executive directors and the Managing Director and the Chief Financial Officer attend ex officio. The Audit partner from PricewaterhouseCoopers only attends the Audit Committee meeting on invitation. The audit committee meets periodically with the company's external to discuss accounting, auditing, financial reporting and corporate governance issues.

42.3 Internal control

The Board is responsible for the Company's internal financial and operational control systems. The control systems include clearly defined lines of accountability and delegation of authority and provide for full reporting and analysis against approved budgets. Senior management is charged with the responsibility of determining the adequacy, extent and operation of these systems.

42.4 The Human Resources Committee

The human resources committee is made up of non-executive Directors, the Managing Director and Human Resources Manager who attend as ex officio. The remuneration committee's responsibility is to monitor the human resources and remuneration policies of the Company and to review and approve the terms of employment of senior management. The Company views the inclusion of staff in the participation of the ownership of the Company as an essential element as it promotes a congruence of interests with shareholders and incentivises long-term commitment.

43 LITIGATION STATEMENT

7D11-BSE
s.8 Part 1.10th CA

As highlighted in paragraph 33.3 above, there is matter outstanding with BURS regarding withholding tax in respect of management fees paid from 1994 to date. BURS is claiming withholding tax of P4 939 704, excluding interest. In the High Court judgement the court found in favour of Cresta Marakanelo. BURS have given notice of appeal against the judgement, and the company has cross-appealed. No interest has yet been assessed or accrued as the matter is sub judice until the Court of Appeal has ruled on the matter. The amount referenced in the Contingent Liability note to the annual financial statements (see Annexure 2 on page) is the total amount claimed by BURS in the case brought before the High Court.

Apart from the above, there are no other legal or arbitration proceedings in progress.

7E.16-BSE
s.6(4) Part 1.10th CA

44 DIRECTORS' STATEMENT AS TO MATERIAL CHANGES

Save as disclosed in this Prospectus, no material changes in the assets or liabilities or financial position of Cresta has taken place between 30 June 2009 and the date of this Prospectus nor has there been any change in the nature of business of the Company for the past five years.

7B.13-BSE
s.17 Part 1.10th CA

45 ADVISORS' INTERESTS

None of the advisors have any interest in Cresta or the transaction.

46 UNDERWRITING

7C 9-BSE
s.308 CA

The Botswana Stock Exchange Listing Requirements, section 5.21 requires that an offer for sale must be underwritten and the underwriter must satisfy the Botswana Stock Exchange Committee that it can meet its commitments. BDC however intends to retain its shares in the event that there are insufficient applications received from members of the public. Cresta has therefore applied to the BSE for a waiver of the requirements of section 5.21 of the BSE on the basis that BDC cannot legally underwrite the sale of its own shares. BDC has given an undertaking to this effect and will not charge any fee. Annexure 11 on page 111 of this Prospectus sets out the salient details of the Undertaking Agreement.

47 REGISTRATION OF PROSPECTUS

A copy of this Prospectus was registered by the Registrar of Companies at Gaborone on 12 May 2010 in terms of section 308 of the Act, together with:

- o The written consents of the attorney, commercial bankers, corporate advisor, transfer secretary, Reporting Accountant and Auditor and Sponsoring Broker to act in the capacities stated and to their names being stated in this Prospectus. None of these consents having been withdrawn prior to registration;
- o The written consent of the Reporting Accountants and Auditors to the inclusion in this Prospectus of their reports in the form and context in which they appear, which consent had not been withdrawn prior to registration.

An application has been made under section 323 of the Act for the listing of 185 000 000 Cresta Shares on the BSE.

s. 50 Part 4 10th CA

48 PARAGRAPHS OF THE TENTH SCHEDULE TO THE ACT WHICH ARE NOT APPLICABLE

The following paragraphs of Schedule 10 to the Act are not applicable:

- o Section,11,13,14,21 and 24 of Part I of the Schedule;
- o Section 26, 27 and 28 of Part II of the Schedule; and
- o The whole of Part III of the Schedule.

49 DOCUMENTS AVAILABLE FOR INSPECTION

7G -BSE

Copies of the following documents will be available for inspection at the registered office of Cresta at any time during normal business hours from 17 May 2010 until 7 June 2010:

- This Prospectus and the Constitution of Cresta ;
- The signed reports of the Reporting Accountants dated 14 May 2010, the texts of which are included in Annexures 2, 3,4 and 5 to this Prospectus;
- The audited annual financial statements for Cresta for the preceding three years ended 30 June 2007, 2008 and 2009, the details of which are included in Annexure 2 on page 44;
- The unaudited accounts for the six months ended 31 December 2009 the texts of which are included in Annexure 3 on page 83;
- The written consent of the Reporting Accountants to the publication of their reports dated 14 May 2010, the texts of which are included in Annexures 2, 3, 4 and 5;\
- The written consents of the legal advisor, financial advisor, Transfer Secretary, Reporting Accountants and Sponsoring Broker named in this Prospectus to act in those capacities;
- The Management Agreement, salient details of which are contained in Annexure 7 on page 100 of this Prospectus;
- The operating leases for the six hotels, salient details of which are contained in Annexure 8 on page 102;
- The Valuation Reports of the hotels owned by the Company, salient details of which are set out in Annexure 9 on page 105;
- The Employee Share Trust Deed;
- The Placing Agreements ; and
- The Undertaking Agreement with BDC, salient details of which are contained in Annexure 10 on page 108.

Signed at Gaborone by or on behalf of all the Directors of Cresta on 28 April 2010.

APPOINTMENT, QUALIFICATION, REMUNERATION, BORROWING POWERS AND DISQUALIFICATION OF DIRECTORS

Extracts from: The Constitution of Cresta

APPOINTMENT AND REMOVAL OF DIRECTORS:

The number of Directors must not at any time be less than four (4) and more than twelve (12); provided that if the Company is Listed, for so long as TA Botswana holds at least one third of the issued shares in the Company, it shall be entitled to appoint at least one third of the total number of directors of the Board. At least two (2) Directors must be ordinarily resident in Botswana. If the number of Directors falls below four, the remaining Directors are only permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.

Upon the death, insolvency or placing under curatorship by reason of insanity or prodigality of any joint holder of any share, the sole remaining joint holder or the first named of the two or more remaining joint holders, as the case may be, shall be the only person recognized by the Company as having any title to such share. Nothing therein contained shall release the estate of a deceased, insolvent, insane or prodigal joint holder for any liability in respect of any share jointly held by him.

Existing Directors to continue in office:

The Directors in office at the date of adoption of this Constitution shall continue in office subject to the provisions of this Constitution.

Appointment and removal by Ordinary Resolution:

Subject to the Act and the Listing Rules and clause 20.5, a Director may be appointed by the Shareholders in a general meeting by Ordinary Resolution. All Directors shall be subject to removal from office as director by Ordinary Resolution.

Appointment by Board:

Subject to the Listing Rules, the Board may at any time appoint additional Directors to fill a casual vacancy or as an addition to existing Directors which appointment shall be confirmed at the next annual meeting.

Appointment of Directors to be voted on individually:

No resolution to appoint or elect a Director shall be put to the holders of Securities unless:

- the resolution is for the appointment of one Director; or
- the resolution is a single resolution for the appointment of two or more Directors, and a separate resolution that it be so voted on has first been approved without a vote being cast against it.

Nothing prevents the election of two or more Directors by ballot or poll.

No shareholder qualification for Directors:

There is no shareholding qualification for Directors.

Vacation of office:

A Director shall cease to hold office as a Director if the Director:

- dies;
- becomes bankrupt or makes an arrangement or compromise with the Director's creditors generally;
- becomes disqualified from being a Director pursuant to Section 146 of the Act;
- resigns from office by notice in writing to the Company;
- is removed from office pursuant to this Constitution or the Act; or
- has for more than six months been absent without permission of the Board from meetings of the Board held during that period.

Timing of retirement and appointment:

If:

- a Director retires at a meeting of shareholders and is not re-elected, the Director shall remain in office until, and his or her retirement shall take effect at, the conclusion of the meeting;
- a Director is removed from office at a meeting of shareholders by Ordinary Resolution, the Director shall remain in office until, and his or her removal shall take effect at, the conclusion of the meeting; or
- a person who is not already a Director is appointed or elected as a Director at a meeting of shareholders, that person shall take office as a Director immediately after the conclusion of the meeting.

Rotation of directors:

At the first annual meeting of the company, all the Directors save the Managing Director for the time being shall retire. Subject to clause **20.10.4**, at every annual meeting thereafter at least one third of the Directors for the time being shall retire from office. The Directors so to retire in each year shall be those who have been longest in office.

As between persons who were last elected as Directors on the same day, those to retire, unless they otherwise agree amongst themselves, shall be determined by lot. Notwithstanding anything contained herein, if, at the date of any ordinary meeting any Director shall have held office for a period of three years since his last election or appointment, he shall retire at such meeting, either as one of the Directors to retire in pursuance of the foregoing provisions, or additionally thereto. A retiring Director shall hold office until the conclusion of the meeting at which he retires.

Retiring Directors shall be eligible for re-election, but no person not being a retiring Director shall be eligible for election to the office of the Director at any annual meeting unless the member intending to propose him has at least five days before the meeting, left at the registered office of the company a notice in writing, duly signed signifying the intention of such members to propose and the consent of the candidate to assume the office of the Director.

Subject to clause **20.10.2** the company may by ordinary resolution in an annual meeting increase or reduce the number of Directors and alter their qualifications and may also determine in what rotation such increased or reduced number is to go out of office. Whenever such increase is made the shareholders at the said meeting, or failing them, the Directors may fill up the new seats so created.

Notwithstanding anything to the contrary contained in clause **20.10.1**, any person employed under a contract with the Company, which contract has a condition thereof that the person shall be a director of the Board, that person shall not be subject to retirement by rotation as envisaged in clause 20.10.1 but the period for which that person shall be a director and hold office as such shall be determined by the terms and conditions of his contract with the Company, provided that less than half of the Directors may be appointed to any such position on the condition that they will not be subject to retirement by rotation.

ALTERNATE DIRECTORS:

Appointment:

Each Director may from time to time appoint any person who is not already a Director and who is approved by a majority of the other Directors to be the Director's alternate director (an "Alternate Director"). No Director may appoint a deputy or agent otherwise than by way of appointment of an Alternate Director.

Form of appointment and removal:

Any appointment or removal of an Alternate Director must be by notice in writing to the Company signed by the relevant Director.

Rights of Alternate Director:

Each Alternate Director will be entitled to:

- receive notices of all meetings of the Board if the Director who appointed the Alternate Director is known to be either outside of Botswana or otherwise unavailable to attend meetings;
- attend and vote at any such meeting at which the Director who appointed the Alternate Director is not personally present; and
- in the absence of the Director who appointed the Alternate Director, perform all the functions, and exercise all the powers, of that Director.

Remuneration and expenses:

Each Alternate Director's:

- remuneration (if any) must be paid by the Company; and
- expenses incurred in attending meetings of the Directors and otherwise in relation to the discharge of duties will be paid by the Company.

Cessation of appointment:

An Alternate Director will cease to be an Alternate Director:

- if the Director who appointed the Alternate Director ceases to be a Director or revokes the appointment;
- the occurrence of any event relating to the Alternate Director which, if the Alternate Director were a Director, would disqualify the Alternate Director from being a Director; or
- if a majority of the other Directors resolve to revoke the Alternate Director's appointment.

MANAGING DIRECTOR:

Appointment:

The Managing Director is appointed in terms of a management contract entered into by the Company and Cresta Hospitality Holdings (Pty) Ltd otherwise if there is no management contract then the Directors of Cresta will appoint one or more of their body to the office on such terms and conditions as for such period not exceeding five (5) years or such other period as the Board shall determine.

Removal:

Every Managing Director shall, subject to the provisions of any contract between himself and the Company with regard to his employment as such, is liable to be dismissed or removed from the Board of Directors, and another person may be appointed in his place.

No alternate Managing Director:

The power to appoint alternate Directors conferred on Directors by this Constitution does not confer on any Managing Director the power to appoint an alternate Managing Director.

DIRECTORS' REMUNERATION:

Authorisation:

The Board may, exercise the power conferred by the Act to authorise remuneration, other benefits and loans to and for Directors.

Expenses:

Each Director is entitled to be paid for all reasonable travelling, accommodation and other expenses incurred by the Director in connection with the Director's attendance at meetings or otherwise in connection with the Company's business. If any Director shall be required to perform extra services, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of Directors.

Special remuneration:

Without limiting clause **24.1**, but subject to any applicable Listing Rules relating to transactions with related parties, the Board may authorize special remuneration to any Director who is or has been engaged by the Company or a Subsidiary to carry out any work or perform any services which is not in the capacity of a director of the Company or a Subsidiary.

Payments to Directors upon cessation of office:

The Company may make a payment to a Director or former Director, or his or her dependants, by way of a lump sum or pension, upon or in connection with retirement from office of that Director, only if:

the total payment (or the base for the pension) does not exceed ten percent of the total remuneration of the Director in his or her normal capacity as a Director of the Company; and

the payment is authorized by an ordinary resolution of shareholders of the Company.

Nothing in this clause affects any amount paid to an executive Director upon or in connection with the termination of his or her employment with the Company, or the payment of any amount attributable to the contribution (or any related normal subsidy) made by a Director to the Company's superannuation scheme.

BORROWING POWERS OF DIRECTORS:

Power to borrow:

The Directors may raise or borrow for the purposes of the Company's business, such sum or sums of money as in aggregate at any time do not exceed such other sum as the Company may, by Ordinary Resolution, in General Meeting determine. The Directors may secure the repayment of or raise any such sum or sums as aforesaid by mortgage or charge upon the whole or any part of the property and assets of the Company, present and future, or by the issue, at such price as they may think fit, of debentures either charged upon the whole or any part of the property and assets of the Company, or not so charged or in such other way as the Directors may think expedient.

Foreign currency borrowings:

Foreign currency borrowings may be raised by way of back to back loan agreements, or any such similar arrangements. In so far as the offsetting deposit is denominated in Pula, and equals or exceeds the value of the foreign currency loan outstanding at a point in time, it shall not be regarded as a borrowing. Where the foreign currency loan exceeds the deposit, such excess will be regarded as a borrowing in terms of clause 25.1.

Register of borrowings:

The Directors shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages and charges specifically affecting the property of the Company, and they shall cause to be entered in such register in respect of each mortgage or charge a short description of the property mortgaged or charged, the amount of charge created, the name of mortgagee or person entitled to such charge and such further particulars as the provisions of The Act requires.

Indemnity:

If any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

INDEMNITY AND INSURANCE FOR DIRECTORS AND EMPLOYEES:

Every Director shall be indemnified by the Company for any costs referred to in Section 159 of the Act. The Board may determine the amounts and terms and conditions of such an indemnity.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION



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Plot 50371
Fairground Office Park
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**Independent auditor's report on consolidated financial statements
To the shareholders of the Cresta Marakanelo (Pty) Ltd**

We have audited the accompanying consolidated financial statements of Cresta Marakanelo (Pty) Ltd and its subsidiary (the "Group") which comprise the consolidated balance sheets as of 30 June 2007, 2008 and 2009 and the consolidated income statements, consolidated statements of changes in equity and consolidated cash flow statements for the three years then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 30 June 2007, 2008 and 2009, and of its financial performance and its cash flows for each of the three years then ended in accordance with International Financial Reporting Standards.

Certified Public Accountants

Gaborone
14 May 2010

Senior Partner: B D Phole
Partners: R Binedel, R P De Silva, N B Sori
Associates: A S Edinaghe, M Lalithumar, D D Minwala, S Sirha, S K K Wjesena

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

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CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY
I CONSOLIDATED INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	Note	2009 P'000	2008 P'000	2007 P'000
Revenue	1	158 874	143 661	100 896
Cost of revenue	2	(93 275)	(87 823)	(71 385)
		65 599	55 838	29 511
Sundry income		-	-	-
Depreciation		(7 272)	(4 611)	(4 613)
Other operating expenses		(25 007)	(23 628)	(15 140)
Operating profit before interest and tax	3	33 320	27 599	9 758
Interest income	5	572	27	29
Interest expense	5	(2 229)	(2 487)	(2 500)
Profit before tax		31 663	25 139	7 287
Income tax	6	(6 227)	(5 716)	(176)
Profit for the year		25 436	19 423	7 111
Earnings per share (t)	13	13.75	10.50	3.84
Dividends per share (t)	13	68.75	52.49	19.22

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

II CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	Note	2009 P'000	2008 P'000	2007 P'000
ASSETS				
Non-current assets				
Property, plant and equipment	7	98 695	86 660	79 169
Investments in debentures	8	103	103	103
Intangible assets	9	200	240	280
Total non-current assets		98 998	87 003	79 552
Current assets				
Inventories	10	896	902	765
Receivables and prepayments	11	10 157	10 608	9 007
Cash and cash equivalents	12	10 011	8 083	3 786
Total current assets		21 064	19 593	13 558
Total assets		120 062	106 596	93 110
EQUITY				
Capital and reserves				
Stated capital	13	18 500	18 500	18 500
Retained earnings		58 246	45 528	35 817
Dividend reserve		6 718	5 461	3 556
Total equity		83 464	69 489	57 873
LIABILITIES				
Non-current liabilities				
Deferred income tax	14	3 338	2 958	2 436
Borrowings	15	13 602	15 312	16 857
		16 940	18 270	19 293
Current liabilities				
Borrowings	15	5 841	3 394	1 405
Trade and other payables	16	13 289	13 740	14 120
Current income tax liability		528	1 703	419
		19 658	18 837	15 944
Total liabilities		36 598	37 107	35 237
Total equity and liabilities		120 062	106 596	93 110

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

III STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	Note	Stated Capital P'000	Dividend Reserve P'000	Retained Earnings P'000	Total P'000
Year ended 30 June 2007					
Balance at 1 June 2006		18 500	3 400	32 261	54 161
Net profit for the year		-	-	7 111	7 111
Gross dividends proposed		-	3 556	(3 556)	-
Gross dividends paid	17	-	(3 400)	-	(7 806)
Balance at 30 June 2007		18 500	3 556	35 816	57 872
Year ended 30 June 2008					
Balance at 1 June 2007		18 500	3 556	35 816	57 872
Net profit for the year		-	-	19 423	19 423
Gross dividends proposed		-	5 461	(5 461)	-
Gross dividends paid	17	-	(3 556)	(4 250)	(7 806)
Balance at 30 June 2008		18 500	5 461	45 528	69 489
Year ended 30 June 2008					
Balance at 1 June 2008		18 500	5 461	45 528	69 489
Net profit for the year		-	-	25 436	25 436
Gross dividends proposed		-	12 718	(12 718)	-
Gross dividends paid	17	-	(11 461)	-	(11 461)
Balance at 30 June 2009		18 500	6 718	58 246	83 464

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

IV CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	Note	2009 P'000	2008 P'000	2007 P'000
Cash flows from operating activities:				
Cash flows from operating activities	20	41 251	32 142	17 101
Interest paid		(2 229)	(2 487)	(2 500)
Tax paid		(7 024)	(3 914)	38
Net cash from operating activities		31 998	25 741	14 639
Investing activities:				
Acquisition of property, plant and equipment	7	(21 175)	(14 275)	(11 907)
Proceeds on disposal of plant and equipment		1 256	164	3
Interest received	5	572	27	29
Loan repayments received		-	-	-
Net cash used in investing activities		(19 347)	(14 084)	(11 875)
Financing activities:				
Repayment of borrowings		(1 496)	(1 351)	(1 233)
Dividends paid to Company's shareholders	17	(11 461)	(7 806)	(2890)
Net cash (used in) financing activities		(12 957)	(9 157)	(4 123)
Changes in cash and cash equivalents		(306)	2 501	(1 359)
Cash and cash equivalents at beginning of year		6 232	3 731	5 090
Cash and cash equivalents at end of the year	12	5 926	6 232	3 731

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

General information

Cresta Marakanelo Limited (the Company) and its wholly-owned subsidiary, (together "the group") operates hotels in Botswana and is engaged in other related businesses.

The company is a limited liability company incorporated and domiciled in Botswana. Its registered office is Shri Ram House, Plot 169, Gaborone.

Summary of significant accounting policies

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

1.1. Basis of preparation

The financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of Botswana, 2003. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. These areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in the "Critical estimates and assumptions" section of the financial statements.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

a) Interpretations effective in 2009 but not relevant

The following interpretations to published standards are mandatory for accounting periods beginning on or after their effective dates but are not relevant to the Group's operations:

IFRIC 13, customer loyalty programme relating to IAS 18, revenue (effective 1 July 2008)

IFRIC 16, Hedges of a net investment in a foreign operation (effective 1 October 2008)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after the effective dates, but the Group has not early adopted them:

IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

1.1. Basis of preparation (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity.

All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The group will apply the IAS 32 and IAS 1 (Amendment) from 1 January 2009, but is not expected to have any impact on the group's financial statements.

IAS 38 (Amendment), 'Intangible assets', (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight line method. In addition, a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Management is assessing the impact on the group.

There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the group's accounts and have therefore not been analysed in detail.

(c) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group operations.

The following interpretations and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the Group's operations:

IFRS 8, 'Operating segments';

IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'.

IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009).

The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

1.1 Basis of preparation (Continued)

(c) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations (continued)

As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in

goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should

be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs.

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases.

IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' and IFRS 7 financial instruments: Disclosures on Reclassification (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

1.1 Basis of preparation (Continued)

(c) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations (continued)

IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures') (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in associate is accounted for in accordance with IAS

39 'Financial instruments: recognition and measurement' only certain, rather than all disclosure requirements in IAS 28 need to be made in addition to disclosures required by IAS 32, 'Financial Instruments: Presentation' and IFRS 7 'Financial Instruments: Disclosures'.

IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation' (effective from 1 January 2009).

IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The guidance has been amended to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost.

IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, 'Financial instruments: Presentation' and IFRS 7 'Financial instruments: Disclosures'.

IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable.

IAS 41 (Amendment), 'Agriculture' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. It requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value.

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V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

1.1 Basis of preparation (Continued)

(c) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations (continued)

IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance' (effective from 1 January 2009). The benefit of a below-market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. The minor amendments to IAS 20 'Accounting for government grants and disclosure of government assistance' and IAS 29, 'Financial reporting in hyperinflationary economies' IAS 40, 'Investment property' and IAS 41, 'Agriculture', which are part of the IASB's annual improvements project published in May 2008.

IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009). The interpretation clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts' should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions

1.2. Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

All inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority shareholders are treated as equity participants and, therefore, all acquisitions of minority interests or disposals by the group of its minority interests in subsidiary companies where control is maintained subsequent to the transaction are accounted for as equity transactions with minorities.

Consequently, the difference between the purchase and the book value of a minority interest purchased is recorded in equity. All profits and losses arising as a result of the disposal of interests in subsidiaries to minorities, where control is maintained subsequent to the disposal, are also recorded in equity.

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V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

1.2. Consolidation (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The company accounts for investments in subsidiaries at cost, which includes transactions costs, less accumulated impairment losses.

1.3. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pula, which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.4. Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts and after eliminated sales within the group. Revenue comprises the sale of bed space, food and beverages. Revenue is recognised as follows:

(a) Sales of goods

Revenue comprises fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company activities. Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group

The Group sells bed nights at its camps and lodges to guests and also provides guided safaris to guests. Revenue from these services is recognised when the service is provided to the guest, usually over the period of the guests stay at the hotels and lodges.

Sales of curios, beverages and ancillary goods are usually in cash or by credit card. Revenue is recognised when the significant risks and rewards of ownership of the services/goods have passed to the buyer. The recorded revenue includes applicable credit card fees payable for the transaction. Such fees are included in bank charges.

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1.4. Revenue recognition (continued)

(b) Sales of services (continued)

Sales of services are recognised in the accounting period in which the services are entered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

1.5. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payments required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.6. Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders. Dividends proposed not yet approved by shareholders are shown as a reserve within equity.

Withholding tax of 15% is payable on the gross value of dividends. This withholding tax is treated as an advance payment of company tax and is set off against Additional Company Tax in the financial year in which it is paid. Dividends are provided for gross of this withholding tax.

1.7. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land and buildings comprise mainly hotel properties. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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1.7 Property, plant and equipment (continued)

– Buildings: lower of lease period and useful lives	50 years
– Improvements to leasehold premises: lower of lease period and useful lives	5 years
– Plant and equipment	6 – 7 years
– Furniture, fixtures and fittings	4 – 7 years
– Motor vehicles	5 – 7 years
– Computers	3 years

Operating equipment (which includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment and varies between one to three years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within other (losses)/gains – net, in the income statement.

Impairment

Plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of the net selling price of the asset and its value in use.

1.8. Intangible assets

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 15 to 20 years.

1.9. Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are not subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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1.10. Financial assets

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of it within 12 months of the end of the reporting period.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

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1.10. Financial assets (continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

1.11. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price, in the ordinary course of business, less selling expenses.

1.12. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.13. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.14. Stated capital

Ordinary shares are classified as equity and stated at the fair value of the consideration received. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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1.15. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.16. Related parties

Related parties consist of entities under common ownership and control. Related parties comprise the holding company, subsidiary company and directors of the company. Transactions with related parties are in the normal course of business.

1.17. Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. However, if the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

1.18. Employee benefits

a) Pension obligations

The company operates a defined contribution pension scheme.

The group pays contributions to Glenrand MIB (Pty) Ltd, a privately administered pension insurance plan. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value. Contract staff are paid terminal gratuities in accordance with their respective employment contract.

c) Other benefits

In terms of the Labor Law registration, severance pay is due to employees who are not eligible for gratuities or with respect to whom no contributions are made to the pension scheme and who remain in the Group employment for more than five years. Provision for severance and gratuity benefits are raised in the period in which they accrue.

The Group recognises a liability and an expense for bonuses and profit sharing due to management and employees where contractually obliged or where there is past practice that has created a constructive obligation.

1.19. Provisions

Provisions for restructuring costs and legal claims are recognised when:

- i) the group has a present legal or constructive obligation as a result of past events;
- ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
- iii) the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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1.20 Earnings per ordinary share

Earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the net profit attributable to ordinary shareholders.

1.21 Net Asset value per share

Net asset value per ordinary shares are calculated using the number of ordinary shares in issue at year end and is based on the net assets value of the group at year - end.

2. Financial risk factors

The group's activities expose it to a variety of financial risks:

- a) market risk (including currency risk, price risk, fair value interest rate risk, and cash flow interest rate risk),
- b) credit risk; and
- c) liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by senior management under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

2.1 Market risk

a) Foreign currency risk

In the normal course of business, the group may enter into transactions denominated in foreign currencies. In addition, the group may have assets and liabilities in foreign currencies, which exposes it to fluctuations in foreign currency exchange rates. Foreign exchange risks arises when future commercial transactions or recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The group had no assets and liabilities or significant committed future transactions denominated in foreign currencies at year end.

b) Cash flow and fair value interest rate risk

The group's interest rate risk arises from long-term borrowings, short-term bank deposits and bank overdrafts. Bank overdrafts are obtained at, and short-term deposits are placed at, variable rates that expose the group to cash flow interest rate risk. During the financial year, the group's borrowings and deposits at variable rates were denominated in Botswana Pula.

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2.1 Market risk (continued)

b) Cash flow and fair value interest rate risk (continued)

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. Based on these analyses, the group elected to convert its long term borrowings from a variable rate to fixed rate during the 2009 financial year. Although this change exposes the group to fair value interest risk, this risk remains notional as the group's accounting policy for borrowings does not require an adjustment for the carrying amount of the borrowings to fair value.

2.2 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only reputable parties are accepted.

The group continuously monitors defaults of customers and other counter parties identified either individually or by group, and incorporates the information into credit risk controls.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. In accordance with standard practice within the industry, the group may require prepayment of standard charges prior to booking confirmation thereby eliminating significant portion of credit risk prior to rendering services. The balance of dues from guests is settled through bank transfer, in cash or using credit cards. The most significant dues from guest arise from transactions with agents. The group carefully vets new agents prior to extending credit terms, and deals mostly with agents with whom it has established reliable long term relationships. As a result of this, the group historically has succeeded in minimising negative impacts of adverse credit risks events.

The table below shows the credit limit and balance of the major counterparties at the balance sheet date:

Banking relationship - Bank borrowings

Year	Counter party	Credit limit P'000	Balance P'000
30 June 2009	Barclays Bank of Botswana Ltd	<u>3 000</u>	<u>4 085</u>
30 June 2008	Barclays Bank of Botswana Ltd	<u>3 000</u>	<u>1 851</u>
30 June 2007	Barclays Bank of Botswana Ltd	<u>3 000</u>	<u>54</u>

The above relate to bank overdraft balances and the group is not exposed to credit risk. However, the group is exposed to credit risk with respect to deposits with banks.

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2.2 Credit risk (continued)

Credit trading relationship

Individual customer risk limits are set based on internal ratings in accordance with limits set by the board according to the category into which a customer falls. Customers are categorised into:

- i) Botswana Government;
- ii) Corporate sector (domestic companies and agents); and
- iii) Foreign customers (Tour agents and individuals).

The table below shows an age analysis of trade receivables at their carrying value respectively as at the balance sheet date.

	Total P'000	Fully performing P'000	Past due not impaired P'000	Impaired P'000
At 30 June 2009				
Trade receivables				
- Botswana Government	1 440	1 415	25	-
- Corporate sector	6 933	5 761	660	512
- Foreign customers	<u>521</u>	<u>521</u>	<u>-</u>	<u>-</u>
	<u>8 894</u>	<u>7 697</u>	<u>685</u>	<u>512</u>
At 30 June 2008				
Trade receivables				
- Botswana Government	2 628	2 613	15	-
- Corporate sector	5 858	5 381	77	400
- Foreign customers	<u>503</u>	<u>503</u>	<u>-</u>	<u>-</u>
	<u>8 989</u>	<u>8 497</u>	<u>92</u>	<u>400</u>
At 30 June 2007				
Trade receivables				
- Corporate sector	5 221	5 040	180	-
- Botswana Government	1 985	1 867	118	-
- Foreign customers	<u>279</u>	<u>279</u>	<u>-</u>	<u>-</u>
	<u>7 485</u>	<u>7 186</u>	<u>398</u>	<u>-</u>

No credit limits were exceeded during the reporting period. Fully performing trade receivables include renegotiated balances.

Independent credit ratings are available for the government of Botswana, which is rated by Standard and Poor's (S&P) and Moody's Investor Services, which rates the Government of Botswana as stable, with government issued bonds at A2 ratings.

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2.2 Credit risk (continued)

Credit trading relationship (continued)

Receivables that are in excess of 3 months are considered overdue. At 30 June 2009, 2008 and 2007, receivables of P684 887 (2008: P92 042, 2007: Pnil) were over due but not impaired. These relate to a number of customers for which there is no history of default. As at 30 June, all overdue receivables that are deemed not recoverable were fully provided for.

The ageing analysis of these trade receivables is as follows;

	2009 P'000	2008 P'000	2007 P'000
Up to 3 months	685	92	-
3 to 6 months	<u>-</u>	<u>-</u>	<u>-</u>
	<u>685</u>	<u>92</u>	<u>-</u>

The movement on impairment provision is as follows;

Opening balance	400	400	-
Charge for the year	<u>112</u>	<u>-</u>	<u>-</u>
Balance at end of year	<u>512</u>	<u>400</u>	<u>-</u>

Cash at bank and short-term bank deposits

Barclays Bank of Botswana Limited	1 270	2 180	-
Bank Gaborone	5 558	-	-
First National Bank of Botswana Limited	<u>3 138</u>	<u>630</u>	<u>-</u>

Borrowings

Barclays Bank of Botswana Limited	<u>(4 085)</u>	<u>(1 851)</u>	<u>(55)</u>
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Credit Quality of financial assets

- No independent credit ratings are available for domestic banks. The group however only transacts with banks that are affiliated to large well known global or regional banks.

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**V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.)
FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007**

2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Management monitors rolling forecasts of the group's liquidity reserve on the basis of expected cash flows.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year P'000	Between 1 and 2 years P'000	Between 2 and 5 years P'000	Over 5 years P'000
At 30 June 2009				
Trade and other payables	13 289	-	-	-
Borrowings	<u>5 841</u>	<u>2 010</u>	<u>7 933</u>	<u>3 659</u>
	<u>19 130</u>	<u>2 010</u>	<u>7 933</u>	<u>3 659</u>
At 30 June 2008				
Trade and other payables	13 740	-	-	-
Borrowings	<u>3 394</u>	<u>1 764</u>	<u>6 965</u>	<u>6 583</u>
	<u>17 134</u>	<u>1 764</u>	<u>6 965</u>	<u>6 583</u>
At 30 June 2007				
Trade and other payables	14 120	-	-	-
Borrowings	<u>1 405</u>	<u>1 542</u>	<u>6 090</u>	<u>9 225</u>
	<u>15 525</u>	<u>1 542</u>	<u>7 090</u>	<u>5 225</u>

The group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

2.4 Analyses of financial instruments Financial instruments by category

	2009 P'000	2008 P'000	2007 P'000
Loans and receivables			
Other investments	103	103	103
Cash and cash equivalents (note 12)	10 010	8 083	3 787
Other receivables and prepayments	<u>10 157</u>	<u>10 608</u>	<u>9 007</u>
	<u>20 270</u>	<u>18 794</u>	<u>12 897</u>

There were no assets at fair value through the profit and loss, or derivatives used for hedging as at year end.

Other financial liabilities

Trade and other payables	11 773	11 740	12 520
Due to related parties	1 516	2 000	1 600
Borrowings	<u>19 443</u>	<u>18 706</u>	<u>18 262</u>
	<u>32 732</u>	<u>32 446</u>	<u>32 382</u>

There were no liabilities at fair value through the profit and loss or derivatives used for hedging as at year end.

2.5 Capital risk management

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

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

2.6 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 group for similar financial instruments.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.) FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Income taxes

Significant judgement is required in determining the group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 current and deferred income tax provisions in the period in which such determination is made.

ii. Residual values of property, plant and equipment

Residual values of buildings are based on current estimates of the value of these assets at the end of their useful lives. The estimated residual values of buildings have been determined by the directors based on their knowledge of the industry.

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iii. Impairment of assets

The Group follows the guidance of IAS 39 to determine when a financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Intangible assets is reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, the latter being the higher of the net selling price and the value in use.

Allowance for doubtful debts is created where there is objective evidence, such as probability of insolvency or significant financial difficulties of the debtor, that the company will not be able to collect the amount under original terms of the invoice. An estimate is made with regards to the probability of insolvency and the estimated amount of debtors who will not be able to pay.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

**V ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS (cont.)
FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007**

iv. Renewal of leased property

It is anticipated that management will be successful in securing renewal of the existing leases with Botswana Hotel Development Company ("BHDC") upon expiry in 2012, under the terms and conditions which are not substantially different from those currently pertaining;

	2009	2008	2007
	P'000	P'000	P'000
1. REVENUE			
Accommodation revenue	90 154	79 168	54 289
Food revenue	44 521	41 899	28 866
Bar revenues	10 867	11 368	9 071
Other	13 332	11 226	8 670
	158 874	143 661	100 896
2 COST OF SALES			
Inventory consumed	20 254	21 109	14 472
Employee benefit expense	33 544	29 649	26 293
Transport expenses	1 170	1 124	1 040
Advertising costs	4 436	3 941	3 041
Operating lease payments	2 731	2 580	2 380
Other expenses	31 140	29 420	24 159
	93 275	87 823	71 385
OPERATING PROFIT BEFORE INTEREST AND			
The following items have been charged/(credited) in			
Audit fee –current year	410	222	235
- prior year under provision	120	-	-
Amortisation of intangibles	40	40	40
Depreciation (note 7)	1 710	1 785	
-furniture, fixtures and fittings	5 555	4 232	2 331
-motor vehicles	104	70	39
-computer equipment	515	559	509
Bad debts impairment charge	112	-	-
Directors' fees	95	82	82
Related party transactions			
-management fees	4 785	4 310	3 034
-profit bonus	6 997	5 797	2 406
-rent paid	10 557	10 138	7 985
(Gain)/loss on disposal of property, plant & equipment	-	(25)	
Staff costs	43 824	39 336	28 408
Operating lease payments	977	783	664

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008, AND 30 JUNE 2007

	2009 P'000	2008 P'000	2007 P'000
4 STAFF COSTS			
Pension contributions	1 533	1 375	
Gratuity and severance benefits	4 431	4 569	-
Gross salaries and wages	34 380	31 550	27 046
Others	3 480	1 842	
	43 824	39 336	28 408
5. NET FINANCE COST			
Interest income	(572)	(27)	(29)
Interest cost	2 229	2 487	2 500
	1 657	2 460	2 471
6. INCOME TAX			
Basic company tax at 15%	4 540	3 436	
Additional company tax at 10%	3 026	2 291	209
	7 566	5 727	523
ACT credit on dividends	(1 719)	(533)	(510)
Prior year over/(under) provision	-	-	4
Deferred tax (note 14)	380	522	159
Tax charge	6 227	5 716	
Tax reconciliation			
Profit before tax	31 664	25 139	7 287
Tax at 25%	7 915	6 285	1 823
Expenses not tax deductible	31	-	-
Permanent differences	-	(35)	(50)
Prior year overprovision	-	-	4
Unrecognised tax losses utilised	-	-	(705)
Prior year overprovision –deferred tax	-	-	(386)
ACT credit on dividends	(1 719)	(533)	(510)
Tax charge	6 227	5 716	
Additional company tax –company			
At beginning of the year	2 250	1 171	1 015
Arising in the year	2 958	2 249	666
Utilised in the year	(1 719)	(1 170)	(510)
At end of the year	3 488	2 250	1 171

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008, AND 30 JUNE 2007

6. INCOME TAX (continued)

ACT credits are available for off-set against the withholding taxes on any future dividends declared and paid prior to implementation of the new single companies tax rate announce by the Minister of Finance and Development Planning in February 2010. The current expected implementation date is 1 July 2010.

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CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (continued.)

FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008, AND 30 JUNE 2007

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and buildings	Furniture, fixtures & fittings	Motor vehicles	Computers	Operating equipment	Capital work in progress	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Year ended 30 June 2009							
Opening net book amount	56,916	18,630	186	904	5,232	4,792	86,660
Additions	2,658	8,719	102	881	1,627	7,189	21,176
Reclassification	-	3,258	-	-	-	(3,258)	-
Disposals	-	(2,365)	-	(1,249)	(1,237)	-	(4,851)
Depreciation on disposals	-	2,345	-	1,249	-	-	3,594
Depreciation	(1,710)	(5,555)	(104)	(515)	-	-	(7,884)
Closing net book amount	57,864	25 032	184	1,270	5,622	8,723	98,695
At 30 June 2009							
Cost	71,096	57,484	453	6,456	5,784	8,723	149,909
Accumulated depreciation	(13,232)	(32,452)	(269)	(5,186)	(162)	-	(51,301)
Net book amount	57,864	25 032	184	1,270	5,622	8,723	98,695

Certain property with a net book amount of P57 864 are encumbered as disclosed in note 15

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings	Furniture, fixtures & fittings	Motor vehicles	Computers	Operating equipment	Capital work in progress	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Year ended 30 June 2008							
Opening net book amount	57,680	11,289	62	655	4,090	5,393	79,169
Additions	1,021	11,081	194	816	1,164	-	14,276
Reclassification	-	601	-	-	-	(601)	-
Disposals	-	(372)	-	(44)	(22)	-	(438)
Depreciation on disposals	-	263	-	36	-	-	299
Depreciation	(1,785)	(4,232)	(70)	(559)	-	-	(6,646)
Closing net book amount	56,916	18,630	186	9034	5,232	4,792	86,660
At 30 June 2008							
Cost	68,438	47,872	351	6,824	5,394	4,792	133,671
Accumulated depreciation	(11,522)	(29,242)	(165)	(5,920)	(162)	-	(47,011)
Net book amount	56,916	18,630	186	904	5,232	4,792	86,660

Certain property with a net book amount of P56 916 are encumbered as disclosed in note 15

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Leasehold land and buildings	Furniture, fixtures & fittings	Motor vehicles	Computers	Operating equipment	Capital work in progress	Total
	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Year ended 30 June 2007							
Opening net book amount	57,958	6,680	43	859	3,388	3,147	72 075
Additions	1,631	6,960	58	310	702	2,246	11,907
Disposals	(840)	(1,049)	-	(483)	-	-	(2,372)
Depreciation on disposals	664	1,029	-	478	-	-	2,171
Depreciation	(1,733)	(2,331)	(39)	(509)	-	-	(4,612)
Closing net book amount	57 680	11 289	62	655	4,090	5,393	79 169
At 30 June 2007							
Cost	67 417	36,562	157	6 052	4,252	5,393	119,833
Accumulated depreciation	(9,737)	(25,273)	(95)	(5 397)	(162)	-	(40,664)
Net book amount	57 680	11,289	62	655	4,090	5,393	79 169

Certain property with a net book amount of P57 680 are encumbered as disclosed in note 15

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEAR ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	2009	2008	2007
	P'000	P'000	P'000
8. INVESTMENTS			
School shares, loans and debentures	103	103	103
This comprise of investments in Clifton School shares. In the opinion of the directors, the fair value of the debenture is greater than its costs			
9. INTANGIBLE ASSETS			
Trade marks			
Opening net book amount	240	280	320
Amortisation charge	(40)	(40)	(40)
Closing net book amount	200	240	280
Cost	600	600	600
Accumulated amortisation	(400)	(360)	(320)
Net book amount	200	240	280
Trademarks were acquired on 1 July 1999 on acquisition of the Marang Hotel and are amortised over 15 years.			
10. INVENTORIES			
Foods, beverages and tobacco	651	626	536
Curio shop	245	276	229
	896	902	765
11. RECEIVABLES AND PREPAYMENTS			
Trade receivables	8 894	8 988	7 485
Provision for impairment	(512)	(400)	-
	8 382	8 588	7 485
Prepayments	14	143	78
Related party balances (note 21)	256	310	278
Sundry receivables	1 505	1 566	1 166
	10 157	10 607	9 007

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	2009 P'000	2008 P'000	2007 P'000
12 CASH AND CASH EQUIVALENTS			
Cash at bank and in hand	4 452	2 817	405
Short term bank deposits	5 558	5 266	3 382
Balance at end of year	10 010	8 083	3 787
Short term bank deposits have an average maturity of not more than 90 days			
Cash and bank overdrafts include the following for the purposes of the cash flow statement			
Cash and cash equivalents	10 010	8 083	3 787
Bank overdrafts	(4 084)	(1 851)	(56)
	5 926	6 232	3 731
13 STATED CAPITAL			
18 500 000 ordinary shares of no par value	18 500	18 500	18 500
<i>Held as follows</i>			
11 100 000 ordinary shares-BDC Limited	11 100	11 100	11 100
7 400 000 ordinary shares- TA Botswana Limited	7 400	7 400	7 400
	18 500	18 500	18 500
Subsequent to the reporting date, the share capital was split into 185 000 000 ordinary shares of no par value. Earnings per share has been based on this number of shares, whilst dividends per share are based on historical values.			
	2009 P'000	2008 P'000	2007 P'000
14 DEFERRED INCOME TAX			
The gross movement on the deferred income tax account is as follows;			
Beginning of the year	2 958	2 436	2 277
Income statement charge	380	522	159
End of the year	3 338	2 958	2 436
The deferred tax arises from			
- accelerated tax depreciation on property plant and equipment.	3 338	2 958	2 436

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	2009 P'000	2008 P'000	2007 P'000
15 BORROWINGS			
<i>Non Current</i>			
Barclays Bank of Botswana Limited	13 602	15 312	16 857
<i>Current</i>			
Barclays Bank of Botswana Limited	1 757	1 543	1 349
Bank Overdrafts	4 084	1 851	56
	5 841	3 394	1 405

Bank borrowings are repayable in monthly instalments of P310,430 at a fixed interest rate of 13.5% (2008: prime less 1%). The bank borrowings are secured by:

- First mortgage bond over Lots. Rem 930, 931 and 21367 in Francistown for P18,390,000
- First mortgage bond over Lot. 872, Kasane for P3,090,000
- Cession of material damage policies covering the properties mentioned above.
- Unlimited suretyship by Cresta Marakanelo (Pty) Ltd
- Cession of rentals paid by Cresta Marang to Tasman (Pty) Ltd

The banking facilities available to the group as at 30 June are:

Bank overdraft	3 000	3 000	3 000
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The bank overdraft bears interest at prime plus 1% (2008: 16.5%. 2007: 16.5%). The facilities are secured by Mortgage bond over Lot 872, Kasane, for P15,000,000.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

	2009 P'000	2008 P'000	2007 P'000
16. TRADE AND OTHER PAYABLES			
Trade payables	4 013	4 167	3 889
Related party balances (note 21)	1 516	2 000	1 600
Accruals			
Other payables	7 760	7 573	8 631
	13 289	13 740	14 120
17. DIVIDENDS			
Gross dividend	11 461	7 806	3 400
Withholding tax at 15%	(1 719)	(1 171)	(510)
Net dividends	9 742	6 635	2 890
18. OPERATING LEASE COMMITMENTS			
<p>The group leases motor vehicles and hotel properties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The leases for motor vehicles are for periods ranging between 3-5 years and those for hotel properties run to 2012. The lease expenditure charged to the income statement during the year is disclosed in Note 1.</p>			
Motor Vehicles			
Not later than 1 year	928	640	572
Later than 1 year but not later than 5 years	996	461	560
	1 924	1 101	1 132
Hotel Properties			
Not later than 1 year	10 538	10 000	9 248
Later than 1 year but not later than 5 years	23 667	30 661	23 000
Later than 5 years	5 132	4 666	7 667
	39 337	45 327	39 915
<p>The lease commitments on hotel properties are to related companies.</p>			

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

19 OPERATING LEASE COMMITMENTS (cont)

The group holds the following leases:

Cresta Hotel

Lot 50719- Gaborone- 10 year lease with Botswana Hotel development Company (Pty) Ltd commenced in 1 July 2002. Annual lease rentals amount to P3 600 000 for the first year with annual escalations negotiated.

Cresta President Hotel

Lot 1168/9 – Gaborone - 10 year lease with Botswana hotel Development Company (Pty) Ltd commenced 1 July 2002. Annual lease rentals amount to P540 000 for the first year with annual escalations with annual escalations negotiated.

Cresta Rileys Hotel

Tribal Lot TB – Maun - 10 year lease with Botswana hotel Development Company (Pty) Ltd commenced 1 July 2002. Annual lease rentals amount to P840 000 for the first year with annual escalations with annual escalations negotiated.

Cresta Bosele Hotel

Lot 276 – Selebi Phikwe - 10 year lease with Botswana hotel Development Company (Pty) Ltd commenced 1 July 2002. Annual lease rentals amount to P648 000 for the first year with annual escalations with annual escalations negotiated.

Cresta Thapama Hotel

Lot 6348 - Francistown - 10 year lease with Botswana hotel Development Company (Pty) Ltd commenced 1 July 2002. Annual lease rentals amount to P1 320 000 for the first year with annual escalations with annual escalations negotiated.

Mowana Safari Lodge

Agreement through a "Deed of Fixed Period State Grant" between the government of Botswana and Cresta Marakanelo (Pty) Ltd dated 22 January 1998 for lease over Lot 2239 - Kasane, representing 34,684 hectares in the Chobe Administrative District. The state grant is for a period of 50 years expiring on 22 January 2048 upon which the land together with all improvements thereon shall revert to the State absolutely without compensation payable for improvements or otherwise.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

19 OPERATING LEASE COMMITMENT (cont)

Cresta Marang Gardens

Agreement through a "Deed of Fixed Period State Grant" between the government of Botswana and Tasman (Pty) Ltd dated 14 November 1996 for lease over plots 930, 931 and 21367 - Francistown, representing 6,3829 hectares in the North East Administrative District. The state grant is for a period of 50 years expiring on 14 November 2046 upon which the land together with all improvements thereon shall revert to the State absolutely without compensation payable for improvements or otherwise.

	2009	2008	2007
	P'000	P'000	P'000
20. CASH GENERATED FROM OPERATIONS			
Operating activities			
Profit before interest and income tax	33 321	27 599	9 758
Adjustments:			
- Depreciation(note 7)	7 884	6 646	4 613
- Amortisation of trademarks(9)	40	40	40
- (Gain)/loss on disposal of property, plant and equipment	-	(25)	197
	41 245	34 260	14 609
Changes in working capital:			
- Inventory	6	(137)	(171)
- Receivables and prepayments	451	(1 601)	(3 333)
- Trade and other payables	(451)	(380)	5 996
Cash generated from operations	41 251	32 142	17 101

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

21. RELATED PARTY TRANSACTIONS

Related parties are companies under common ownership/ directors and control. The Group is controlled by Botswana Development Corporation Limited which owns 60% of the Company's shares. The remaining 40% of the shares are held by TA Botswana Limited. Botswana Development Corporation is a parastatal established by an Act of Parliament.

The following transactions were carried out with related parties:

	2009	2008	2007
	P'000	P'000	P'000
<i>i) Purchase of goods and services</i>			
<i>Management services</i>			
Trans Industries (Pty) Ltd - fees	4 785	4 310	3 034
-profit bonus	6 997	5 797	2 406
Rent paid- Botswana Hotel Development company	10 557	10 138	7 985
	22 339	20 245	13 425

Goods are bought on the basis of the price lists in force with non-related parties.

ii) Sale of goods and services

Management services-fees-Botsalo Hotel (Pty)Ltd	754	552	437
- profit bonus	347	264	122
	1 101	816	559

Goods are sold on the basis of the price lists in force with non-related parties

iii) Year end balances arising from sales/purchases of goods/services

Receivables from related parties(Note 11)

Botsalo Hotel	207	297	276
Cresta Hospitality (Pty)Ltd (Zimbabwe)	-	2	2
Trans Industries	49	11	-
	256	310	278

Payables to related parties (note 16)

Trans Industries (Pty) Ltd	1 504	1 992	1 584
Cresta Hotels	5	-	-
Botswana Development Corporation	7	8	16
	1 516	2 000	1 600

Related party balances arose in the normal course of business and are of trading nature. The balances are unsecured and interest free. No impairments provisions have been made for related party balances.

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL INFORMATION (cont.)

FOR THE YEARS ENDED 30 JUNE 2009, 30 JUNE 2008 AND 30 JUNE 2007

22. CONTINGENCIES

During 2003, the Botswana Unified Revenue Service ("BURS") investigated the company with a view to recover withholding tax in respect of management fees paid from 1988 to date. The total management fees paid in the period is P32 931 362 and withholding tax due thereon is P4 939 704. This amount plus interest at 2% per month is the maximum liability that could be due to the BURS. The outcome of this matter is not yet reliably known and no provision has been made in the financial statements. The directors are satisfied, based on current legal opinion obtained and circumstances, that no provision for the potential liability is required.

23. POST BALANCE SHEET EVENTS

There have been no events after the balance sheet date that requires disclosure in the financial statements.

24. GOING CONCERN

The financial statements disclose all of the matters of which we are aware that are relevant to the Group's ability to continue as a going concern, including all significant conditions and events, mitigating factors and the Group's plans. The Group also has the intent and ability to take actions necessary to continue as a going concern.

Accordingly, the Group's financial statements are appropriately prepared on a going concern basis.

25 Net Asset value per share

	2009	2008	2007
Net assets at year end (P'000)	83 464	69 489	57 873
Number of shares in issue ('000)	185 000	185 000	185 000
Net assets per share (P)	0.451	0.376	0.313

INDEPENDENT REPORTING ACCOUNTANTS REPORT ON INTERIM FINANCIAL INFORMATION



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**Report on review of interim financial information
To the shareholders of Cresta Marakanelo Limited (formerly Cresta Marakanelo (Pty) Ltd)**

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Cresta Marakanelo (Pty) Ltd and its subsidiary (the "Group") as of 31 December 2009 and the related consolidated condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

Certified Public Accountants

Gaborone
14 May 2010

Senior Partner: B D Phole
Partners: R Binedel, R P De Silva, N S Sori
Associates: A S Edrington, M Lalithumar, D D Mswela, S Saha, S K K Wjessena

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

ABRIDGED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 DECEMBER 2009

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Six months to 31 December 2009 (Reviewed) P'000	Twelve months to 30 June 2009 (Audited) P'000	Six months to 31 December 2008 (Unaudited) P'000
Revenue	81 315	158 874	81 968
Cost of sales	(55 018)	(93 275)	(50 942)
Gross profit	26 297	65 599	31 026
Sundry income	3 649	-	4 065
Depreciation	(7 263)	(7 272)	(3 399)
Expenditure	(10 633)	(25 006)	(12 269)
Operating profit	12 050	33 321	19 423
Interest income	116	572	-
Interest expense	(1 045)	(2 229)	(1 122)
Profit before tax	11 121	31 664	18 301
Income tax expense/ income	(1 781)	(6 228)	(2 928)
Profit for the period	9 340	25 436	15 373
Dividends	-	(12 718)	-
Retained profit for the period	9 340	25 436	15 373
Earnings per share for the period (thebe)	5.05	13.75	8.31
Dividends per share for the period (thebe)	-	6.87	-

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	At 31 December 2009 (Reviewed) P'000	At 30 June 2009 (Audited) P'000	At 31 December 2008 (Unaudited) P'000
ASSETS			
Non-current assets			
Property, plant and equipment	108 997	98 695	87 044
Available for sale investments	103	103	103
Intangible assets	542	200	-
Deferred income tax	828	-	-
	110 470	98 998	87 147
Current assets			
Inventories	1 258	896	1 190
Related company balances	4	-	-
Receivables and prepayments	15 103	10 157	12 521
Cash and cash equivalents	857	10 011	12 465
	17 222	21 064	26 176
Total assets	127 692	120 062	113 323
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	18 500	18 500	18 500
Fair value reserves	-	-	-
Retained earnings	67 585	58 246	57 925
Dividend reserves	-	6 718	-
Total equity	86 085	83 464	76 425
Non-current liabilities			
Borrowings	12 483	13 062	14 033
Deferred income tax	3 854	3 338	3 597
Deferred lease rentals	-	-	-
Related party loans	-	-	-
	16 337	16 940	17 630
Current liabilities			
Trade and other payables	12 465	13 288	16 901
Borrowings	5 859	5 842	2 082
Dividend payable	4 030	-	-
Related party loans	1 399	-	-
Income tax liabilities	1 517	528	285
	25 270	19 658	19 268
Total liabilities	41 607	36 598	36 898
Total equity and liabilities	127 692	120 062	113 323

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Stated Capital P'000	Retained Earnings P'000	Dividend Reserve P'000	Total equity P'000
Six months ended 31 December 2007				
Balance at 1 July 2007	18 500	42 552	-	61 052
Income for the year	-	15 373	-	15 373
Dividends proposed	-	-	-	-
Dividends paid	-	-	-	-
Balance at 31 December 2008 (unaudited)	18 500	57 925	-	76 425
Year ended 30 June 2009				
Balance at 1 July 2008	18 500	45 528	5 461	69 489
Income for the year	-	25 436	-	25 436
Dividends proposed	-	(12 718)	12 718	-
Dividends paid	-	-	(11 461)	11 461
Balance at 30 June 2009 (audited)	18 500	58 246	6 718	83 464
Six months ended 31 December 2009				
Balance at 1 July 2009	18 500	58 246	6 718	83 464
Income for the year	-	9 339	-	9 339
Dividends declared	-	-	(4 030)	(4 030)
Dividends paid	-	-	(2 487)	(2 487)
Balance at 31 December 2009 (reviewed)	18 500	67 585	-	86 085

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

STATEMENT OF CASHFLOW

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Six months to 30 December 2009 (Reviewed) P'000	Twelve months to 30 June 2009 (Audited) P'000	Six months to 31 December 2008 (Unaudited) P'000
Cash flows from operating activities:			
Operating profit before interest and tax	12 050	33 321	19 423
Adjustments for			
- Depreciation	7 263	7 884	3 399
- Deferred rentals	-	-	-
-Amortisation of trade marks	20	40	-
- Acquisition of trade marks	(361)	-	-
- Loss on disposal of plant and equipment	139	-	-
<i>Changes in working capital:</i>			
Inventories	(361)	6	(288)
Related party balances	135	-	-
Receivables and prepayments	(5 203)	452	(1 912)
Trade and other payables	692	(452)	3 161
	14 374	41 251	23 783
Interest paid	(1 045)	(2 229)	(1 122)
Tax paid	(1 386)	(7 024)	(4 833)
Net cash from operating activities	11 943	31 998	17 828
Investing activities:			
Acquisition of property, plant and equipment	(26 923)	(24 433)	(3 543)
Proceeds on disposal of property plant and equipment	9 497	4 514	-
Interest received	116	572	-
Net cash used in investing activities	(17 310)	(13 347)	(3 543)
Financing activities:			
Net proceeds from (repayments of) borrowings	(978)	(1 496)	(2 591)
Dividends paid	(2 687)	(11 461)	(5 461)
Net cash from/(used in) financing activities	(3 665)	(12 957)	(8 052)
Changes in cash and cash equivalents	(9 032)	(306)	6 233
Cash and cash equivalents at beginning of year	5 926	6 231	6 232
Cash and cash equivalents at end of the year	(3 106)	5 926	12 465

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31 DECEMBER 2009

1. Basis of preparation

The condensed financial interim financial information for the six months ended 31 December 2009 has been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2009 which have been prepared in accordance with International Financial Reporting Standards.

2. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2009 as described in those annual financial statements.

The following new standards and amendments to standards are mandatory for the first time for the year time for the financial year beginning 1 July 2009.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009)

IFRS 8 requires operating segments to be identified on the basis of internal reports about operations of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

IAS 1 – (revised 2007) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

The revised Standard has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Group.

Improvements to IFRS

The following new standards, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2009 but are not relevant to the company

- ◆ IAS 23 (amendment) "Borrowing costs"
- ◆ IFRS 2 (amendment) "share based payments"
- ◆ IAS 32 (amendment) "Financial instruments: Presentation."
- ◆ IFRIC 13 'Customer loyalty programme'
- ◆ IFRIC 15 'Agreements for the construction of real estates'
- ◆ IFRIC 13 'Hedges of a net investments in foreign operation'
- ◆ IAS 39 (amendment) 'Financial instruments construction and measurements'

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2009

3. Seasonality of operations

The group operations are not seasonal. However, Mowana Lodge, which caters for the tourist market is affected seasonally. The occupancy rates between 55% and 60% of its revenue in summer. The seasonality is attributed in part to the holiday season in our American and European markets. The rest of the group outlets service the business sector.

4. Unusual items

There are no unusual transactions during the period.

5. Segmental information

Six months ended 31 December 2008

	Urban Heartbeat	African Fingerprint	Urban Oasis	African Roots	Unallocated	Total
	P'000	P'000	P'000	P'000	P'000	P'000
External revenue	23 365	18 681	28 305	11 617	-	81 968
Reportable segment income before tax	5 740	4 323	6 121	1 526	1 713	19 423

**Reconciliation of reportable segment
profit to profit before tax**

Total profit for reportable segment						19 423
Impairment of goodwill not be included in reportable segment						-
Finance income						-
Finance expense						(1 122)
Profit before tax						18 301
Tax expense						(2 928)
						15 373

Total assets	46 765	36 408	21 806	4 598	3 744	113 323
Liabilities	(2 456)	(3 420)	(19 228)	(1 511)	(10 284)	(36 898)
Capital Expenditure	874	1 588	2 825	2 244	130	7 662

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2009

5. Segmental information (continued)

Twelve months ended 30 June 2009

	Urban Heartbeat P'000	African Fingerprint P'000	Urban Oasis P'000	African Roots P'000	Unallocated P'000	Total P'000
External revenue	47 927	30 114	52 165	21 683	6 986	158 974
Reportable segment income before tax	12 734	4 829	12 072	1 615	2 111	33 361

**Reconciliation of reportable segment
profit to profit before tax**

Total profit for reportable segment						33 361
Impairment of goodwill not be included in reportable segment						(40)
Finance income						572
Finance expense						(2 229)
Profit before tax						31 664
Tax expense						(6 228)
						25 436

Total assets	51 889	29 647	27 935	11 471	(880)	120 262
Liabilities	(3 048)	(3 920)	(18 369)	(1 278)	(9 983)	(36 598)
Capital Expenditure	7 246	2 512	5 711	4 675	1 031	21 175

	Six months to 31 December 2009 P'000	Year to 30 June 2009 P'000	Six months to 31 December 2008 P'000
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6 INTANGIBLE ASSETS

Provisional intangible arose from the purchase of the lease from Botsalo (Pty) Ltd which resulted from the company take over of the business following the termination of the management agreement for management of Botsalo Hotel in Palapye. The details of the purchase of the leases (to be written off over 10 years) is as follows

Purchase consideration	2 300	-	
Net Assets acquired for the lease	1 935		
Intangible asset	365	-	

7 BORROWINGS

Non Current

Barclays Bank of Botswana Limited	12 483	13 602	14 036
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Current

Barclays Bank of Botswana Limited	1 897	1 757	2 082
Bank Overdrafts	3 962	4 084	-

Bank borrowings are repayable in monthly installments of P310,430 at a fixed interest rate of 13.5%p.a. (2008: prime less 1%). The bank borrowings are secured by:

- First mortgage bond over Remainder of Lots 930, 931 and 21367 in Francistown for P18,390,000
- First mortgage bond over Lot 872, Kasane for P3,090,000
- Cession of material damage policies covering the properties mentioned above.
- Unlimited suretyship by Cresta Marakanelo (Pty) Ltd
- Cession of rentals paid by Cresta Marang to Tasman (Pty) Ltd

The banking facilities available to the group as at 30 June are:

Bank overdraft

5 000

3 000

3 000

The bank overdraft bears interest at prime plus 1% (2008: 16.5%. 2007: 16.5%). The facilities are secured by Mortgage bond over Lot 872, Kasane, for P15,000,000.

DRAFT

CRESTA MARAKANELO (PTY) LIMITED AND ITS SUBSIDIARY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2009

	Six months to 31 December 2009	Year to 30 June 2009	Six months to 31 December 2008
	P'000	P'000	P'000
8 Income tax			
Basic company tax at 15%	1 904	4 540	1 757
Additional company tax at 10%	1 269	3 027	1 171
	<u>3 173</u>	<u>7 567</u>	<u>2 928</u>
ACT credit on dividends	(1007)	(1 719)	-
Prior year over/(under) provision	-	-	-
Deferred tax	(376)	380	-
Tax charge	<u>1 781</u>	<u>6 228</u>	<u>2 928</u>
9 Commitments			
- Committed but not approved	4 700	-	-
- Approved	3 000	-	-

The company continued to invest in the refurbishment of its units. The cost of the refurbishment is financed from internal sources

10 Post balance sheet events after 31 December 2009

Subsequent to the period end, management has successfully negotiated extension of lease for the units for another 10 years expiring 2020.

11 Review of results

Results for the half year ended December 2009 were lower than the results for the half year ended December 2008. This was as a result of the economic downturn which affected the business of the company. The downturn was felt at the beginning of the calendar year 2009 compared to other industries whose effects started in the second part of 2008. This effect continued to the end of 2009 hence the results being lower than the half year ended December 2008.

All hotels are affected and Mowana Lodge was the worst affected because of its clientele who are mostly foreigners from Europe and Asia. It is worth noting that those regions were affected by the downturn before most of the businesses in sub-Sahara were affected. Accordingly, the company experienced significant cancellations from these areas for Mowana Lodge.

On a brighter note, the company has started seeing this business coming back and it is optimistic that the business will continue to grow.

12 Contingent liabilities

Subsequent to the period end, the case in which the Botswana Unified Revenue Service ("BURS") investigated the company with a view to recover withholding tax in respect of management fees paid from 1998 to date was resolved with no liability to the company. BURS have given notice of appeal against the judgement, which the company has cross-appealed.



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Report on review of interim financial information
To the shareholders of Cresta Marakanelo Limited (formerly Cresta Marakanelo (Pty) Ltd)

Introduction

We have reviewed the accompanying consolidated condensed interim balance sheet of Cresta Marakanelo (Pty) Ltd and its subsidiary (the "Group") as of 31 December 2009 and the related consolidated condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

Certified Public Accountants

Gaborone
14 May 2010

Senior Partner: B D Phole
Partners: R Binedell, R P De Silva, N S Sori
Associates: A S Edrington, M Lalithkumar, D D Muvwala, S Sinha, S K K Wjeseane

CRESTA MARAKANELO LIMITED
PROFIT FORECAST FOR THE YEAR ENDED 30 JUNE 2010

	P'000s
Revenue	162 469
Expenses	(105 130)
Gross profit	57 339
Other income	9 980
Depreciation	(11 910)
Administration expenses	(26 326)
Amortisation of intangibles	(40)
Operating profit	29 043
Finance income	547
Finance cost	(2 217)
Profit for the period before income tax	27 373
Income tax	(6 843)
Profit for the year	20 530

Attributable to:

Equity holders of the company	20 530
Earnings per share (thebe) – basic*	11.10

* Calculated based on total average number of shares in issue during the period of 185 000 000 ordinary shares

Note 1 - Assumptions underlying the profit forecast

The profit forecast has been based on a six month actual (to 31 December 2009) plus six months budget (to 30 June 2010) basis, with the following significant assumptions underlying the budget period:

- a. Historical occupation patterns (first six months to second six months) to remain unchanged, except as affected by
 1. Ongoing refurbishments at Cresta Lodge, with refurbishment of rooms and the reception area still underway during the budget period, thus negatively affecting operational levels.
 2. Refurbishment of facilities at Riley's Hotel and Botsalo Hotel expected to start late in the budget period, thereby adversely affecting the normal business of these units.
 3. It is expected that the recovery of the mining business in Francistown, which have an effect on business travellers staying at the company units there, will be slow and will only show improvement in the latter stages of 2010.
 4. For Mowana Safari Lodge, which depends on recovery of the global international tourists market, it is anticipated that historical occupancy trends will only return during the second half of the 2010 calendar year, with depressed occupancies continuing for the budget period.
 5. Botsalo Hotel has been included for the first time following the acquisition of these operations during 2009.
 6. Positive growth of 2-4% in bed nights compared to the period January 2009 to June 2009 at all other units.
 7. Average increase in revenue per bed night of 2-4% at all units when compared to the period January to June 2009.
- b. Rebranding costs of P3 million to be expended in the period January to June 2010 have been included as operating expenses in the forecast.
- c. Unit cost of utilities to increase from April 2010 at an average rate of 10%.
- d. Listing expenses of have been incorporated based on an estimate of P3.5 million
- e. The company has secured renewal of all leases with Botswana Hotel Development Company (Pty) Ltd, with lease rentals increasing by an average of 83% upon expiry of the current leases (none of which are due to expire in the forecast period).
- f. Year-on-year increases in operating costs will not exceed the annual rate of inflation, which has been estimated at 10%.
- g. Interest rates will remain stable throughout the second six months of the forecast period.
- h. Income tax is based on the revised company tax rates of 25%, with the ability to utilise unutilised Additional Company Tax for off-set of Withholding Tax arising on dividend payments up to 30 June 2010.
- i. No allocations or payments will be effected under the proposed employee share incentive scheme during the forecast period.



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Report of the auditors

To the shareholders and board of directors of Cresta Marakanelo (Pty) Ltd

The accompanying summarised group balance sheets and group income statements have been derived from the financial statements of Cresta Marakanelo (Pty) Ltd for the years ended 30 June 2005, 30 June 2006, 30 June 2007, 30 June 2008 and 30 June 2009.

These summarised group balance sheets and income statements are the responsibility of the company's management. Our responsibility is to express an opinion on whether these summarised balance sheets and income statements are consistent, in all material respects, with the financial statements from which they were derived.

We have audited the group financial statements of Cresta Marakanelo (Pty) Ltd for the years ended 30 June 2005, 30 June 2006, 30 June 2007, 30 June 2008 and 30 June 2009, from which these summarised balance sheets and income statements were derived, in accordance with International Standards on Auditing. In our reports dated 8 September 2005, 5 October 2006, 7 October 2007, 5 September 2008 and 15 September 2009, we expressed unqualified opinions on the respective financial statements from which the summarised balance sheets and income statements were derived.

In our opinion, the accompanying summarised balance sheets and income statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the company's financial position and the results of its operations for the period and of the scope of our audit, the summarised balance sheets and income statements should be read in conjunction with the financial statements from which the summarised balance sheets and income statements were derived and our audit report thereon.

Certified Public Accountants

Gaborone
14 May 2010

Senior Partner: B D Phiso
Partners: R Bredel, R P De Silva, N B Sori
Associates: A S Edrington, M Lalthumar, D D Mirewa, S Sinha, S K K Wijesena

CRESTA MARAKANELO (PTY) LTD**FIVE YEAR SUMMARIZED INCOME STATEMENT**

FOR THE YEARS ENDED 30 June 2009, 2008, 2007, 2006 and 2005.

	2009	2008	2007	2006	2005
	P'000	P'000	P'000	P'000	P'000
Revenue	158 874	143 661	100 896	83 692	86 192
Cost of sales	(93 275)	(87 823)	(71 385)	(64 212)	(61 929)
Depreciation	(7 272)	(4 611)	(4 613)	(4 443)	(6 110)
Operating expenses	(25 007)	(23 628)	(15 140)	(12 310)	(11 558)
Operating profit before interest and tax	33 320	27 599	9 758	2 727	6 595
Finance income	572	27	29	893	685
Finance costs	(2 229)	(2 487)	(2 500)	(2 844)	(3 061)
Profit before tax	31 663	25 139	7 287	776	4 219
Income tax	(6 227)	(5 716)	(176)	(573)	(405)
Profit for the year	25 436	19 423	7 111	203	3 814
Dividends	(12 718)	(9 711)	(3 556)	(3 400)	(1 906)
Retained profit/ (loss) for the year	12 719	9 712	3 555	(3 197)	1 908
Earnings per share (t)*	13.75	10.50	3.84	0.11	2.06
Dividends per share (t)**	68.75	52.49	19.22	18.38	10.30

Notes:

* EPS calculated from the Stated Share Capital following the share split (185 000 000)

** DPS calculated from the Stated Share Capital prior to the share split (18 500 000)

CRESTA MARAKANELO (PTY) LTD

BALANCE SHEETS

AS AT 30 JUNE 2009, 2007, 2008, 2006 and 2005

	2009	2008	2007	2006	2005
	P'000	P'000	P'000	P'000	P'000
ASSETS					
Non-current assets					
Property, plant and equipment	98 695	86 660	79 169	72 075	70 445
Intangible asset	200	240	280	320	360
Other investment	103	103	103	103	103
Total non-current assets	98 998	87 003	79 552	72 498	70 908
Current assets					
Inventories	896	902	765	594	681
Receivables and prepayments	10 157	10 608	9 007	5 673	7 100
Current income tax	-	-	-	146	-
Cash and cash equivalents	10 011	8 083	3 786	6 875	9 303
Total current assets	21 064	19 593	13 558	13 288	17 084
Total assets	120 062	106 596	93 110	85 786	87 992
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	18 500	18 500	18 500	18 500	18 500
Retained earnings	58 246	45 528	35 817	32 261	35 458
Dividend Reserve	6 718	5 461	3 556	3 400	1 906
Total equity	83 464	69 489	57 873	54 161	55 865
Non-current liabilities					
Deferred Income Tax	3 338	2 958	2 436	2 277	1 736
Borrowings	13 602	15 312	16 857	18 268	19 444
	16 940	18 270	19 293	20 545	21 180
Current liabilities					
Borrowings	5 841	3 394	1 405	2 956	2 102
Trade and other payables	13 289	13 740	14 120	8 124	8 710
Current Income tax liability	528	1 703	419	-	134
	19 658	18 837	15 944	11 080	10 947
Total liabilities	36 598	37 107	35 237	31 625	32 127
Total equity and liabilities	120 062	106 596	93 110	85 786	87 992

DETAILS OF THE ORIGINAL SHAREHOLDERS' AGREEMENT FOR THE PURPOSE OF LISTING

Extracts from: The Shareholders Agreement

Conditions for Listing

The shareholders agreement states that Botswana Development Corporation Limited and TA Botswana Limited shall be entitled to dispose of any of the shares held by it in the Company to an Associated Company except for a sale of shares in the offer that may be made to private places or the public in respect of the listing, if either Botswana Development Corporation Limited or TA Botswana Limited wishes to sell all or any of its Shares, it shall first offer the Shares which it wishes to sell to the other party.

The Shareholders Agreement contains terms similar to the Articles of Association of Cresta, which make provision for the Company to be listed from the third quarter of 2003 or soon thereafter subject to the requirements of market timing, market conditions, the Company developing a record of rising profitability, and having completed appropriate refurbishments to render its hotel competitive.

Clause 6.1 of the Shareholders Agreement states that the parties undertake to cause the following special resolutions to be taken prior to the application to the BSE for the listing;-

convert the Company from a private to public company;

amend the Articles of Association of the Company to articles of association suitable for a public company and complying with the requirements of the BSE for the articles of association of a listed Company.

Clause 6.3 of the Shareholders Agreement states that the parties agree to cooperate with one another to procure the listing, including the disclosure of all financial information in regard to the Company necessary to achieve the listing.

Clause 6.4 states that the listing and all transactions ancillary thereto will be structured and implemented in a manner which is not in any way directly prejudicial to either BDC or TAB, financially or otherwise.

Before the Company is listed the Shareholders Agreement states that they should be a prior consent from both parties from the following; (clause 6.5)

the manner of the listing, whether pursuant to a private placing of shares, or an offer to the public, or both;

whether the private placing or offer to the public will be of shares already held by either BDC or TAB (in which regard it is specifically agreed that it will not be incumbent nor obligatory upon BDC to offer any of its shares to private places or the public to achieve the listing) or by way of an issue of further shares in the Company;

the restructure, if any, of the Company and the manner in which its assets are held;

the restructure, if any, of the Board;

the manner of offer of shares to private places or the public;

all material decisions affecting or arising out of or pursuant to the listing;

any statements, forecasts or facts relating directly to either BDC or TAB contained in the contents of all press announcements and statements, publications and other similar documents to be issued pursuant to the listing;

all information including, but without limitation, contractual and financial information(both historical and forecast) in respect of the Company or either BDC or TAB which may be furnished to third parties pursuant to the listing;

all agreements of any nature to which the Company is to be party in relation to the listing (if any) including agreements in relation to the underwriting thereof; and

the appointment of merchant banker, legal advisor, stock broker, transfer secretary and receiving bankers in the listing;

all agreements in relation to the fees and any other costs(if any) in respect of the listing which are to be borne by the Company.

DRAFT

ANNEXURE 7

DETAILS OF THE MANAGEMENT AGREEMENT

Extracts from: The Management Agreement

Cresta Marakanelo (Pty) Ltd (“Cresta “) and CH

Definition of service	<p>The purpose of this agreement is that Cresta in charge of the hotels does not have any expertise, skill and experience to manage its operation of the Hotels. Cresta has appointed CH to provide it with the supervision and management of the Hotels. CH warrants that it has the specialist expertise in the management of hotels and resorts of international standards, the skills of a professional manager of hotels and resorts of international standards and the skills, expertise and experience necessary to maximise profitability of operations and marketing (including advertising and promotion) of hotels and resorts ,internationally and regionally. CH AND Cresta are not in a partnership, joint venture nor is this Agreement ,one of principal and agent.</p>
Commencement date	<p>The agreement was deemed to have come into effect on the 1st of January 2010 and shall endure for a period of ten years.</p>
Renewal Period	<p>If CH has not committed two or more breaches in the three years preceding the date of the exercise of the extending option,Cresta shall have the option to extend this Agreement upon the same terms and conditions, for a further period of ten years, provided that such option is exercised in writing not later than six months prior to the expiry of the initial period of ten years.</p>
Remuneration	<p>For the services to be rendered by the Manager, Cresta pays a management fee of three percent of Gross sales based on the monthly management accounts of the Company and a profit incentive bonus equivalent to 15% of the Net Operating Profit of Cresta and paid by Cresta to CH, quarterly in arrears, as soon as the amount shall have been determined.</p>
Cession and Assignment	<p>CH cannot assign its rights and obligations under this Agreement without obtaining prior approval from the Cresta to an associated company of Cresta Holdings (Pty) Ltd. The associated company means any holding company or subsidiary company (as defined in the Companies Act)of the Manager or a company in which the Holding company of the Manager hold or controls the majority of voting rights at a meeting of shareholders or controls the composition of the Board.</p>
CH's Personnel	<p>CH has appointed a Managing Director and a Chief Financial Officer for the Hotels which appointment have to be approved by Cresta. The Managing Director and Chief Financial Officer shall not be substituted without the prior consent of Cresta. Cresta has the right upon reasonable grounds to require that any person employed as the Managing Director or Chief Financial Officer be removed from such position in which event CH shall submit to Cresta a suitable replacement.</p>

Working Capital Funds

Cresta shall provide the working capital necessary for the efficient and uninterrupted operation of the Hotels , and shall furnish such funds as requested by CH. All working capital received from Cresta shall be deposited and retained in a bank account in the name of Cresta . Cresta and CH shall procure that an amount equal to 4.5% of the Gross Sales of each hotel in any Financial Year is placed to a Reserve Fund , to be used for repair replacement substitution and refurbishment of furniture, fittings, equipment and fixed assets employed in the operation of the Hotels.

Restraint

CH undertakes in favour of Cresta that for the duration of this Agreement and for one year after its termination or cancellation, it will not whether as proprietor, partner, shareholder, financier, franchisor or franchise, consultant, manager, advisor, agent, associate or otherwise however directly or indirectly be interested in ,involved in the business of any other hotel or group of hotels or business or service which competes with any of the businesses of the Hotels.

The above agreement commenced on the 1st of January 2010. It was resolved by the directors of Cresta on the 28th September 2009 that Cresta renew its management agreement with CH for a 10 year period. The Management Agreement is available for inspection.

ANNEXURE 8

DETAILS OF THE LEASES BY CRESTA HOTELS

A summary of the immovable properties that are leased by Cresta Marakanelo Limited are highlighted in the table below. Details of each of these leases are set out in the paragraphs following the table.

HOTEL	PLOT NUMBER	OWNER	DETAILS OF TITLE DEED
Cresta Lodge	Lot 50719 Gaborone	BHDC	10 year lease with BHDC valid until July 2020
Presidents Hotel	Lot 1168/9 (Gaborone)	BHDC	10 year lease with BHDC valid until July 2020
Riley's Hotel	Tribal Lot TB Maun	BHDC	10 year lease with BHDC valid until July 2020
Bosele Hotel	Lot 276 Selebi Phikwe	BHDC	10 year lease with BHDC valid until July 2020
Botsalo Hotel	Lot 87 (Palapye)	Botsalo (Pty) Ltd	(Cresta has a lease agreement with Botsalo (Pty) Limited)
Thapama Hotel	Lot 1230 Palapye	BHDC	10 year lease with BHDC valid until July 2020
Residency Hotel (part of Marang Gardens)	Lot 6218 portion of lot 931	Knights Bridge (Pty) Ltd	10 year lease agreement valid until 2017

Botswana Hotel Development Company and Cresta Marakanelo Ltd in respect of Cresta Bosele Hotel in respect of Lot 276 Selibe Phikwe.

Definition of Service	Lease agreement with Botswana Hotel Development Corporation and Cresta Marakanelo Ltd in respect of Cresta Bosele Hotel in respect of Lot 276 Selibe Phikwe
Commencement Date	The lease is to commence on the 1 st July 2010 and shall continue thereafter for a period of (10) ten years terminating on 30 th June 2020 (the Term).
Renewal Period	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 10 (Ten) years commencing on the 1 July 2020, which option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P1,560,000. This rental shall be paid monthly in advance by twelve equal instalments of P130,000.00, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

Botswana Hotel Development Company and Cresta Marakanelo Ltd in respect of Cresta Riley's Hotel in respect of Tribal Lot TB Maun.

Definition of Service	Lease agreement with Botswana Hotel Development Corporation and Cresta Marakanelo Ltd in respect of Cresta Riley's Hotel in respect of Tribal Lot TB Maun.
Commencement Date	The lease is to commence on the 1 st July 2010 and shall continue thereafter for a period of (10) ten years terminating on 30 th June 2020 (the Term).
Renewal Option	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 10 (Ten) years commencing on the 1 July 2020, Option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P1,680,000. This rental shall be paid monthly in advance by twelve equal instalments of P140,000.00, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

Botswana Hotel Development Company and Cresta Marakanelo Ltd in respect of Cresta President Hotel in respect of Lot 1168/9 Gaborone

Definition of Service	Lease agreement with Botswana Hotel Development Corporation and Cresta Marakanelo Ltd in respect of Cresta President Hotel in respect of Lot 1168/9 Gaborone
Commencement Date	The lease is to commence on the 1 st July 2010 and shall continue thereafter for a period of (10) ten years terminating on 30 th June 2020 (the Term).
Renewal Option	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 10 (Ten) years commencing on the 1 July 2020, Option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P3,960,000. This rental shall be paid monthly in advance by twelve equal instalments of P330,000.00, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

Botswana Hotel Development Company and Cresta Marakanelo Ltd in respect of Cresta Lodge Hotel in respect of Lot 50719 Gaborone

Definition of Service	Lease agreement with Botswana Hotel Development Corporation and Cresta Marakanelo Ltd in respect of Cresta Lodge Hotel in respect of Lot 50719 Gaborone.
Commencement Date	The lease is to commence on the 1 st July 2010 and shall continue thereafter for a period of (10) ten years terminating on 30 th June 2020 (the Term).
Renewal Option	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 10 (Ten) years commencing on the 1 July 2020, Option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P5,880,000. This rental shall be paid monthly in advance by twelve equal instalments of P490,000.00, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

Botswana Hotel Development Company and Cresta Marakanelo Ltd in respect of Thapama Hotel in respect of Lot 6348 Francistown

Definition of Service	Lease agreement with Botswana Hotel Development Corporation and Cresta Marakanelo Ltd in respect of Thapama Hotel in respect of Francistown.
Commencement Date	The lease is to commence on the 1 st July 2010 and shall continue thereafter for a period of (10) ten years terminating on 30 th June 2020 (the Term).
Renewal Option	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 10 (Ten) years commencing on the 1 July 2020, Option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P3,960,000. This rental shall be paid monthly in advance by twelve equal instalments of P330,000.00, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

Botsalo Hotel (Pty) Ltd and Cresta Marakanelo Ltd in respect of Cresta Botsalo Hotel in respect of Lot 87 Palapye

Definition of Service	Lease agreement with Botsalo Hotel (Pty) Ltd and Cresta Marakanelo Ltd in respect of Cresta Botsalo Hotel in respect of Lot 87 Palapye .
Commencement Date	The lease commenced on the 1 st October 2009 and shall continue thereafter for a period of (10) ten years terminating on 30 th September 2019 (the Term).
Renewal Option	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 5 (five) years commencing on the 1 November 2019, which option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P1,500,000.00. This rental shall be paid monthly in advance by twelve equal instalments of P125,000.00, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

Knights Bridge (Pty) Ltd and Cresta Marakanelo Ltd in respect of Residency Hotel in respect of Lot 6218 portion of lot 931

Definition of Service	Lease agreement with Knights Bridge (Pty) Ltd and Cresta Marakanelo Ltd in respect of Residency Hotel in respect of Lot 6218 portion of lot 931 Francistown .
Commencement Date	The lease commenced on the 1 st July 2007 and shall continue thereafter for a period of (10) ten years terminating on 30 th June 2017 (the Term).
Renewal Option	The lease agreement confers on Cresta Marakanelo Ltd to have the option to renew this lease for a further period of 10 (ten) years commencing on 1 July 2017, which option shall be exercised in writing no less than 6 (six) months prior to expiry of the Term, failing which it shall lapse.
Rental Payable	The first year rental commencing on the Commencement Date is P1,080,00.00. This rental shall be paid monthly in advance by twelve equal instalments of P90,000, the first such instalment payable on the Commencement Date and subsequent instalments monthly on or before the seventh day of each and every succeeding month. Each subsequent year of this Lease shall be subject to an escalation of 8% on the preceding year's rental effective from the anniversary of the Commencement date.

ANNEXURE 9

DETAILS OF FIXED PROPERTY OWNED BY CRESTA

HOTELS OWNED BY CRESTA

HOTEL	PLOT NUMBER	DETAILS OF TITLE DEED
Mowana Safari Lodge	Lot 2239 Kasane (34,1684 ha)	Deed of Fixed Period State Grant for 50 years from 22 nd January 1998
	Lot 872 Kasane (12,9169 ha)	Deed of Fixed Period State Grant for 50 years from 10 th July 1992
Part of Marang Gardens	Remaining Extent of Lot 930 (2,8957 Ha); Remaining Extent of Lot 981 Francistown (3,2309 Ha); and Lot 21367 Francistown (a portion of Lot 930 Francistown) (2,563m ²).	Deed of transfer in favour of Tasman (Pty) Ltd by Botswana Insurance Fund Management Limited No. 874/96 dated 14 th November 1996 for a purchase price of P3 900 000. There is an existing bond under Registration No FT 380/2003 dated 15 th August 2003 passed by Tasman (Pty) Ltd in favour of Barclays Bank of Botswana Limited in respect of Remaining Extent of Lot 930 (2,8957 Ha), Remaining Extent of Lot 931 Francistown (3,2309 Ha)

Valuation Reports on these properties are available for inspection as detailed in paragraph 49 of this Prospectus.

RESIDENTIAL ASSETS OWNED BY CRESTA

In addition to the hotels above, Cresta owns five houses at the Mowana Safari Lodge .The following are the properties;

Lot 2019 BHC/Cresta

Lot 2019 Kasane is owned by Cresta which was passed by Botswana Housing Corporation under a Deed of Transfer registration number FT 18/2007 dated 9th January 2007. The property shall be used for residential purposes.

Ownership of the Property shall vest in the purchaser for a period of 99 years from the date of registration of Deed of Fixed Period State Grant No. 2178/2000 in favour of Botswana Housing Corporation on the 13th October 2000 and the purchaser shall have the right to cede, assign, transfer, lease, sell, Mortgage or otherwise deal with the property during the period of ownership always provided that at the end of the 99 year period, the property together with all the improvements shall revert to the State absolute without compensation. The purchase price for the property was P121,000.00.

Lot 2012 Kasane

Lot 2012 (450m²) Kasane is owned by Cresta which was passed by Botswana Housing Corporation under a Deed of Transfer registration number FT 20/2007 dated 9th January 2007. The property shall be used for residential purposes.

Ownership of the Property shall vest in the purchaser for a period of 99 years from the date of registration of Deed of Fixed Period State Grant No. 2178/2000 in favour of Botswana Housing Corporation on the 13th October 2000 and the purchaser shall have the right to cede, assign, transfer, lease, sell, Mortgage or otherwise deal with the property during the period of ownership always provided that at the end of the 99 year period ,the property together with all the improvements shall revert to the State absolute without compensation. The purchase price for the property was P119,000.00.

Lot 2020 Kasane

Lot 2020 (528m²) Kasane is owned by Cresta which was passed by Botswana Housing Corporation under a Deed of Transfer registration number FT 19/2007 dated 9th January 2007. The property shall be used for residential purposes.

Ownership of the Property shall vest in the purchaser for a period of 99 years from the date of registration of Deed of Fixed Period State Grant No. 2178/2000 in favour of Botswana Housing Corporation on the 13th October 2000 and the purchaser shall have the right to cede, assign, transfer, lease ,sell, Mortgage or otherwise deal with the property during the period of ownership always provided that at the end of the 99 year period ,the property together with all the improvements shall revert to the State absolute without compensation. The purchase price for the property was P121,000.00.

Lot 1997 Kasane

Lot 1997 (450m²) Kasane is owned by Cresta which was passed by Botswana Housing Corporation under a Deed of Transfer registration number FT 19/2007 dated 9th January 2007. The property shall be used for residential purposes.

Ownership of the Property shall vest in the purchaser for a period of 99 years from the date of registration of Deed of Fixed Period State Grant No. 2178/2000 in favour of Botswana Housing Corporation on the 13th October 2000 and the purchaser shall have the right to cede, assign, transfer, lease ,sell, Mortgage or otherwise deal with the property during the period of ownership always provided that at the end of the 99 year period ,the property together with all the improvements shall revert to the State absolute without compensation. The purchase price for the property was P121,000.00.

Lot 1989 Kasane

Lot 1989 (450m²) Kasane is owned by Cresta which was passed by Botswana Housing Corporation under a Deed of Transfer registration number FT 19/2007 dated 9th January 2007. The property shall be used for residential purposes.

Ownership of the Property shall vest in the purchaser for a period of 99 years from the date of registration of Deed of Fixed Period State Grant No. 2178/2000 in favour of Botswana Housing Corporation on the 13th October 2000 and the purchaser shall have the right to cede, assign, transfer, lease ,sell, Mortgage or otherwise deal with the property during the period of ownership always provided that at the end of the 99 year period ,the property together with all the improvements shall revert to the State absolute without compensation. The purchase price for the property was P119,000.00.

DETAILS OF THE UNDERTAKING AGREEMENT

The Undertaking Agreement

The Botswana Stock Exchange Listing Requirements, **section 5.21** requires that an offer for sale must be underwritten and the underwriter must satisfy the Botswana Stock Exchange Committee that it can meet its commitments. Botswana Development Corporation ("BDC") however intends to retain its shares in the event that there are insufficient applications received from members of the public. Cresta therefore applies for a waiver of the requirements of **section 5.21** of the Botswana Stock Exchange Listing Requirements on the basis that BDC cannot legally underwrite the sale of its own shares. BDC is prepared to give and undertake to that effect and will not charge any fee. Below are extracts of the Undertaking Agreement

1. WHEREAS

- 1.1 Botswana Development Corporation ("BDC") holds 60% (111 000 000 ordinary shares) of the share capital of Cresta.
- 1.2 BDC seeks to dispose 62 900 000 of its ordinary shares in terms of the Prospectus.
- 1.3 It is proposed that BDC dispose of its shares in the manner set out in the Prospectus, prior to the listing of Cresta shares on the BSE.

2. CONDITIONS

- 2.1 The obligations placed upon the Parties, one to another, pursuant to the terms of this Agreement are conditional for their validity and coming into force and effect upon:-
 - 2.1.1 the Members and Directors of Cresta at the meeting held, on the 21 April 2010:
passing the Resolutions; and
signing a prospectus substantially in the terms and upon the conditions of the Prospectus;
 - 2.1.2 the BSE having approved the prospectus substantially in the terms and upon the conditions of the Prospectus;
 - 2.1.3 a prospectus substantially in the terms and upon the conditions of the Prospectus annexed hereto having been registered by the Registrar of Companies;
 - 2.1.4 selected placees having agreed in terms of the placing agreement to purchase the Placing shares;
 - 2.1.5 the adoption of the Employee Share Trust; and
 - 2.1.6 the BSE Committee having given its approval in writing, to the listing of all the shares being offered, such listing to take place on or before 31 May 2010 or such later date as the Parties hereto may in writing agree.
- 2.2 If any of the above conditions shall not have been fulfilled by the date set forth for fulfilment thereof, this agreement shall terminate on that date.

3. OFFER TO THE PUBLIC

Subject to the terms and conditions hereof, the directors of Cresta shall take all actions necessary to effect the sale of the offer shares in accordance with the provisions of the Prospectus (which incorporates an offer to the public of the shares at the offer price) to members of the public who have applied for same prior to the closing of the offer, which closing is anticipated to take place 28 May 2010.

4. UNDERTAKING

BDC undertakes to make available to Cresta for sale to the public 40 700 000 ordinary shares from the opening of the public offer anticipated to be from 7 May 2010 and to the extent that applications are not received in respect of all or a lesser number of the shares as at 28 May 2010 (the anticipated closing of the offer), BDC undertakes to retain all or part of such shares as a shareholder in the Company.

5. OBLIGATIONS OF CRESTA

5.1 Cresta shall:-

- 5.1.1 procure that the Prospectus is duly signed by the Directors of Cresta on 21st April 2010;
- 5.1.2 submit to the BSE for approval, a copy of the Prospectus and deliver a copy of the Prospectus as signed by the Directors of Cresta to the Registrar of Companies, for registration;
- 5.1.3 obtain a waiver from the BSE Committee, such that Cresta will not require an underwriting offer on the basis that if the shares offered to the public are not applied for BDC undertakes to retain those shares;
- 5.1.4 make application to the BSE for approval of the Prospectus, and approval of all the shares issued by Cresta, subject to a placing and public offer of shares which results in compliance by the Company of the rules of the BSE for listing on its Main Board, on or before 27 May 2010;
- 5.1.5 procure the adoption of the Employee Share Trust;
- 5.1.6 make available copies of the Prospectus as signed and registered, to members of the public who may wish to apply for shares in Cresta for a period commencing 30 April 2010 and closing on 21 May 2010; and
- 5.1.7 the proceeds of the sale of shares in respect of the private placement and to the public shall be collected by Cresta and paid to BDC.

6. FEE

- 6.1 BDC shall not be entitled to receive any fee for the undertakings granted in terms of this Agreement.
- 6.2 Cresta shall be entitled to be reimbursed of any expenses incurred by it, in collecting and remitting the proceeds of the sale of shares to BDC. Such amount shall be deducted from the amount remitted to BDC provided proof of actual expenditure has been furnished to BDC of the amounts incurred.

7. RESCISSION

- 7.1 If at any time between the date hereof and completion of this Agreement there shall occur, develop or come into effect any governmental regulation or other occurrence of any nature including any substantial change in international, economic or political conditions which in the opinion of the directors of Cresta is likely to have a significant adverse effect on the business of Cresta, the Directors of Cresta shall notify BDC and may in their sole discretion give notice to BDC rescinding this Agreement.
- 7.2 BDC may in its sole discretion, upon receiving notification as set out in 8.1 above, give notice to Cresta that it is rescinding this Agreement.
- 7.3 In the event of rescission of this Agreement in terms of 8.1 above, no party hereto shall have any claim against any of the others or other to recover any damages damages, costs, charges or expenses which it or they may have suffered or incurred pursuant hereto.

8 INDEMNITY

- 8.1 Cresta will discharge and indemnify BDC and its directors, officers, agents and employees on demand against any loss, claims or liabilities suffered in undertaking the offer, including any legal or other expenses BDC incurs to investigate and defend against any such loss, cost damage or liability, which result from any negligence or wilful misconduct of Cresta during the period from the date of signature of this agreement and conclusion of the Offer.
- 8.2 BDC will promptly notify Cresta of any claims to be made in terms of this Agreement, who shall be afforded reasonable opportunity to investigate such claims and mitigate potential costs.

9. TERMINATION

- 9.1 In the event that all the shares being offered of Cresta are not listed on the BSE for any reason whatsoever on or before 31 May 2010 or such later date as Cresta and BDC shall in writing agree, then this Agreement shall be deemed terminated by mutual consent.
- 9.2 In the event of termination of this Agreement in terms of 10.1 above:-

-
- 9.2.1 BDC shall immediately deliver to Cresta, for cancellation all and any certificates in respect of the Shares being offered which have been allotted to it by Cresta in accordance with Clause 5 above; and
- 9.2.2 no party hereto shall have any claim against any other party to recover any damages, costs, charges or expenses which they may have suffered or incurred pursuant to this agreement, or its subsequent cancellation in terms of this clause.

10 GENERAL

- 10.1 This Agreement may be amended by mutual agreement of the Parties, provided that such amendment is recorded in writing.
- 10.2 This Agreement shall be governed by and construed in accordance with the Laws of Botswana.

UNDERTAKING

I, the undersigned **Hilary Munyaradzi Munyati** for and on behalf of TA Botswana Ltd duly authorised by resolution of the Board of Directors of TA Botswana Ltd dated 16th March 2010 do hereby undertake in favour of the members of Cresta Marakanelo Limited ("the Company") and the Company itself, that TA Botswana Ltd shall for so long as the Management Agreement subsists with the Company and Cresta Holdings (Pty) Ltd (or any renewal thereof), TA Botswana Ltd shall not reduce its shareholding in the Company to less than 5% of the stated share capital of the Company, it being recorded that the current term of the Management Agreement expires on the 1st of January 2020.



HILARY MUNYARADZI MUNYATI

for and on behalf of TA Botswana Ltd

who warrants his authority to enter into this Agreement

ANNEXURE 12

DETAILS OF PRIVATE PLACEMENT

Placee	Private Placement Allocation	% of Private Placement	% of Stated Share Capital
Botswana Insurance Fund Management Limited	9 533 808	51.53%	5.15%
Botswana Motor Vehicle Accident Fund	6 393 610	34.56%	3.46%
Stanbic Investment Management Services (Propriety) Limited	2 572 582	13.91%	1.39%
Total	18 500 000	100.00%	10.00%

ANNEXURE 13

DETAILS OF PROSPECTUS AVAILABILITY

Copies of the Prospectus are available during normal business hours from 17 May to 7 June 2010 at the following locations:

Name	Address
Cresta Head Office	Plot 50676, Fairground Office Park, Phase 2, Block D, Unit 2, Gaborone
Armstrong Attorneys	5 th Floor, Barclays House, Khama Crescent, Gaborone
Stockbrokers Botswana	Ground Floor, United Nations House, Khama Crescent, Gaborone
Imara Botswana	Block A, Unit 3, Millennium Office Park, Kgale Hill, Gaborone
Barclays – Gaborone Mall	Lot 1103/07, Queens Road, Gaborone
Barclays – Gaborone Industrial	Lot 17953, Lithuli Road, Gaborone
Barclays – Gaborone Sun Prestige	Gaborone Sun Hotel
Barclays – Game City	Game City Mall, Gaborone
Barclays – Broadhurst	Lot 5619, Broadhurst, Gaborone
Barclays – Carbo Prestige	Lot 54518, Unit 4 Carbo Centre, Gaborone
Barclays – Lobatse	Lot 4649, Unit 1, Hillside Mall, Lobatse
Barclays – Jwaneng	Lot 5477, Unit 21 Jwaneng
Barclays – Ghanzi	Lot 29, Shop 1, Ghanzi
Barclays – Mahalapye	Lot 61, Mahalapye
Barclays – Serowe	Lot 40/5, Serowe
Barclays – Palapye	Lot 47, Palapye
Barclays – Selibe Phikwe	Lot 2579/81 Selibe Phikwe
Barclays – Selibe Phikwe Prestige	Lot 2579/81 Selibe Phikwe
Barclays – Maun	Lot D4, Maun
Barclays – Phakalane Prestige	Lot 63724, Mowana Mall, Phakalane Gaborone
Barclays – Galo Prestige	Lot 1471/2 Partnership, Galo Centre
Barclays – Personal Prestige	Lot 1188-1196, Debswana House, Gaborone
Barclays – Blue Jacket Prestige	Lot 494/5, Blue Jacket Street, Francistown
Barclays – Barclays Head Office	Plot 8842, 1st Floor, Barclays House, Gaborone.



CRESTA MARAKANELO LIMITED

(Previously Cresta Marakanelo (Proprietary) Limited)
(Incorporated in the Republic of Botswana on 23 August 1974 and converted to a public company on 7 December 2009)
(registration number CO: 1974/556)
(Share code: CML ISIN: BW 000 000 0892)

APPLICATION FORM FOR INDIVIDUALS

Cresta Marakanelo Limited (“Cresta” or “Company”)

(Incorporated in Botswana on 23 August 1974 under company registration number 1974/556)

Application form ("Form") for the right to allotment for [] Shares in the stated share capital of Cresta by way of an initial public offering ("IPO") and private placement ("Private Placement"), as set out in the Prospectus issued by the Company and registered in terms of the Companies Act [Cap 42:01] on 23 April 2010.

The Directors of Cresta (“the Directors”) reserve the right to reject an application if the conditions contained in the Prospectus and the instructions on this Form are not complied with. Multiple applications in the same name will be rejected.

Please complete this form in block capitals and in ink.

Surname: Mr/Mrs/Ms/Dr _____
First Name: _____
Citizenship: _____ ID Number: _____
Postal address (PO Box/Private Bag): _____

(Proof of allotment ,Share certificates and refund cheques (if any) will be posted to the above postal address at the risk of the Applicant)

Residential Address: _____
Telephone number (in case of query): _____
E-mail address: _____
Capacity: - adult/minor _____
Marital status:- married in community of property/married out of community of property/ widowed/single _____

We irrevocably offer to purchase (.....) (amount in words) Shares in the Stated Share Capital of the Company, at a price of P1.45 per Cresta Share on the terms and conditions set out in the Prospectus, and we enclose a cheque/ bankers draft in favour of “Cresta IPO” in the sum of P..... (.....) (amount in words).

Applications must be for a minimum of 100 (one hundred) Shares and thereafter must be in multiples of 100 (one hundred) Shares.

If you wish to receive shares in a dematerialised form, CSDB:
please indicate your Central Securities Depository
Account Number: _____
Bank Account details for refunds, if applicable, and payment of any future dividends:
Name of Bank: _____
Branch name: _____
Branch Code: _____
Account no: _____

I/We declare that I/we:

1. am/are not acquiring the Shares as the nominee(s) of any person(s).
2. agree to accept the same or smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company.
3. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation.
4. acknowledge that the Directors may accept or reject the whole or any part of my/our application, for whatever reason, in their absolute discretion.
5. acknowledge that my/our application(s) is/are irrevocable and may not be withdrawn.
6. acknowledge that cheques for excess application money are liable to be held pending clearance of the cheque attached hereto.
7. acknowledge that I/we shall not be entitled to any interest in respect of any excess application money held by the Company.
8. authorise you to send me/us a certificate for the number of shares in respect of which this application is accepted together with a cheque for any money refundable, by post at our postal address herein set out, and to procure my/our names to be placed on the register of shareholders of the Company as the holders of the Shares so purchased by me/us.
9. confirm that I/we have read and understood all the conditions of this issue, upon which my/our offer is based.
10. confirm that all the information supplied by me/us is true and correct.

Signature: _____

Date: _____

Full name: _____

Assisted by: _____

(If a woman married in community of property or a minor)

Name: _____

Relationship: _____

Date: _____

BOX - Brokers/Bank stamp (if applicable)



CRESTA MARAKANELO LIMITED

(Previously Cresta Marakanelo (Proprietary) Limited)
 (Incorporated in the Republic of Botswana on 23 August 1974 and converted to a public company on 7 December 2009)
 (registration number CO: 1974/556)
 (Share code: CML ISIN: BW 000 000 0892)

APPLICATION FORM FOR LEGAL ENTITIES OTHER THAN INDIVIDUALS

Cresta Marakanelo Limited ("Cresta" or "Company")

(Incorporated in Botswana on 23 August 1974 under company registration number 1974/556.

Application form ("Form") for the right to allotment for [] Shares in the stated share capital of Cresta by way of an initial public offering ("IPO") and private placement ("Private Placement"), as set out in the Prospectus issued by the Company and registered in terms of the Companies Act [Cap 42:01] on 23 April 2010.

The Directors of Cresta ("the Directors") reserve the right to reject an application if the conditions contained in the Prospectus and the instructions on this Form are not complied with. Multiple applications in the same name will be rejected.

Please complete this form in block capitals and in ink.

Full name of entity: _____

Nature of entity (association/ society/ company/
pension fund/ other legal entity: _____

Registered office: _____

Principal place of business: _____

Association/ society/ company/ pension fund/ other
legal entity registration number : _____

Country of incorporation/registration: _____

Postal address (PO Box/Private Bag): _____

(Proof of allotment ,Share certificates and refund cheques (if any) will be posted to the above postal address at the risk of the Applicant)

Telephone number (in case of query): _____

E-mail address: _____

We irrevocably offer to purchase (.....) (amount in words) Shares in the Stated Share Capital of the Company, at a price of P1.45 per Cresta Share on the terms and conditions set out in the Prospectus, and we enclose a cheque/ bankers draft in favour of "Cresta IPO" in the sum of P..... (.....) (amount in words).

Applications must be for a minimum of 100 (one hundred) Shares and thereafter must be in multiples of 100 (one hundred) Shares.

If you wish to receive shares in a dematerialised form, CSDB:
please indicate your Central Securities Depository
Account Number: _____

Bank Account details for refunds, if applicable, and payment of any future dividends:

Name of Bank: _____

Branch name: _____

Branch Code: _____

Account no: _____

We declare that we:

1. are properly formed and registered in accordance with the law of the country where we are registered.
2. are empowered in terms of the Constitution or other constitutional document to acquire shares in the Company.
3. duly authorise the person(s) signing on our behalf to do so.
4. agree to accept the same or smaller number of Shares in respect of which this application may be accepted upon the terms of the Prospectus and subject to the Constitution of the Company.
5. acknowledge that due completion and delivery of this Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation.
6. acknowledge that the Directors may accept or reject the whole or any part of our application, for whatever reason, in their absolute discretion.
7. acknowledge that our application(s) is/are irrevocable and may not be withdrawn.
8. acknowledge that cheques for excess application money are liable to be held pending clearance of the cheque attached hereto.
9. acknowledge that we shall not be entitled to any interest in respect of any refund or excess application money held by the Company.
10. authorise you to send us a certificate for the number of Shares in respect of which this application is accepted together with a cheque for any money refundable, by post at our postal address herein set out, and to procure our names to be placed on the register of shareholders of the Company as the holders of the Shares so purchased by us.
11. confirm that we have read and understood all the conditions of this issue, upon which our offer is based.
12. confirm that all the information supplied by us is true and correct.

Signature: _____

Date: _____

Full name: _____

Capacity: _____

Company stamp Brokers/Bank Stamp (if applicable)
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