Annual Report 2017

BRAINWORKS

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These financial statements are presented in the United States of America dollar ("US$").

CORPORATE INFORMATION

DIRECTORS:

Name:	Designation	Appointed on:	Resigned on:
Simon F.W VILLAGE (Chairman)	Non Executive	25 January 2016	-
Martin J. WOOD	Independent Non-Executive	6 September 2016	-
George S. J BENNETT	Independent Non-Executive	8 July 2016	-
Audrey M. MOTHUPI	Independent Non-Executive	6 September 2016	-
Richard N. CHARRINGTON	Independent Non-Executive	6 September 2016	-
George MANYERE	Non Executive	28 November 2014	30 January 2018
Walter T. KAMBWANJI	Non Executive	28 November 2014	30 January 2018
Richard G. MUIRIMI	Non Executive	9 July 2015	-
Brett I. CHILDS (Chief Executive Officer)	Executive	1 July 2016	-
Peter SAUNGWEME (Chief Finance Officer)	Executive	31 March 2017	-

George Manyere and Walter Kambwanji resigned as Chief Executive Officer and Chief Finance Officer on 31 January 2017 and 31 March 2017 respectively and assumed the roles of non-executive directors on the same dates. They subsequently resigned as non-executive directors on 30 January 2018.

George Manyere and Walter Kambwanji were replaced by Brett Childs and Peter Saungweme respectively.

COMPANY SECRETARY AND ADMINISTRATOR:
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Republic of Mauritius

REGISTERED OFFICE:
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INDEPENDENT STATUTORY AUDITOR:
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JOHANNESBURG STOCK EXCHANGE (JSE) INDEPENDENT AUDITOR:
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DIRECTORS' REPORT

INTRODUCTION

The directors hereby present the audited consolidated financial statements of Brainworks Limited ("the Company") together with its subsidiaries and associates ("the Group") for the year ended 31 December 2017. This is the first publication of the Group's full year results following the Company's listing on the Johannesburg Stock Exchange ("the JSE") on the 13th of October 2017.

ECONOMIC AND POLITICAL REVIEW

The Zimbabwean economy continues to be beset by high unemployment, leading to weak domestic demand and high public local and international debt. The foreign currency and cash shortages that began in 2016 continued in 2017 and this, coupled with other structural weaknesses in the economy, hampered economic growth. In spite of these and other challenges, the economy recorded 3.7% growth in 2017 on the back of commendable performance particularly by the agricultural and mining sectors.

Zimbabwe officially came out of deflation in February 2017 and the average inflation rate for 2017 was 1%. While inflation remains low, the persistent shortage of foreign currency for a country that is heavily reliant on imported raw materials and finished goods remains a concern. This has seen prices beginning to creep up as importers are forced to resort to the parallel market to secure foreign currency. The Reserve Bank of Zimbabwe, with the assistance of the Afreximbank, established a US$600 million nostro stabilisation facility to ensure that the country's critical foreign payment needs continue to be met. Various policy initiatives including the imposition of restrictions on non-essential imports also saw the current account deficit narrow significantly from US$2.1 billion in 2016 to US$1.45 billion in 2017.

November 2017 saw the inauguration of a new government now led by President Emmerson Dambudzo Mnangagwa. Since his inauguration, the new President has embarked on a diplomatic offensive across the globe with the theme "Zimbabwe is open for business". There have been some reforms promulgated, in particular around the previously controversial indigenisation policy, which has now been amended and clarified as being applicable only to the mining sector, in particular platinum and diamonds. Following the establishment of a new government, there has been increased investment enquiries in the country. However, actual investment inflows if any, are expected after the harmonised elections which are expected to have been held by the end of August 2018, as investors wait for Zimbabwe to conclude this critical national event. Sentiment is very positive, fired by the current government assuring the global community that it will do all it can to ensure that the elections are free, fair and credible.

OVERVIEW OF THE TOURISM AND HOSPITALITY INDUSTRY

The Group's major assets namely hotels, and revenues are linked to the tourism industry in Zimbabwe.

The weak regional currencies against the United States of America dollar ("US$"), particularly the South African Rand ("Rand"), resulted in flat room rates for our hotels. The Rand relative to the US$ affected the South African market, which contributes significantly to tourist arrivals into Zimbabwe. However post year-end, there are signs that the Rand is firming, which is likely to positively influence arrivals from South Africa going forward. The international market performed strongly in line with the global tourism industry, registering growth of 29% during the year under review.

The tourism industry is expected to continue growing in 2018 and to benefit from key activities, which include elections, infrastructure development and other government projects. The Group's hotel reservations, particularly in Victoria Falls are looking positive. Government is set to introduce a number of measures to rejuvenate the tourism and hospitality industry. These measures among others include:

a) committing to the creation of a conducive political and socio-economic environment to make the country's tourist destinations competitive and appealing to both local and international tourists;
b) changing the visa regime to enable tourists to apply for visas at the port of entry;
c) introducing systems and processes that would speed up immigration clearance time;
d) building new airports and refurbishing existing ones;
e) opening the skies to other international airlines; and
f) improving our roads, to travel on these uninterrupted.

DIRECTORS' REPORT (CONTINUED)

SEGMENT PERFORMANCE REVIEW

The Group's segment results are further summarised in note 5 to the financial statements.

HOSPITALITY

The operations of African Sun Limited ("African Sun") are classified under the hospitality segment.

African Sun went through a transition from a hotel operating company to a hotel investment company and has been operating under this model for the past two years. The benefits are beginning to show and going forward the results are expected to be on the upward trend.

In the full year results from January to December 2017, African Sun's international tourist arrivals increased by 19% to 93,823 up from 78,730 achieved in the same period last year. From the five major regions, America registered significant growth from 10,241 to 14,894 (+45%), Asia registered growth from 14,677 to 20,677 (+38%), Australia grew from 2,589 to 3,694 (+43%), Europe grew from 24,479 to 28,588 (+17) and Africa was in line with last year at 25,615.

It is encouraging to note that the business had a rebound of the domestic market coming from a depressed 2016. We managed to grow local arrivals by 11% in 2017 despite the harsh economic environment and the highly competitive environment. The bulk of local business arose from conferencing by Non government organisations ("NGOs") and the Government. The hospitality segment ran promotions aimed at local leisure travellers in a bid to arrest the decline in this segment.

African Sun's hotels are operated under two broad models namely Hotels under management, and Owner managed hotels.

Hotels under management

Legacy Hotels ("Legacy") was contracted to manage five hotels namely Monomotapa, Elephant Hills Resort and Conference Centre, the Kingdom at Victoria Falls, Hwange Safari Lodge and Troutbeck Resort. The management agreement was effective 1 October 2015.

In an effort to improve room occupancy at the end of the first quarter of 2017, Legacy managed hotels launched an Easter holiday special to the South African and Zimbabwean markets. At the end of year, an all-inclusive package was offered to the market as a festive season promotion. This promotion also helped the hotels cross over into 2018 to take care of the new year trough period in the first few weeks of 2018. Troutbeck Resort and Hwange Safari Lodge did well achieving Revenue Generation Index ("RGI") above 1 in their competitive sets while Monomotapa Harare, Elephant Hills and the Kingdom hotels were below 1. It is however encouraging to note that the RGI for the two hotels which are below 1 improved in 2017 compared to the prior year. Strategies have been put in place to drive volumes, thereby improve the RGI of the hotels.

The table below shows the key performance indicators relating to hotels under Legacy's management.

	2017	2016	% Growth
Occupancy (%)	45	35	29
Average Room Rate (ADR) (US$)	91	91	-
Revenue Per Available Room (RevPAR) (US$)	41	32	28
Total Revenue Per Available Room (Total RevPAR) (US$)	73	59	24
Total revenue (US$' million)	26.17	21.12	24
Total profit/(loss) before income tax (US$' million)	0.93	(1.12)	(183)

RevPAR growth was spurred by the growth in occupancy while Average Daily Rate ("ADR") was constant. Occupancy growth for this division was a combination of recovery from a below par 2016 performance and real growth in volumes. Growth in volumes was driven by conferencing business as new and traditional tour and series business. The ADR was maintained as the division pursued a volume strategy due to the economic fundamentals prevailing during the year under review. The Kingdom at Victoria Falls registered an improved performance on the back of significant growth of the Asian market as well as the 400 seater conferencing capacity which was added to the hotel bringing the capacity of conference rooms to 500 at the hotel.

DIRECTORS' REPORT (CONTINUED)

SEGMENT PERFORMANCE REVIEW (CONTINUED)

HOSPITALITY (CONTINUED)

Hotels under management (continued)
The Victoria Falls properties continue to benefit from the increased air access as a result of the Victoria Falls International airport and runway expansion, which was completed in 2016.

Owner managed hotels - franchised hotels
This segment is made up of Holiday Inn Harare, Holiday Inn Bulawayo and Holiday Inn Mutare.

The Holiday Inn franchised hotels being city hotels focused on the conference, government, quasi government and corporate business. Competition became intense with the market being a buyers' market. The division started the year with a "Christmas in January 2017" rate promotion. As the market remained depressed the division also launched promotional rates, which included food and conferencing discounted packages.

Throughout the year, these competitive conference packages were offered and these yielded positive results at all our Holiday Inn hotels. These hotels achieved a positive RGI of above 1 against their competitors in the destinations they operate.

The table below shows the key performance indicators relating to the hotels operating under the Holiday Inn franchise:

	2017	2016	% Growth
Occupancy (%)	66	60	10
Average Room Rate (ADR) (US$)	75	76	(1)
Revenue Per Available Room (RevPAR) (US$)	50	46	9
Total Revenue Per Available Room (Total RevPAR) (US$)	87	78	12
Total revenue (US$' million)	14.48	13.10	11
Total profit before income tax (US$' million)	1.17	0.74	58

RevPAR grew due to the increase in occupancy, which outweighed the marginal decline in ADR. The segment thrives on NGOs, corporate and government business. The room rates were reduced during the year as the division was sensitive to the local market which was under pressure from the prevailing economic challenges.

African Sun completed the re-branding of Amber Hotel Mutare to Holiday Inn Mutare. The Holiday Inn brand was launched on 1 July 2017 and it will be fully compliant to the brand requirements by 1 July 2018. The international branding will help consolidate the hotel's position as the leading hotel in Mutare. As part of the product improvement, the hotel completed mock-up rooms and is currently refurbishing all the floors. New lifts are being installed and are expected to be commissioned by 1 July 2018, that is at the same time the refurbishment of the hotels is anticipated to have been completed.

Owner managed hotels - the Victoria Falls hotel
African Sun operates The Victoria Falls Hotel under an equal Partnership arrangement with Meikles Hospitality (Private) Limited. The hotel thrives on its rich history, spanning 113 years.

The Victoria Falls Hotel is predominantly a foreign guest patronised hotel, with over 90% of its market skewed towards the foreign market. However, in the season when there is a drop in foreign business, there is need to augment the hotel's occupancies with domestic arrivals. To cater for the regional market which is predominantly South African, and being sensitive to the run on the Rand a "Pay for 2 Stay 3 Nights" promotion was launched simultaneously in the South African market. The Victoria Falls hotel had the best RGI of 1.29 in its competitive set which include the top of the range hotels in the Victoria Falls, Zimbabwe and Livingstone in Zambia.

DIRECTORS’ REPORT (CONTINUED)

SEGMENT PERFORMANCE REVIEW (CONTINUED)

HOSPITALITY (CONTINUED)

Owner managed hotels - the Victoria Falls hotel (continued)
The table below shows the key performance indicators relating to the Victoria Falls Hotel:

	2017	2016	% Growth
Occupancy (%)	63	54	17
Average Room Rate (ADR) (US$)	254	254	-
Revenue Per Available Room (RevPAR) (US$)	161	136	18
Total Revenue Per Available Room (Total RevPAR) (US$)	255	216	18
Total revenue (US$' million) - 50% share of the joint operation	7.45	6.30	18
Total profit before income tax (US$’ million) - 50% share of the joint operation	2.98	1.96	52

RevPAR growth was underpinned by the improvement in occupancy as we did not increase our room rates in 2017. We maintained our rate at this prime property in a bid to increase volumes during the trough season. The hotel’s participation in various regional and international travel shows has helped spur demand for this property, especially in the peak season.

The second phase refurbishment of the hotel is scheduled for the last quarter in 2018 when it is envisaged that funding would have been secured. The Group is excited about this project given the positive results that have been brought by the first phase of the refurbishment in terms of both positive guest feedback and improved financial performance of the hotel since completion.

Owner managed hotels - Stand alone brands
This division is made up of Carribea Bay Resort and Great Zimbabwe Hotel.

Below is a summary of the key performance indicators for these two hotels:

	2017	2016	% Growth
Occupancy (%)	51	44	16
Average Room Rate (ADR) (US$)	65	64	2
Revenue Per Available Room (RevPAR) (US$)	33	28	18
Total Revenue Per Available Room (Total RevPAR) (US$)	75	58	29
Total revenue (US$' million)	3.54	2.77	28
Total profit before income tax (US$' million)	0.36	0.04	852

RevPAR improved significantly due to the significant increase in occupancy helped by the marginal growth in average room rate. Volumes were driven mainly by the conferencing business as well as local tourists mainly during the holidays. Carribea Bay Resort has been negatively affected by accessibility as the state of the roads has deteriorated over the years and flights to the destination were suspended by Air Zimbabwe in the first quarter of 2016 due to low load factors. Accessibility has negatively affected the destination’s competitiveness, resulting in loss of both conferencing and leisure business to competing destinations. The Group is however upbeat that the construction of the Beitbridge to Chirundu highway will benefit both hotels immensely through the revival of the Around Zimbabwe bus tours.

Carribea Bay Hotel has already undergone significant external refurbishments and attention has now shifted to the internal refurbishments.

Operating results
The hospitality segment recorded revenues of US$51.8 million for the year, registering 19% growth from US$43.6 million reported last year. The growth was spurred by an overall 8% increase in occupancy from 44% last year to 52% for the year under review, with the occupancy growth being recorded across all segments. The rate strategy and growth in occupancy spurred a 17% growth in rooms revenue per available room (“RevPAR”) from US$41 recorded last year to US$48. Total RevPAR also increased by 18% from US$73 last year to US$86 in 2017 responding to the 19% growth in revenue.

DIRECTORS' REPORT (CONTINUED)

SEGMENT PERFORMANCE REVIEW (CONTINUED)

HOSPITALITY (CONTINUED)

Operating results (continued)

The hospitality operation achieved profit before income tax for the year from continuing operations of US$5.9 million, this being 23% growth from US$4.8 million reported in the prior year.

REAL ESTATE SEGMENT

The operations of Dawn Properties Limited and all its subsidiaries are classified under the real estate business segment.

Financial performance

The real estate segment achieved revenue of US$5.1 million compared with US$4.3 million for the same period in 2016, representing an increase of 19%. The increase was mainly attributable to strong performance coming from rental collection on the hotel property portfolio. Total income closed at US$7.1 million compared to US$4.4 million in 2016. The significant difference is attributed to a net fair value gain on the property portfolio recorded in 2017 amounting to US$1.9 million compared to a fair value loss of US$0.07 million recorded in 2016.

Total operating expenses were US$2.9 million compared with US$2.7 million recorded in the prior year, representing an 8% increase in costs. The significant increase came on the back of renovation work on some of the hotel property portfolio, which was expensed rather than capitalised.

The real estate segment recorded a net profit after income tax of US$3 million compared with US$1 million recorded in 2016.

REAL ESTATE OPERATIONS

Hotel property rentals

The real estate segment holds seven hotels namely the Monomotapa, Elephant Hills, Carribea bay, Holiday Inn Mutare, Great Zimbabwe and Troutbeck Inn which are all leased out to African Sun Limited, a fellow Brainworks Limited subsidiary, in terms of long term renewable leases.

Rental revenue earned for the year was US$3 million, relative to US$2.3 million earned in the prior year. While overall all the properties performed better than last year, the total increase of 39% was mainly attributable to increased rentals from Elephant Hills Resort and Conference Centre, Hwange Safari Lodge and Carribea Bay Hotel. Rental yield improved from 3.2% recorded in 2016 to 4.2% in 2017. The management team, in conjunction with lessee - African Sun Limited, continue to work on a number of measures to ensure that this key performance indicator improves significantly. During the period under review, Dawn and ASL jointly undertook refurbishments at Carribea Bay Hotels aimed at addressing certain structural matters as well as improving the product offering. Dawn and African Sun will continue rolling out similar projects in the future on the other hotels.

It is the Board's strategy to ensure that our properties benefit from the resurgence in tourism and also increased business traffic coming to the major cities. The Board is cautiously optimistic that the major driver of growth will be in Victoria Falls and Hwange. As such, particular attention is being paid to ensuring that the Elephant Hills Resort and Conference Centre and Hwange Safari Lodge are equipped to handle the anticipated increased volumes.

Property consultancy

Property management was the main driver of revenue, with a contribution of US$1.2 million. Valuation advisory services continued on a steady growth, with revenues of US$0.6 million, while the balance of US$0.1 million came from agency commission and project management.

The valuation advisory services unit was not spared by the harsh economic environment. A reduction in the volume of high value mandates as client organisations battle to stay profitable was offset by an increase in low value mandates emanating especially from the lending community which favours holding property as security for loans. Values have generally remained stable despite the economic turbulence, a result of the lag effect against economic cycles which is a feature of property as an asset class. Management continues to nurture existing client relationships while aggressively pursuing all opportunities to grow the base.

DIRECTORS' REPORT (CONTINUED)

SEGMENT PERFORMANCE REVIEW (CONTINUED)

REAL ESTATE SEGMENT (CONTINUED)

Property consultancy (continued)
Although revenues were marginally up by 5% to close at US$1.9 million, profit after tax increased by 45% to close at US$0.5 million. The growth in profit was driven mainly by management's continued focus on cost containment measures implemented in 2016.

Property development
Dawn faced some challenges in completing on time its maiden project, the 58-unit cluster development in Marlborough which started in April 2016 due to a number of challenges. These included procurement challenges in the second half of the year owing to major suppliers facing challenges in sourcing foreign currency to fulfil orders as well as contractors' capacity challenges. Notwithstanding these delays and challenges, the project is still expected to deliver a return. As at the reporting date, US$5.1 million had already been spent on the project.

Going forward, the Board will strengthen internal capacity as Dawn embarks on similar projects in the future. The project is expected to be completed within the first half of 2018.

Although completion of the project was a challenge, the Company benefitted from the increased demand for property assets in the market and are confident that the development will be fully sold by end of 2018.

FINANCIAL SERVICES SEGMENT
The financial services segment encompasses operations of GetSure Life Assurance (Private) Limited ("GetSure").

2017 represented GetSure's second full year of trading as the company commenced operations towards the end of August 2015.

The high claims ratio was a major stumbling block for the insurance industry as industry life insurance average claims ratio was 56%. This was mainly driven by increased fraudulent claims and anti-selection as clients seek life assurance when they deem death to be imminent. GetSure was insulated from this as its claims ratio for 2017 was 6% (2016: 9%). The regulator, the Insurance and Pensions Commission ("IPEC"), introduced a Governance Framework in May 2017. The impact of this was to increase compliance costs as all industry players had an obligation to have roles such as internal control actuary, internal audit, risk, and compliance officers. This impacted smaller players more as it directly increased expense ratios.

IPEC increased the minimum capital threshold from US$2 million to US$5 million in August 2017 without a compliance grace period. GetSure, with equity of US$3.1 million as at 31 December 2017, did not comply with the regulatory thresholds and was not compliant with the regulatory minimum capital thresholds. The Group is working on measures to ensure this is rectified within the 2018 financial year.

The regulator also introduced the Micro Insurance Framework during the year. This permitted all industry players to sell products across the respective boundaries (short term, health, and long term insurance) as long as they were micro products. The Micro Insurance Framework presents immense opportunities for the business to design new products or riders. The micro insurance framework has a US$750 000 minimum capital level which can be attained over time.

Operating results
Gross premium increased by 73% from US$1.1 million in 2016 to US$ 1.9 million for the year under review. Average month-on-month gross premium growth was 3% since inception. Notwithstanding the growth in premium and a lower claims ratio, GetSure recorded a loss after income tax of US$0.4million, marginally lower than a loss of US$0.6 million recorded in 2016. The recognition of US$0.9 million actuarial increases in policyholder liabilities militated against what should otherwise been a profitable year for the business.

DIRECTORS' REPORT (CONTINUED)

GROUP RESULTS

Group revenues

The Group's revenues increased by 22% to US$58.6 million relative to US$48.1 million achieved during the prior year. Revenue growth was recorded across all the Group's three operating segments, with major growth being recorded by the hospitality segment. Hospitality in particular contributed 88% of the total revenues for the year under review, 3% lower when compared to the prior year on the back of revenue growth in the Group's other investments. Post elimination of inter group revenues, the Group's other investments contributed US$6.8 million to 2017 revenues.

Hospitality revenues of US$51.8 million represents growth of 19% relative to US$43.6 million recorded in 2016. The growth was driven by the increase in hotel occupancy from 44% recorded in the prior year to 52% for the year under review. Notwithstanding the myriad of challenges the Zimbabwean economy is facing, growth in hotel occupancy was recorded in all three-market segments, with the international market recording the highest growth of 29%, domestic 17% and regional 3%. Increase in traffic was particularly recorded by the Victoria Falls based hotels following the commissioning of the upgraded Victoria Falls International hotel in the prior year.

Group operating expenses

At US$40.3 million, the Group's operating expenses increased by 18% relative to US$34.1 million recognised during the same period in 2016. Prior year operating expenses of US$31.2 million recorded in the statement of comprehensive income include the impairment allowance reversal of US$2.9 million.

Operating expenses growth was mainly driven by listing expenses amounting to US$1.7 million, US$1.2 million impairment provisions and other non- recurring expenses amounting to US$0.6 million. The hospitality segment in particular recorded an increase in its operating expenses by US$2.8 million during the year under review, which represents an increase of 10% when compared to US$28.3 million recorded in 2016. The growth was in line with that particular segment's 19% increase in revenues.

Group finance charges

The Group's finance charges increased by 19% from US$3.7 million incurred in 2016 to US$4.4 million for the year under review. The growth was predominantly due to the full year impact of the US$10 million loan that was accessed by the Group in 2016, and the increase in the total borrowing from US$35 million as at the end of 2016 to US$38.5 million as at 31 December 2017.

Group profitability

The Group recorded a loss before income tax of US$6 million, compared to profit before income tax of US$4.4 million recorded in the prior year. The current year performance was adversely impacted by the following major items:

a) The finance charges of US$4.4 million;
b) Fair value losses of US$2.3 million (2016: gain of US$1.2 million) recorded from the Group's investment in the listed MyBucks shares;
c) US$1.6 million being the Group's share of losses from one is its associate investments (Coporeti Support Services (Private) Limited t/a GetCash);
d) Increase in insurance liabilities of US$0.9 million arising from actuarial valuation of policyholder liabilities at the end of the year; and
e) Listing expenses of US$1.7 million.

DIRECTORS' REPORT (CONTINUED)

SIGNFICANT TRANSACTIONS

a) **Placement of Treasury shares**

Brainworks Limited announced on 26 October 2017 that it had placed a total of 9 078 677 (10.52%) of its treasury shares with various Institutional Investors in Zimbabwe, subject to receipt of various approvals including exchange control approval by the Reserve Bank of Zimbabwe. A delay in the requisite approvals required resulted in non-delivery of the shares subscribed for by the various Institutional Investors. In order to expedite delivery of a portion of these shares to the Institutional Investors, the Previous Directors, through certain of their associates agreed to dispose of their shares to the Institutional Investors.

b) **Disposal of equity investment in GetBucks Microfinance Bank Limited**

In December 2017, the Group through GetSure Life Assurance (Private) Limited ("GetSure") and Brainworks Capital Management (Private) Limited ("BCM"), entered into agreements with entities and individuals ("the Buyers") related to Mr. George Manyere and Mr. Walter Kambwanji for the sale of 163 769 298 shares in GetBucks Microfinance Bank Limited ("GetBucks") for total consideration of US$5.5 million ("the Transaction"). Mr. George Manyere and Mr. Walter Kambwanji are former non-executive directors of the Company. In terms of the JSE listing rules, the Transaction is subject to shareholders' approval.

Pending approval by the shareholders of the Transaction, the Buyers advanced the consideration of approximately US$5.5 million through a loan bearing interest at 9% per annum to BCM. The principal amount together with the accrued interest thereon would be settled through delivery of the GetBucks shares on approval of the transaction by the shareholders, otherwise this would be repaid in cash by the 11th of June 2018. The process of obtaining the shareholder approvals is still underway and these are expected to have been obtained by the end of the second quarter of 2018.

SECONDARY LISTING UPDATE

As part of the interim results publication, the Company reported that it successfully completed its listing on the JSE on the 13th of October 2017 and was now pursuing a secondary listing on the Zimbabwe Stock Exchange in 2018, a commitment it had made to the Reserve Bank of Zimbabwe ("the Regulator").

After considering the fact that Zimbabwe would be holding its harmonised elections in 2018 and the recent positive developments in the economic environment, the Board has resolved to approach the Regulator with a view to apply to deferring the initiative until 2019. In the meantime, the Board would be working on restructuring the Group's balance sheet with a view to making it more attractive to investors.

OUTLOOK

Following the political developments towards the end of 2017, the new government has declared that "Zimbabwe is open for business" and that broad theme has been well received by the business community in general and international investors in particular. The current Zimbabwean government has already begun to reverse some policies that were previously considered restrictive to investors coming into the country and these business friendly developments have reignited investor interest in Zimbabwe. The momentum arising from these positive changes and sentiment is expected to drive performance particularly within the hospitality sector.

Key objectives for 2018 will be to raise capital in order to restructure the Group's debt, and to consolidate and strengthen portfolio companies. The Group will continue to improve operational efficiencies, boost revenues and control costs which should lead to improved profitability and cash flows.

The Company continues to seek new opportunities in key sectors as they become available in order to build shareholder value. The directors have always believed that the Group's assets are anchored on an improvement in the social, political and economic fortunes of Zimbabwe, which is now imminent. Being an election year, 2018 may deliver some challenges and benefits but with every likelihood of a much improved investor and business climate following the elections.

DIRECTORS' REPORT (CONTINUED)

SHAREHOLDING

The Company's shareholding as at 31 December 2017 was as follows:

Ordinary shareholders	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
SIZE OF SHAREHOLDING (shares)				
1 - 1 000	7	11.86	3 030	0.004
1 001 - 10 000	7	11.86	23 220	0.03
10 001 - 100 000	12	20.34	738 997	0.86
100 001 - 1 000 000	24	40.69	7 437 184	8.62
Over 1 000 000	9	15.25	78 103 764	90.49
	59	**100.00**	**86 306 195**	**100.00**
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders				
Directors of the Company	8	13.56	7 769 273	9.00
Nominee of a Group company	1	1.70	10 680 555	12.38
Strategic holding (more than 10%)	3	5.09	62 973 680	72.97
	12	**20.35**	**81 423 508**	**94.35**
Public shareholders	47	79.65	4 882 687	5.65
Total listed shareholders	**59**	**100**	**86 306 195**	**100.00**

BENEFICIAL SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL

Red Rock Capital Limited	28 992 052	33.59%
Air Capital Limited	21 300 000	24.68%
Fintrust Pension Fund	6 724 143	7.79%
Adcone SA	12 681 628	14.69%
	69 697 823	**80.75**

CONSOLIDATION OF THE COMPANY'S SHARES AND CONVERSION TO NO PAR VALUE SHARES

In preparation for Brainworks Limited listing on the JSE, the Directors resolved to consolidate the number of shares in issue on the basis of 1 new share for every 10 previously held. In addition, the Company's shares were converted from shares with a par value of US$0.001 per share to shares of no par value. This conversion was done in order to comply with the provisions of the Mauritius Companies Act 2001. The impact of the conversion was the Company's capital changing from being comprised of share capital and share premium to stated capital.

The effective shareholding per shareholder was not affected by the share consolidation.

RESERVES

The movement in the reserves of the Group is shown in the Consolidated statement of changes in equity and in the relevant notes.

DIVIDENDS

Due to the fact that the Company posted losses during the year, the Board did not declare a dividend.

FOR AND ON BEHALF OF THE BOARD

B.I. CHILDS
CHIEF EXECUTIVE OFFICER

P. SAUNGWEME
CHIEF FINANCE OFFICER

DIRECTORS' DECLARATION

for the year ended 31 December 2017

In the opinion of the Directors of Brainworks Limited, the financial statements and notes set out on pages 28 to 102 have been prepared in accordance with the Mauritius Companies Act 2001, and International Financial Reporting Standards and give a true and fair view of the financial position of the Group as at 31 December 2017 and the results of its financial performance and its cash flows for the year then ended.

The Directors confirm that the Group has adequate resources to operate for the foreseeable future and will remain a viable going concern in the year ahead.

These annual financial statements have been prepared under the supervision of the Chief Finance Officer, Mr. Peter Saungweme, a member of the Institute of Chartered Accountants Zimbabwe ("ICAZ"), membership number M3312, and registered under the Public Accountants and Auditors Board ("PAAB") membership number 1037.

B.I. CHILDS
DIRECTOR

PETER SAUNGWEME
DIRECTOR

CORPORATE GOVERNANCE STATEMENT

PREAMBLE

Corporate governance is an integral part of the Group's business strategy. The Directors of the Company accept responsibility for compliance with the required principles underpinning effective corporate governance practice throughout the Group. The Company has adopted King III and its best practice recommendations and has committed to the process of updating the governance code in line with the recommendations of King IV by the end of the next reporting period.

The Board is of the opinion that the Group substantially complies with the key requirements of King III and the International Integrated Reporting Framework. The Board, with assistance from Group Legal Counsel reviews compliance with the King III and International Integrated Reporting Framework recommendations and monitors and evaluates areas of non-compliance. A full report of the Company's compliance with the King IV principles is available on http://www.brainworkslimited.com/investor-relations/corporate-governance.

BOARD OF DIRECTORS

The Company employs a unitary board system with eight directors comprising two executive directors and six non-executive directors, four of whom are independent. The Board provides effective leadership based on a stated ethics policy to ensure that the Company and the Group are responsible corporate citizens and that all deliberations and decisions are based on principles of accountability, fairness, responsibility, and transparency that are the cornerstone of good corporate governance. The Board ensures that ethics is managed in accordance with the ethics policy and conducts its business in the best interest of all stakeholders.

The Company's non-executive directors bring an independent view to the Board's decision making on issues such as strategy, human capital resources, sustainability, capital deployment and stakeholder relationships.

At each Annual General Meeting ("AGM"), directors comprising one-third of the aggregate number of non-executive directors are subject, by rotation, to retirement and re-election by shareholders in accordance with the Company's Memorandum of Incorporation. The Board meets at least four times a year with additional meetings called if required.

Documentation and information relevant to a meeting is supplied on a timely basis to the Board, ensuring well-informed and reasoned decisions. The directors have unrestricted access to Group Legal Counsel and the Company Secretary and, where applicable, may seek the advice of independent professionals on matters concerning the affairs of the Group.

Board of directors' profiles

Director	Qualifications and experience
Simon. F. Village Citizenship: United Kingdom Position: Chairman Appointed date: 25 January 2016	Simon Village, a resident of the United Kingdom, is the founding director of Argentum Limited, a company with substantial relationships across Africa, and a proven record of accomplishments in business development and corporate finance services to emerging corporates in Southern, Central and Eastern Africa. Simon has served on the boards of numerous international companies, and has led a number of successful global initiatives, the foremost of these being the development of a series of commodity-backed funds, which his team listed in 13 countries, and which revolutionised the gold market, attracting some US$100 billion of new investment into that sector. Simon also led the financing and development of a number of resource companies, where Simon served as a director, including raising some US$500 million required for building the first gold mine in the DRC since that country's independence. Prior to this, Simon was a Managing Director with HSBC in London, having worked his way up through HSBC as a top-ranked Financial Analyst to Head of Research for their emerging markets business, before being appointed as Managing Director of the securities business in South Africa. Prior to that Simon worked for De Beers in Southern Africa. Simon holds a Bachelor of Engineering (Honours) degree in Mining Engineering from the Camborne School of Mines in the United Kingdom.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board of directors' profiles (continued)

Director	Qualifications and experience
Martin J. Wood Citizenship: United Kingdom Position: Lead independent non-executive director and Deputy Chairman Appointed date: 25 January 2016	Martin Wood started his financial career with NM Rothschild Bank, Standard Bank London and Benfield Advisory, working in the project finance and advisory departments and being responsible for over $2bn worth of transactions at these institutions. In 2003 Martin rowed the Atlantic solo and on his return set up Vicarage Capital Limited, an FCA (Financial Conduct Authority) regulated broker and full member of the London Stock Exchange specialising in debt, equity and mezzanine project finance structures. He has a BA and MBA from Exeter University and has published several articles and given speeches at international conferences on project finance in Africa.
Richard Godfrey Muirimi Citizenship: Zimbabwean Position: Non-executive director Appointed on: 9 July 2015	Richard Muirimi has significant experience in Pension and Employee Benefits Services. In 1995 he founded, and is currently the Managing Director of Comarton Consultants (Private) Limited. Comarton is a leading pension fund administrator in Zimbabwe, administering at least 40 pension funds. Richard was the Non-Executive Chairman of Kingdom Financial Holdings Limited ("KFHL") on its formation in 1995 until he resigned from the board in 2005. During that period as Chairman of KFHL, he guided KFHL through the initial capitalisation through private placement, the IPO of KFHL on the Zimbabwe Stock Exchange, the establishment of subsidiaries in asset management, merchant banking, commercial banking and stock broking and regional expansion. Richard was previously the Chairman of the Zimbabwe Association of Pension Funds from April 2002 to February 2004. He was the Deputy Chairman of the Insurance and Pensions Commission from November 2005 to December 2012. He has also previously held senior positions in Zimnat Life Assurance Company (1995 – 1998) and AON/Minet Insurance Brokers (1982 – 1995). He is also member of a number of Boards across the country including Zimbabwe Asset Management Corporation (Pvt) Ltd (ZAMCO), a subsidiary of the Reserve Bank of Zimbabwe. In 1987 Richard graduated as a fellow of the Executive Development Program from the University of Zimbabwe.
Audrey Mamoshoeshoe Mothupi Citizenship: South African Position: Independent non-executive director Appointed on: 6 Sept 2016	Audrey Mothupi is the chief executive officer of SystemicLogic Group, a global financial innovation and technology disruptor. Audrey's experience spans various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management. Prior to her appointment at SystemicLogic Group, Audrey served as the head of inclusive banking at Standard Bank Group and prior to that, Chief Executive of Strategic Services at the Liberty Group. While at Standard Bank, Audrey's division was awarded the 2013 BAI-Finacle Global Banking Innovation Award for innovation in societal and community impact. She was also responsible for migrating 3.5 million Standard Bank customers onto a consolidated SAP platform during her former position as director of banking and lending products at Standard Bank. Audrey is an independent, non-executive director on the Pick 'n' Pay board; serves as the chairperson of Orange Babies of South Africa, a non-profit organisation focused on the prevention of mother to child transmission of HIV/Aids and the care of Aids orphans and vulnerable children across South Africa, Namibia and Zambia; and is a Member of the Nordic Female Business Angel Network (NFBAN) Board, an organisation that advocates impact investing as a way to demonstrate measurable impact and profitable business models. She is a member of the Numeric Board of South Africa, an organisation focused on helping young South Africans excel in Maths, and train world-class Maths teachers. She more recently became an independent non-executive director at EOH Holdings Limited, an organisation providing the technology, knowledge, skills and organisational ability critical to Africa's development and growth.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board of directors' profiles (continued)

Director	Qualifications and experience
George Sidney John Bennett Citizenship: South African Position: Independent non-executive director Appointed on: 8 July 2016	George Bennett has over 30 years' experience in finance and management, and has been a partner and director with a number of leading financial institutions including Fergusson Bros, Simpson Mckie, and HSBC Securities (Pty) Ltd. In 2003 George became CEO of Shanta Gold Limited, an exploration company based in Tanzania which he successfully listed on the London Stock Exchange in 2005. Shanta is still a gold producer today. In 2006 George acquired and restructured MdM Engineering, an engineering company building mineral process plants and mining infrastructure all over Africa. In 2008 George listed MdM on the London Stock Exchange, which over the next 8 years generated over US$57 million of pre-tax profits for its shareholders. In March 2014 George successfully negotiated and managed the sale of MdM Engineering to Amec Foster Wheeler and has now teamed up with Simon Village at Argentum Energy where he has taken the role of Managing Director.
Richard Nicholas Charrington Citizenship: United Kingdom Position: Independent non-executive director Appointed on: 6 Sept 2016	Richard Charrington is a UK Security & Futures (SFA) accredited corporate finance specialist with a particular focus on structured products in trade, project and shipping finance. Richard is resident in Mauritius but grew up in Malaysia on palm oil and rubber plantations and was educated in the UK. He started his career as a commodity trader with C. Czarnikow in 1980 (subsequently bought out by the Kuok Organisation of Malaysia) and went on to specialise in trade finance with Credit-Anstalt. In 1992 Richard joined Ceres Capital International, specialising in South African debt/equity conversion and corporate restructuring and concluding some US$1.5billion in debt conversion. In 2000 Richard took over The Ceres Group, with offices in London, Namibia and Mauritius and developed the business into a bespoke corporate finance house with focus on financial engineering, project finance, asset trading and debt brokerage with particular attention to Africa. To date, the Group has closed over R20 billion worth of business in Sub-Saharan Africa.
Brett Ivor Childs Citizenship: UK Position: Chief Executive Officer Appointed on: 8 July 2016	Brett Childs, a Chartered Accountant originally from Zimbabwe, has over 25 years' experience in change management, capital raising, IPOs, corporate actions and investment strategy. Brett has spent 15 years in London, where he helped to build a successful venture business, listed assets on the London Stock Exchange and Helsinki Stock Exchange (HEX). Brett has been based in Mauritius for the last 16 years and has managed and been a director of a number of listed investment businesses, largely with a pan-African focus, including Maitland, Brait S.E., Novare Africa Fund and Tana Africa Capital. Brett has been approved by various regulatory authorities including the Bank of Mauritius, Financial Services Commission (British Virgin Islands), Malta Financial Services Authority, Financial Services Board (South Africa), Solicitors Regulatory Authority (UK) and Financial Services Commission (Mauritius), to be a Director of companies they license.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board of directors' profiles (continued)

Director	Qualifications and experience
Peter Saungweme Citizenship: Zimbabwean Position: Chief Finance Officer Appointed on: 01 April 2017 Business address: 4 Arden Road, Newlands, Harare, Zimbabwe	Peter is a Chartered Accountant (Zimbabwe). He holds Bachelor of Accounting Science Honours and Bachelor of Accounting Science degrees from the University of South Africa (UNISA), Certificate of Theory in Accounting (CTA) and an Advanced Diploma in Auditing. He possesses strong financial management background skills having been the Finance Director at Dawn Properties Limited - a ZSE listed subsidiary of the Company, Financial Controller of Ecobank Zimbabwe Limited and Chief Finance Officer at Cell Holdings (Private) Limited - a holding company with subsidiaries and associates with interests in short term and medical insurance. Peter has vast external audit background in the banking, insurance, tourism and power generation sectors having worked as an Audit Manager for both KPMG Zimbabwe and KPMG Namibia for a combined period of 5 years. Peter sits on the board of directors of three ZSE listed entities namely GetBucks Microfinance Bank Limited, Dawn Properties Limited and African Sun Limited.

ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are independent of each other and they function under separate mandates issued by the Board. This differentiates the division of responsibility within the Company and ensures a balance of authority. The Board is chaired by Simon Village, a Non- Executive Director of the Company. The Chairman is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring good corporate governance practices. The Chairman is not considered to be independent due to his relationship with a material shareholder of the Company. The role of lead independent Non-Executive Director is filled by Martin Wood.

Brett Childs is the Chief Executive Officer of the Group and is responsible for the management of the Group's day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The Chief Executive Officer is supported by the Group's Executive Committee of which he chairs a monthly meeting where the Group's results, performance and prospects are reviewed. The Chief Executive Officer reports at each Board meeting the strategy, updates performance and prospects of the Group and any other material matters arising.

INDEPENDENCE OF THE BOARD

The Board maintains its independence through:

- keeping the roles of Chairman and Chief Executive Officer separate;
- having a lead independent non-executive director;
- the Non-Executive Directors not holding fixed term service contracts and their remuneration not being tied to the financial performance of the Group;
- all Directors having access to the advice and services of the Company Secretary;
- all Directors, with prior permission from the Board, being entitled to seek independent professional advice on the affairs of the Group at the Group's expense;
- functioning Board Committees comprising mainly Non-Executive Directors; and
- the appointment or dismissal of the Company Secretary being decided by the Board as a whole and not by one individual director.

INDEPENDENT NON EXECUTIVE DIRECTORS

The criteria used to determine whether a Director is an Independent Non-Executive Director is an assessment of independence in fact and in the perception of a reasonably informed outsider.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

INDEPENDENT NON EXECUTIVE DIRECTORS (CONTINUED)

The independence of an Independent Non-Executive Director is assessed annually by the Board on the following criteria:

- is not a representative of a shareholder who has the ability to control or significantly influence management;
- does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated Group with the Company) which is either material to the Director or to the Company. (A shareholding of 5% or more is considered material);
- has not been employed in any executive capacity for the preceding three financial years by the Company or the Group;
- is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;
- is not a professional adviser to the Company or the Group;
- is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner; and
- does not receive remuneration contingent upon the performance of the Company.

The Board is satisfied with the status of the Independent Non-Executive Directors.

DIRECTORS' INTERESTS IN CONTRACTS AND CONFLICT OF INTERESTS

A full register of Director's interests is maintained and each Director certifies that the list is correct at each board meeting. Directors are required to inform the Board of conflicts or potential conflicts of interest that they may have in relation to particular items of business and are obliged to recuse themselves from discussions or decisions in relation to such matters. Directors are also required to disclose their other directorships at least annually and to inform the Board when any changes occur.

INSURANCE

A suitable directors' liability insurance policy has been taken out by the Group. No claims have been lodged under this policy up to the date of this report.

BOARD MEETING ATTENDANCE

The record of each director's attendance to the Board and its Committee meetings held during the year ended 31 December 2017 is as follows:

	Main Board	**Audit and Risk Committee**	**Investments Committee**	**Remuneration & Nominations Committee**	**CSR* & Ethics Committee**
Number of meetings held	5	3	3	2	2
Directors' attendance					
Mr. Simon F.W VILLAGE	5	**	**	2^	**
Mr. Martin J. WOOD	4	3	**	**	2
Mr. George S.J BENNETT	4	2	3	2	**
Ms. Audrey M. MOTHUPI	5	**	3	**	2
Mr. Richard N. CHARRINGTON	4	**	3	2	**
Mr. George MANYERE	3	3	**	**	**
Mr. Walter T. KAMBWANJI	5	**	**	**	2
Mr. Richard G. MUIRIMI	5	**	3	2	2
Mr. Brett I. CHILDS	5	**	**	**	**
Mr. Peter SAUNGWEME	5	**	**	**	**

* - Corporate Social Responsibility

** - Not a member of the Committee

^ - Not a member, attended the meetings by invitation

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PERFORMANCE ASSESSMENT AND DEVELOPMENT

An evaluation of the Board and the individual directors is performed annually by the Chairman. The Board has determined its own rules, functions, duties and performance criteria to serve as the basis for the performance appraisal. Although no formal director development process has been adopted, performance evaluations have been structured in such a way as to identify the training needs of directors. The Board Secretary and Group Legal Counsel assist the Board with Director induction and training requirements.

EVALUATION OF COMPANY SECRETARY

Imara Trust Company (Mauritius) Limited ("IMARA") has been appointed as the Company secretary, appointed in terms of the Mauritius Companies Act. IMARA is licenced and regulated by the Financial Services Commission of Mauritius since 2008. All directors have access to information and to the advice and services of the Company Secretary. The Company secretary does not have a board representation and maintains an arm's length relationship with the Board.

After assessing the Company Secretary as required by the JSE Listings Requirements, the Board concluded IMARA is suitably qualified, competent and meets the appropriate experience requirements to carry out the functions of Company Secretary of a public listed company. Furthermore, the Board is satisfied that Imara Trust Company (Mauritius) Limited maintains an arm's length relationship with the Board of directors and is not a director of the Company, nor does it enjoy any related or inter-related relationship with any of the directors or executives of the Company that could give rise to a conflict of interest. IMARA has been the Company Secretary since the Company's inception.

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

The Board has ensured that the Group has an effective and independent Audit and Risk Committee ("the Committee") which comprises suitably skilled and experienced independent non-executive directors. The following members serve on the Audit and Risk Committee:

- Martin Wood (Chairman);
- Richard Charrington; and
- George Bennett.

The Committee has adopted formal terms of reference that have been approved by the Board. To effectively comply with its terms of reference, the independent auditor, the Chief Financial Officer, the Group Financial Manager and internal audit attend the Audit and Risk Committee meetings as standing invitees.

When appropriate the Executive Directors and Officers attend the meetings by invitation. The committee is responsible for assisting the Board in fulfilling its responsibility in respect of financial reporting and risk management. It also has a responsibility to ensure that management has implemented and maintained an effective control environment.

The Audit and Risk Committee's terms of reference include the following:

- to review the effectiveness of the Group's systems of internal control, including internal financial control and to ensure that effective internal control and risk management systems are maintained;
- to oversee the Group's risk management processes with specific oversight of financial reporting risks, internal financial controls, fraud risks and Information Technology ("IT") risks;
- to assist the Board in fulfilling its responsibilities in respect of financial reporting issues and compliance with laws and regulations;
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment of its independence;
- to evaluate the independence, effectiveness and performance of the independent external auditors;
- to ensure that the respective roles and functions of the independent external auditor and internal auditor are sufficiently clarified and coordinated;
- to review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate; and

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

AUDIT AND RISK COMMITTEE (CONTINUED)

- to oversee integrated reporting and ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

The Committee also sets the principles for recommending the use of the independent external auditor for non-audit purposes that include tax services, corporate restructuring, merger and acquisition advice and training.

The Committee reporting to the Board is also responsible for the governance of risk. The Board determines the levels of risk tolerance and has delegated to management the responsibility to implement and monitor the risk management plan and quarterly risk assessments. The Board is satisfied with the effectiveness of the system and process of risk management.

Assessment of the expertise and experience of the Chief Finance Officer
The Committee considered the competence and experience of the Company's Chief Finance Officer, Mr Peter Saungweme as required by the JSE Listing Requirements and satisfied itself that his expertise and experience meet the appropriate requirements. Peter is a Chartered Accountant registered with the Institute of Chartered Accountants of Zimbabwe (ICAZ) and has served in a similar role over a period of seven years before assuming the current role with the Company. The Committee also considered the competence, quality and expertise of the finance functions across the Group and concluded that they meet the appropriate requirements.

Performance of the external auditors
The Group's statutory audit services are provided by PricewaterhouseCoopers Zimbabwe and PricewaterhouseCoopers Mauritius. The JSE independent auditors' services are provided by PricewaterhouseCoopers Inc. of South Africa. The Committee satisfied itself with the performance of the statutory auditors and that the JSE independent auditors' services are being performed by an appropriately JSE accredited auditor.

INVESTMENT COMMITTEE
The Investments Committee ("the Committee") is a committee appointed by the Board and the committee has adopted terms of reference that have been approved by the Board:

The following members serve on the Committee:
- Richard Charrington (Chairman);
- Audrey Mothupi;
- George Bennett; and
- Richard Muirimi.

The responsibilities and duties of the Investments Committee are to ensure that investment acquisitions or disposals are in line with the Group's overall strategy, and ensure that appropriate due diligence procedures are followed. The Committee manages the process of capital allocation within the Group, and specifically ensures that investments increase shareholder value and meet the Group's financial criteria. The Committee assesses the viability of capital projects and/or acquisition and/or disposals of assets and the effect they may have on the Group's cash flow, as well as whether they comply with the Group's overall strategy.

REMUNERATION AND NOMINATION COMMITTEE
The Remuneration and Nomination Committee ("the Committee") is a committee appointed by the Board. The Committee consists of the following Non-Executive Directors:
- George Bennett (Chairman);
- Richard Charrington; and
- Richard Muirimi.

The Committee has adopted formal terms of reference that have been approved by the Board and includes the key responsibility of assisting the Board in:
- determining the remuneration, incentive arrangements and benefits of the executive directors of the Company, including pension rights and any compensation payments;
- determining the fees payable to the Chairman of the Board;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

REMUNERATION AND NOMINATION COMMITTEE (CONTINUED)

- determining the fees payable to the Non-Executive Directors of the Board;
- determining the remuneration of the Executive Committee Members;
- recommending and monitoring the level and structure of remuneration of senior executive employees;
- considering and deciding upon such other matters as the Board may refer to it;
- reviewing, at least annually, the committee's performance and terms of reference; and
- assisting the Board in the appointment of new directors to the Board.

Directors are appointed through a formal process. To appoint a new Director, the Committee will source candidates and make proposals regarding candidates, which proposals will be followed up with curricula vitae and interviews. Candidates will then be recommended to the Board, who may conduct interviews and will then make an appointment, subject to shareholders' approval at the next AGM.

Adoption of a remuneration policy
The changes that were implemented at the executive director level at the beginning of the year have necessitated a review of the Company's remuneration principles and practices which would culminate in the adoption of a new remuneration policy. The Company is in the process of developing a remuneration policy which would be tabled for a separate non-binding advisory note vote by shareholders at the annual general meeting.

Adoption of race and gender diversity policy
The Board has adopted a policy on gender and race diversity policy. However, the Board is still in the process of establishing the voluntary targets .

CORPORATE SOCIAL RESPONSIBILITY AND ETHICS COMMITTEE
In line with best practice requirements, the Group has an established Corporate Social Responsibility and Ethics Committee. The following members serve on the social and ethics committee of the Group:

- Richard Muirimi (Chairman);
- Audrey Mothupi; and
- Martin Wood;

The CSRE Committee:

- Oversees the development and annual review of a policy and plan for corporate social responsibility to recommend for approval to the board;
- Monitors implementation of the policy and plan for corporate social responsibility taking place, by means of social responsibility management systems and processes;
- Ensures that the corporate social responsibility plan is widely disseminated throughout the Group and integrated in the day to day activities of the Group;
- Ensures that corporate social responsibility assessments are performed on a continuous basis, and that management considers and implements appropriate corporate social responsibility responses;
- Ensures that continuous corporate social responsibility monitoring by management takes place;
- Reviews reporting concerning corporate social responsibility that is to be included in the integrated report for it being timely, comprehensive and relevant;
- Monitors the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practise, with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, including the impact of the Group's activities and of its products or services; and
- Report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate to the best of their knowledge.

EXECUTIVE COMMITTEE
The Executive Committee ("EXCO") supports the Chief Executive Officer in carrying out his responsibilities for the day to day management of the Group's operations and consists of three members. The following members serve on the EXCO of the Company:

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

EXECUTIVE COMMITTEE (CONTINUED)

- the Chief Executive Officer;
- the Chief Finance Officer; and
- the Head of Legal.

The EXCO is chaired by the Chief Executive Officer and has regular input from executives from operations, finance, IT, human resources, compliance and investor relations. Meetings are convened monthly.

The EXCO is conferred with the powers conferred upon the Directors by the Articles of Association and subject to limitations imposed by the Group Governance Code, is responsible for the following from a Company and Group perspective:

- the implementation of strategies and policies;
- managing the day to day business affairs;
- prioritizing the allocation of capital and technical and human resources;
- establishing the best management practices and functional standards;
- enterprise wide risk management; and
- ensuring that regular detailed reports are submitted to the Board on each of the businesses in which the Company is invested; and
- performing such other duties and responsibilities as the Board of Directors may direct from time to time.

SHARE DEALINGS

The Group has imposed closed periods in line with a “closed period” as defined in the Johannesburg Stock Exchange (“JSE”) Listings Requirements. During these periods directors, officers and defined employees may not deal in any securities issued by the Group. Notwithstanding the closed periods directors and officers may not trade in the Group’s securities during any period where they have access to unpublished price-sensitive information. To ensure effective compliance, it is a requirement that no trade in the Company’s securities may take place outside of the closed periods without:

- the prior written approval from the Chairman for the Chief Executive Officer, Chief Finance Officer and Non-Executive Directors;
- the prior written approval of the Lead Independent Non-Executive Director for the Chairman; and
- the prior written approval of the Chief Executive Officer for EXCO members.

DIRECTORS’ INTERESTS IN THE COMPANY’S SHARES

The direct and indirect interests of the Directors and their associates in the Company’s shares as at the reporting date are set out below:

Ordinary shareholders	Direct beneficial interest	Indirect beneficial interest	Total	Percentage held (%)
As at 31 December 2017				
Simon F. Village	-	300 000	300 000	0.35%
Richard G. Muirimi	1 000 000	-	1 000 000	1.16%
Brett I. Childs	205 000	-	205 000	0.24%
Richard N. Charrington	-	200 000	200 000	0.23%
George S.J Bennet	-	200 000	200 000	0.23%
Audrey M. Mothupi	25 000	-	25 000	0.03%
Total held by current directors	**1 230 000**	**700 000**	**1 930 000**	**2.24%**
Walter T. Kambwanji^	-	3 816 801	3 816 801	4.42%
George Manyere^	-	2 022 472	2 022 472	2.34%
Total held by immediate past directors	**-**	**5 839 273**	**5 839 273**	**6.76%**
Total number of shares held by the directors	**1 230 000**	**6 539 273**	**7 769 273**	**9.00%**
Total number of shares in issue			**86 306 195**	**100.00%**

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

DIRECTORS' INTERESTS IN THE COMPANY'S SHARES (CONTINUED)

Ordinary shareholders	Direct beneficial interest	Indirect beneficial interest	Total	Percentage held (%)
As at 31 December 2016				
Simon F. Village	-	300 000	300 000	0.35%
Richard G. Muirimi	1 000 000	-	1 000 000	1.16%
Brett I. Childs	200 000	-	200 000	0.23%
Richard N. Charrington	-	200 000	200 000	0.23%
George S.J Bennet	-	200 000	200 000	0.23%
Audrey M. Mothupi	25 000	-	25 000	0.03%
Total held by current directors	**1 225 000**	**700 000**	**1 925 000**	**2.23%**
Walter T. Kambwanji^	-	3 816 801	3 816 801	4.42%
George Manyere^	-	4 928 027	4 928 027	5.71%
Total held by immediate past directors	**-**	**8 744 828**	**8 744 828**	**10.13%**
Total number of shares held by the directors	**1 225 000**	**9 444 828**	**10 669 828**	**12.36%**
Total number of shares in issue			**86 306 195**	

^ - resigned on 30 January 2018.

Mr. Manyere and Mr. Kambwanji through their various investment vehicles sold all their shareholding in the Company before year end. However, as at the reporting date, the process to transfer these shares to the buyers had not yet been completed and their respective investment vehicles were still registered as the owners of the shares.

There were no other changes in the disclosed directors' interest between the reporting date and the date on which the financial statements were approved.

INTERNAL AUDIT

The Board ensures that there is an effective risk-based internal audit function that subscribes to the Institute of Internal Auditors' standards. Internal audit is an independent function and provides the Board with assurance that an effective governance, risk management and internal control environment is maintained. The internal audit function is informed by the strategy and risks of the Group and its reports and recommendations, which provide a written assessment of the effectiveness of the Group's internal controls, are tabled at quarterly Audit and Risk Committee meetings for review. The Audit and Risk Committee is responsible for overseeing the internal audit function and ensures that it has the appropriate skills and resources.

The Internal Audit function is currently outsourced to an independent audit firm.

STAKEHOLDER COMMUNICATIONS AND RELATIONS

The Board appreciates that stakeholders' perceptions affect the Group's reputation and strives to achieve the appropriate balance between its various stakeholder groupings in the best interest of the Group. The Board has delegated the stakeholder communication and relations role to the Head of Corporate Development and Investor Relations. Structures have been introduced to manage the interface with the various stakeholder groups.

There are responsive systems of governance and practice, which the Board and Management regard as appropriate. The communication with stakeholders is considered to be transparent and effective and the Group has retained the services of public relations professionals to assist with stakeholder communication issues and investor relations.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brainworks Limited

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brainworks Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Brainworks Limited's consolidated financial statements set out on pages 28 to 102 comprise:

- the consolidated statement of financial position as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables	
As at 31 December 2017, the Group had trade receivables included in trade and other receivables amounting to US$4 576 056 against which an impairment allowance of US$1 391 135 was raised. Trade receivables amounting to US$1 971 463 were past due but assessed by management as not impaired. The assessment of the trade receivables impairment was considered a matter of most significance during the current year audit as the measurement as at year end is based to a large extent on management's assumptions around recovery of the trade receivables. Management applied their judgment to the assessment of the recoverability of individual trade debtors on a case by case basis. They consider history of payments and the financial condition of the debtor and the relationship they have with the debtor. Disclosure is provided in the following notes: 2.15 on page 47, note 4 on page 62 and note 15 on pages 83 to 85.	We obtained an understanding of management's process for determining the impairment allowance for trade receivables and tested the relevant controls management have in place to monitor trade receivables and collections. We compared actual write-offs in the current year to management's prior year allowance to assess the reasonableness of management's estimation process. We obtained management's assessment of the allowance for the current year and performed, amongst others, the following procedures on a sample of individual trade receivables: • for amounts included in the allowance for impairment, obtained reasons why management considered the receivable to be impaired; • for amounts that were considered past due but not provided for, obtained management's evidence to support recoverability, including payment plans and/or subsequent receipts; and • assessed the level of collections subsequent to year end for the trade receivables as at year end.
Investment property valuation	
We considered the valuation of investment property a matter of most significance to our current year audit, as the selection of appropriate valuation methods and the related assumptions and estimates requires the exercise of significant judgement by management. As at 31 December 2017, the Group held investment property valued at US$22 254 000 comprising of hotel and timeshare properties and land. Group management engaged Dawn Property Consultancy (Private) Limited (the "valuer"), which is a subsidiary of Brainworks Limited, to perform the valuation of the investment property. As disclosed in note 7, the valuer used the depreciated replacement cost approach to determine the fair value of the hotel and timeshare properties and the market comparison method to value the land.	We obtained the valuation report as at 31 December 2017 from the valuer. We assessed the appropriateness of the valuation methods used by the valuer, and determined that the methods used are recognised under the International Valuation Standards and are commonly used in Zimbabwe. We evaluated the qualifications, competence, experience and objectivity of the valuer and obtained an understanding of their work. To do this, we inspected the company profile and the curricula vitae of the personnel who performed the valuation.

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
For the determination of the fair value, the key estimates are; • for the hotel and timeshare properties, the replacement cost per square metre and the associated depreciation based on the expected useful lives of similar properties; and • for the land, the selling price per square metre of land of a similar nature and location. Disclosure is provided in notes 2.7 on pages 43 to 44 and note 7 on pages 68 to 72.	We met with the valuer to obtain an understanding of the assumptions used in applying the respective valuation methods. To assess the reasonableness of the key assumptions we compared the: • Replacement cost of hotel and timeshare properties' components as specified by a consulting quantity surveyor to the average prices obtained in the market; • Expected useful lives to depreciation rates for similar hotel and timeshare properties obtained from the industry; and • Fair value of the land to prices for recent sales transactions for land within the same zone with similar use. In order to validate the underlying data we physically inspected the hotel and timeshare properties and the land that was recorded in the valuation report, and inspected the related title deeds. Finally, we re-performed the mathematical calculations made by the valuer and agreed the results to the Group's financial records.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 2017, but does not include the consolidated financial statements set out on pages 28 to 102 and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Inc.

PricewatehouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor
Johannesburg

30 April 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

All figures in US$	Notes	2017	2016
ASSETS			
Non-current assets			
Property and equipment	6	88 438 821	89 469 927
Investment property	7	22 254 000	24 176 235
Intangible assets	8	8 413 956	8 546 536
Investments in associates	10	4 370 066	3 276 024
Deferred tax assets	13	1 343 037	813 984
Trade and other non-current assets	15.1	502 882	547 661
Total non-current assets		**125 322 762**	**126 830 367**
Current assets			
Financial assets at fair value through profit or loss	12	3 139 091	4 892 962
Inventories	14	7 151 702	4 793 764
Trade and other receivables	15.1	10 557 589	15 315 019
Insurance contract receivables	15.3	68 840	40 903
Cash and cash equivalents	16	10 544 319	5 593 010
Total current assets		**31 461 541**	**30 635 658**
Total assets		**156 784 303**	**157 466 025**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Stated capital	22.1	55 785 508	-
Share capital	22.1	-	78 532
Share premium	22.1	-	58 456 976
Foreign currency translation reserve		(272 713)	(291 388)
Non-distributable reserve		(643 428)	(643 428)
(Accumulated losses)/retained profits		(3 394 300)	7 705 220
Equity attributable to shareholders of parent		**51 475 067**	**65 305 912**
Non-controlling interests	23	34 151 255	31 085 243
Total equity		**85 626 322**	**96 391 155**
LIABILITIES			
Non current liabilities			
Borrowings	17	9 935 373	15 629 899
Deferred tax liabilities	18	9 113 735	7 687 568
Deferred lease income		204 036	-
Trade and other payables	19	1 130 149	1 730 148
Total non current liabilities		**20 383 293**	**25 047 615**
Current liabilities			
Borrowings	17	28 388 655	19 349 309
Trade and other payables	19	19 000 001	14 850 318
Deferred lease income		14 782	-
Insurance contract liabilities	20	1 397 443	463 400
Investment contract liabilities	21	943 112	292 308
Current income tax payable		1 030 695	1 071 920
Total current liabilities		**50 774 688**	**36 027 255**
Total liabilities		**71 157 981**	**61 074 870**
Total equity and liabilities		**156 784 303**	**157 466 025**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

All figures in US$	Notes	2017	2016
Continuing operations			
Revenue	5	58 586 714	48 063 843
Cost of sales and other direct costs	5	(19 131 121)	(14 307 988)
Gross profit		**39 455 593**	**33 755 855**
Fair value (losses)/gains on financial assets at fair value through profit or loss	12	(2 189 551)	1 276 215
Operating expenses	25	(40 256 440)	(31 161 524)
Other (losses)/gains	26	(384 502)	2 818 709
Sundry income	27	1 724 867	1 167 796
Operating (loss)/profit before finance cost		**(1 650 033)**	**7 857 051**
Finance income	28.1	172 001	278 109
Finance costs	28.2	(4 414 067)	(3 697 165)
Net finance costs		**(4 242 066)**	**(3 419 056)**
Share of loss of associates	10	(112 732)	(65 853)
(Loss)/profit before income tax		**(6 004 831)**	**4 372 142**
Income tax expense	29	(2 042 401)	(813 642)
(Loss)/profit from continuing operations		**(8 047 232)**	**3 558 500**
Discontinued operations			
Loss from discontinued operations		-	(129 325)
(Loss)/profit for the year		**(8 047 232)**	**3 429 175**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange gains on translation of foreign operations		32 399	144 577
Recycled foreign currency translation reserve		-	(755 651)
Total other comprehensive income/(loss) for the year		**32 399**	**(611 074)**
Total comprehensive (loss)/income for the year		**(8 014 833)**	**2 818 101**
(Loss)/profit attributable to:			
Owners of the parent		(11 099 520)	1 057 275
Non-controlling interests		3 052 288	2 371 900
		(8 047 232)	**3 429 175**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(11 080 845)	704 563
Non-controlling interests		3 066 012	2 113 538
		(8 014 833)	**2 818 101**
(Loss)/earnings per share from continuing and discontinued operations attributable to:			
Owners of the parent for the year: cents			
Basic(loss)/earnings per share			
From continuing operations	22.2	(14.68)	1.44
From discontinued operations	22.2	-	(0.10)
		(14.68)	**1.35**
Diluted (loss)/earnings per share			
From continuing operations	22.2	(14.68)	1.44
From discontinued operations	22.2	-	(0.10)
		(14.68)	**1.35**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year 31 December 2017

		ATTRIBUTABLE TO OWNERS OF BRAINWORKS LIMITED								
All figures in US$	**Notes**	**Share capital**	**Share capital**	**Share premium**	**Non-distributable reserve**	**Translation reserve**	**Retained profits/ (accumulated losses)**	**Total**	**Non-controlling interest**	**Total equity**
YEAR ENDED 31 DECEMBER 2016										
Balance as at 1 January 2016		**-**	**78 532**	**58 456 976**	**(643 428)**	**61 324**	**6 647 945**	**64 601 349**	**28 971 705**	**93 573 054**
Profit for the year		-	-	-	-	-	1 057 275	**1 057 275**	2 371 900	**3 429 175**
Other comprehensive loss		-	-	-	-	(352 712)	-	**(352 712)**	(258 362)	**(611 074)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(352 712)**	**1 057 275**	**704 563**	**2 113 538**	**2 818 101**
Transactions with owners in their capacity as owners:		-	-	-	-	-	-	**-**	-	**-**
Balance as at 31 December 2016		**-**	**78 532**	**58 456 976**	**(643 428)**	**(291 388)**	**7 705 220**	**65 305 912**	**31 085 243**	**96 391 155**
YEAR ENDED 31 DECEMBER 2017										
Balance as at 1 January 2017		**-**	**78 532**	**58 456 976**	**(643 428)**	**(291 388)**	**7 705 220**	**65 305 912**	**31 085 243**	**96 391 155**
Total comprehensive income:										
(Loss)/profit for the year		-	-	-	-	-	(11 099 520)	**(11 099 520)**	3 052 288	**(8 047 232)**
Other comprehensive income for the year		-	-	-	-	18 675	-	**18 675**	13 724	**32 399**
Total comprehensive income/(loss) for the year		**-**	**-**	**-**	**-**	**18 675**	**(11 099 520)**	**(11 080 845)**	**3 066 012**	**(8 014 833)**
Transactions with owners in their capacity as owners:										
Recognition of treasury shares	22.1	-	(29 056)	(2 720 944)	-	-	-	**(2 750 000)**	-	**(2 750 000)**
Conversion of shares to shares of no par value	22.1	55 785 508	(49 476)	(55 736 032)	-	-	-	**-**	-	**-**
		55 785 508	**(78 532)**	**(58 456 976)**	**-**	**-**	**-**	**(2 750 000)**	**-**	**(2 750 000)**
Balance as at 31 December 2017		**55 785 508**	**-**	**-**	**(643 428)**	**(272 713)**	**(3 394 300)**	**51 475 067**	**34 151 255**	**85 626 322**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

All figures in US$	Notes	2017	2016
(Loss)/profit before income tax from continuing operations		**(6 004 831)**	**4 372 142**
Loss from discontinued operations		-	(129,325)
(Loss)/profit before income tax		**(6 004 831)**	**4 242 817**
Adjusted for:			
Depreciation	6	4 035 349	4 021 323
Amortisation of intangible assets	8	132 580	-
Impairment of property and equipment	6	44 400	103 037
Share of loss of associates	10	112 732	65 853
Fair value losses/(gains) on financial assets at fair value through profit or loss	12	2 189 551	(1 276 215)
Net movement in provisions	19.1	(134 353)	271 526
Impairment allowance on trade and other receivables	25	959 085	(2 979 738)
Trade and other receivables written off	25	192 221	-
Impairment of investments	25	-	56 235
Profit from disposal of subsidiary	26	-	(1 176 165)
Fair value losses/(gains) on investment property	26	384 502	(886 893)
Recycled foreign currency translation reserve	26	-	(755 651)
Loss/(profit) from disposal of property and equipment	27	203 751	(281 992)
Unwinding of interest of staff debtors	27	(19 692)	(44 725)
Interest income	28.1	(172 001)	(278 109)
Interest expense	28.2	4 414 067	3 697 165
Other non-cash items		(183)	(517)
		6 337 178	**4 777 951**
Working capital changes			
Changes in inventory		(2 357 938)	(2 255 147)
Changes in trade and other payables		5 512 109	(3 782 320)
Changes in trade and other receivables		(658 391)	(4 112 505)
Cash generated from/(used in) operations		**8 805 958**	**(5 372 021)**
Interest received	28.1	172 001	278 109
Interest paid	17	(3 660 408)	(3 697 165)
Dividends received	10	283 178	233 985
Income tax paid		(581 123)	(835 648)
Cash generated from/(used in) operating activities		**5 091 606**	**(9 392 740)**
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		(435 680)	-
Acquisition of associate	10.1	-	(1 045 000)
Proceeds from disposal of investments		90 000	45 468
Purchase of property and equipment	6	(3 276 078)	(3 070 558)
Acquisition of investment property	7	-	(807 449)
Improvements to investment properties	7	(62 267)	-
Proceeds from disposal of property and equipment		983 315	803 744
Net cash used in investing activities		**(2 700 710)**	**(4 073 795)**
Cash flows from financing activities			
Deposit released from debt service reserve account		-	104 601
Proceeds from borrowings	17	19 125 974	25 738 629
Repayment of borrowings	17	(16 508 398)	(12 250 796)
Net cash generated from financing activities		**2 617 576**	**13 592 434**
Net increase/(decrease) in cash and cash equivalents		**4 936 472**	**125 899**
Exchange gain on cash and cash equivalents		14 837	12 197
Cash and cash equivalents at beginning of year		5 593 010	5 454 914
Cash and cash equivalents at end of year	**16**	**10 544 319**	**5 593 010**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 GENERAL INFORMATION

Brainworks Limited ("the Company") and its subsidiaries and associates, (together "the Group") has a diversified portfolio of business interests in Financial Services, Hospitality, Real Estate and Energy Logistics sectors in Zimbabwe.

Brainworks Limited is a public company which was incorporated in the Republic of Mauritius on 22 April 2013. The Company is domiciled in the Republic of Mauritius and has its registered office at c/o Imara Trust Company (Mauritius) Limited, Level 2 Silicone Avenue, Alexander House, 35 Ebène Cybercity 72201, Republic of Mauritius.

The Company is the holder of a Category 1 Global Licence under the Mauritius Companies Act 2001 and the Financial Services Act 2007 and is listed on the Johannesburg Stock Exchange ("JSE").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") as issued by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Standards Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council ("FRSC"), and in the manner required by the Mauritius Companies Act 2001.

The financial statements have been prepared under historical cost convention as modified by the revaluation of biological assets, investment property and financial assets at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity whose assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.2 Going concern

The financial statements reflect that as at 31 December 2017, the Group had negative working capital amounting to US$19.3 million; a position which reflects a deterioration from the prior year negative working capital position of US$5.4 million. The current year working capital deficit was mainly driven by the increase in debt due within 12 months from the reporting date from US$19.3 million in the prior year to US$28.4 million as at the reporting date. The major component of the debt that is due to be settled in the ensuing year relates to Brainworks Capital Management (Private) Limited ("BCM") and Brainworks Limited which in aggregate amounted to US$23.9 million as at the reporting date.

In order to address the working capital gap, the Group is working on the following strategies:

a. Working on restructuring of short term debt. This would be achieved through lobbying for extended repayment terms with providers of all debt that is set to mature within the next 12 months. Should this strategy fail to yield the desired outcome, the Group would seek to establish new long-tenured debt facilities from whom the short term debt would be retired.

b. Raising liquidity through disposing of its financial services assets as the Group seeks to exit the financial services sector. In that regard, the Group entered into a transaction in terms of which it sold a total of 163 769 297 of its shares in GetBucks MicroFinance Bank Limited ("GetBucks") and realised gross proceeds of US$5 453 518. ("the Disposal Transaction".) In terms of the Johannesburg Stock Exchange rules, the Disposal Transaction is subject to shareholder approval and processes to secure the said approval were still underway as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Going concern (continued)

The shareholder approvals are expected to be secured within the first half of the 2018 financial year. Conclusion of the transaction is expected to result in a reduction of the short term debt by US$5 453 518 within the first half of 2018. The Group would actively seek opportunities to dispose of the remaining 176 819 203 GetBucks shares in order to raise liquidity.

In addition, the Group was in discussion with potential investors as at the reporting date to dispose of its entire shareholding in MyBucks which whose fair value as disclosed in these financial statements was US$2.5 million as at 31 December 2017. The Group is confident that the transaction would be concluded within the next financial year.

c. Embarking on a equity capital raising exercise. The contemplated initiative would involve approaching investors with a target to raise at least US$15 million that would be primarily deployed towards debt repayment at the Company and BCM levels.

d. As a last resort, the Directors would approach the Company's shareholders with a view to raising capital through a rights issue.

The directors believe that the measures mentioned above will successfully be executed within the next 12 months and that the Group's working capital position will be positive by the end of the next 12 months.

Based on the aforementioned, the Directors have assessed the ability of the Group to continue as a going concern and are of the view that the preparation of these financial statements on a going concern basis is appropriate.

2.1.3 Changes in accounting policy and disclosures

(a) New standards, amendments and interpretations, effective 1 January 2017

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2017 and are relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 7 (amendment)	Statement of cashflows (Disclosure initiative)	1 January 2017
IAS 12 (amendment)	Income taxes (Recognition of deferred tax assets for unrealised losses)	1 January 2017
IFRS 12 (amendment)	Disclosure of interests in other entities	1 January 2017

IAS 7 amendment

Amendment to IAS 7, 'Statement of cashflows'; effective 1 January 2017 - In January 2016, the International Accounting Standards Board ("the IASB") issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. The required information has been disclosed in note 17.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.3 Changes in accounting policy and disclosures (continued)

(a) New standards, amendments and interpretations, effective 1 January 2016 (continued)

IAS 12 amendment
Amendment to IAS 12, 'Income taxes'; effective 1 January 2017 - The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

IFRS 12 amendment
IFRS 12, 'Disclosure of interests in other entities'; effective 1 January 2017 - The amendment clarified that the disclosure requirements of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

The new standards, amendments and interpretations do not have a material impact on the financial statements of the Group.

b) New standards, amendments and interpretations effective for accounting periods beginning on 1 January 2017 and not relevant to the Group
The following amendments are effective for the period beginning on January 2017 and are not relevant to the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 2 (amendment)	Share based payments	1 January 2018
IFRS 9 (amendment) on general hedge accounting	Financial instruments	1 January 2018

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2017 and are relevant to the Group and have not been early adopted
The following new standards amendments and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2017, are relevant and have not been early adopted by the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 9 (new)	Financial instruments	1 January 2018
IFRS 15 (new)	Revenue from contracts with customers	1 January 2018
IFRS 15 (amendment)	Revenue from contracts with customers	1 January 2018
IFRS 16 (new)	Leases	1 January 2019
IFRS 4 (amendment)	Insurance contracts	1 January 2018
IFRS 17	Insurance contracts	1 January 2021
IFRS 10 and IAS 28 (amendment)	Consolidated financial statements and investments in associates and joint ventures	Postponed (initially 1 January 2018)
IAS 40 (amendment)	Investment property	1 January 2018
IFRS Interpretations Committee ("IFRIC") 22	'Foreign currency transactions and advance consideration	1 January 2018
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2017 and are relevant to the Group and have not been early adopted (continued)

IFRS 9
IFRS 9, 'Financial instruments (2009)', amended, and effective 1 January 2018. This IFRS is part of the IASB project to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 'Financial instruments: recognition and measurement', with a single model that has only two classification categories: amortised cost and fair value.

IFRS 9 also includes an expected credit loss model that replaces the current incurred loss impairment model.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 without change, except for financial liabilities that are designated at fair value through profit or loss.

The Group has determined that IFRS 9 will impact the classification of financial instrument and the measurement of impairment allowances.

IFRS 15
IFRS 15, 'Revenue from contracts with customers', effective 1 January 2018 - Establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer.

IFRS 15 amendment
IFRS 15, 'Revenue from contracts with customers', amended and effective 1 January 2018. The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

IFRS 15 is not expected to change the timing of revenue recognition for the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2017 and are relevant to the Group and have not been early adopted (continued)

IFRS 16

IFRS 16, 'Leases'; effective 1 January 2019 - IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 is a far reaching change in accounting by lessees in particular.

Under IAS 17, 'Leases', lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short term leases and leases of low value assets. However, this exemption can only be applied by leasees.

For lessors, the accounting stays the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an arrangement contains a lease', SIC 15, 'Operating leases – Incentives' and SIC 27, 'Evaluating the substance of transactions involving the legal form of a lease'. A company can choose to apply IFRS 16 before the effective date but only if it also applies IFRS 15, 'Revenue from contracts with customers'.

IFRIS 16 will have an impact on the Group by virtue of operating lease contracts the Group holds with third parties.

IFRS 4 amendment

Amendment to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' effective 1 January 2018. These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39.

IFRS 17

IFRS 17 'Insurance contracts' establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2017 and are relevant to the Group and have not been early adopted

IFRS 17 (continued)

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are re-measured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

IFRS 10 and IAS 28 amendments

Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture effective - postponed (initially 1 January 2016). The postponement applies to changes introduced by the IASB in 2014 through narrow-scope amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates and joint ventures'. Those changes affect how an entity should determine any gain or loss it recognises when assets are sold or contributed between the entity and an associate or joint venture in which it invests. The changes do not affect other aspects of how entities account for their investments in associates and joint ventures.

IAS 40 amendments

IAS 40, 'Investment property'; effective 1 January 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

IFRIC 22

IFRIC 22, 'Foreign currency transactions and advance consideration' - This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.

IFIC 23

IFRIC 23, 'Uncertainty over income tax treatments' effective 1 January 2019 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The interpretation provides specific guidance in several areas where previously IAS 12 was silent, and explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the interpretation and consider the impact on income tax accounting.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.3 Changes in accounting policy and disclosures (continued)

(d) Annual improvement 2014 - 2016

Annual improvements arising from the 2014 - 2016 reporting cycle impact the following standards:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 1	First time adoption of IFRS	1 January 2018
IAS 28	Investments in associates and joint ventures	1 January 2018

Improvements to IFRS 1
Improvements to IFRS 1,' First-time adoption of IFRS', regards the deletion of short-term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.

Improvements to IAS 28
Improvements to IAS 28,'Investments in associates and joint ventures' regards the measurement of an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or loss ("FVTPL"). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.

The Group is considering the implications of these new standards, amendments and interpretations, their impact on the Group and the timing of their adoption.

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39, 'Financial instruments: recognition and measurement' either in profit or loss or other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances, and unrealised gains or losses on transactions between group companies are eliminated.

When necessary, amounts reported by subsidiaries have been adjusted to confirm with the Group's accounting policies.

The Group comprises the holding company, Brainworks Limited incorporated and domiciled in Mauritius, one wholly owned subsidiary namely Brainworks Capital Management (Private) Limited ("BCM"). BCM is an investment holding company with the following investments under its portfolio:

- Dawn Properties Limited, 66.81% shareholding (31 December 2016: 66.81%) and is listed on the Zimbabwe Stock Exchange ("ZSE");
- African Sun Limited, 57.67% shareholding (31 December 2016: 57.67%) and is listed on the ZSE;
- Brainworks Petroleum (Private) Limited,100% shareholding (31 December 2016: 100%) .Brainworks Petroleum holds an investment in FML Logistics (Private) Limited ("FML Logistics"). The shareholding in FML Logistics is 100% (31 December 2016: 100%); and
- Lengrah Investments (Private) Limited, 100% shareholding (31 December 2016: 100%).
- Brainworks Hotels and Real Estate (Private) Limited, 100% shareholding (31 December 2016: 100%).
- GetSure Life Assurance (Private) Limited, 100% shareholding (31 December 2016: 100%).

All subsidiaries have 31 December year ends and are consolidated in the presented financial statements.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting .

As at 31 December 2017, the Group's shareholding in associate investments was as follows:

- GetBucks Microfinance Bank Limited, 31.14% shareholding (31 December 2016: 31.14%) and;
- Coporeti Support Services (Private) Limited t/a GetCash, 49% shareholding (31 December 2016: 100%). Refer to note 4 for reasons why the investment on GetCash was accounted for as an associate in the prior year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(b) Associates (continued)

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting standards applicable to the particular assets, liabilities, revenues and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's financial statements only to the extent of other parties' interests in the joint arrangement. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party. The investment in Victoria Falls Hotel Partnership, is categorised as a joint operation and is therefore proportionately consolidated.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "Executive Committee" which is made up of the Chief Executive Officer, the Chief Finance Officer and the Head of Legal.

2.4 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 financial statements are presented in the United States of America dollar ("US$"), which is the Group'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 or valuation where items are re-measured. Foreign exchange gains or 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 statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain or loss.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency (none of which has the currency of a hyper-inflationary economy) are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing foreign exchange rate at the date of that statement of financial position.in other comprehensive income.

(ii) income and expenses for each statement of comprehensive income are translated at average foreign exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing foreign exchange rate. Foreign exchange differences arising are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property and equipment

All property and equipment is stated at cost less accumulated depreciation and accumulated allowance for impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Historical costs includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives are as below:

Leasehold improvements	5 to 25 years
Motor vehicles	5 years
Computer equipment	5 years
Office equipment	5 years
Furniture and fittings	5 years
Hotel equipment	7 years
Heavy motor vehicles	10 years
Farm equipment and implements	10 years
Building	50 years
Freehold properties	50 years
Hotel properties	60 years

Capital work in progress comprises items of equipment not yet commissioned and is not depreciated. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, depreciation will cease to be charged on the asset until its residual value subsequently decreases to an amount below its carrying amount.

Profit or losses arising from the disposal of property, equipment and motor vehicles are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income within other income or other expenses.

The Group capitalises borrowing costs directly attributable to the construction of new projects or re-development of existing projects as part of the cost of that asset, where construction of new projects or re-development (refurbishment) of existing hotels takes a substantial period of between 6 and 12 months to complete.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

2.6.1 Software

Costs associated with maintaining accounting and hotel reservations programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

a) it is technically feasible to complete the software so that it will be available for use;
b) management intends to complete the software and use or sell it;
c) there is an ability to use or sell the software;
d) it can be demonstrated how the software will generate probable future economic benefits;
e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
f) the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

"Research and development - research expenditure and development expenditure that does not meet the criteria set above is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation methods and periods - intangible assets within the Group are amortised over 2 - 4 years on a straight line basis.

2.6.2 Goodwill

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses from the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to the cash generating units or groups of cash generating units that are expected to benefit from the business combination in which goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment property under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, is measured at cost less accumulated allowance for impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment property (continued)

From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. That is because a market participant buyer would not pay more for an asset than the amount for which they could replace the service capacity of that asset. Obsolescence encompasses physical deterioration, functional (technological) obsolescence and economic (external) obsolescence and is broader than depreciation for financial reporting purposes (an allocation of historical cost) or tax purposes (using specified lives).

Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- the provisions of the construction contract;
- the stage of completion;
- whether the project/property is standard (typical for the market) or non-standard;
- the level of reliability of cash inflows after completion;
- past experience with similar constructions;
- the development risk specific to the constructions; and
- status of construction permits.

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

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

Changes in fair value are recognised in the statement of comprehensive income. Investment property is derecognised either when it has been disposed, or use of the property has changed.

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

If an investment property becomes owner-occupied, it is reclassified as property and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of the transfer is treated in the same way as revaluation under IAS 16, 'Property, plant and equipment'. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increases directly to revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in the comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Classification of property

Owner occupied property comprise property which is owned by the Group but is significantly occupied by any of the group companies, regardless of the leasing of the property being at market related rentals and terms. Significant occupation by the Company and group companies is considered as 10% (2015: 10%)of the total lettable space or above. Such owner occupied properties are classified under property, plant and equipment and depreciated in line with the Group accounting policies.

2.9 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount my not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets arising from employee benefits, and financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately for the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

2.11 Financial assets

2.11.1 Classification

The Group classify its financial assets in the loans and receivables and financial assets at fair value through profit or loss categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

2.11.1 Classification (continued)

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted in active markets. They are included in current assets, except for maturities greater than twelve 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 at hand and on hand" in the statement of financial position.

(b) 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 selling in the short term. Assets in this category are classified as current assets.

2.11.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets 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 are initially carried at fair value and transaction costs are recognised in the statement of comprehensive income. 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method. The effective interest method is the method of calculating the amortised cost of a financial asset or financial liability and allocating the interest income or expense over the relevant period. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gain and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognised in the statement of comprehensive income in the period in which they arise.

Gain and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognised in the statement of comprehensive income in the period in which they arise.

2.12 Off-setting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.13 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If a financial asset at amortised cost has a variable interest rate, the discount rate for measuring any impairment allowance is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment allowance decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment allowance is recognised in the statement of comprehensive income.

2.14 Inventories

Inventories consist of the following:

- foodstuffs, beverages, shop merchandise and consumable stores are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.
- stationery and other office consumables are stated at cost, using the first-in, first out ("FIFO") method, and property under development is stated at actual cost.

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. The effective interest method is the method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

An allowance for impairment of trade receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the present value of future cash flows, discounted at the effective interest rate. The amount of the allowance is recognised in the statement of comprehensive income.

2.16 Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts in the statement of financial position. Bank overdrafts are shown within borrowings on the statement of financial position.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of income tax from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Share capital (continued)

Where any group company purchases the Company's share capital ("treasury shares"), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

Share premium

The difference between the par value and the issue price of the ordinary shares is dealt with through the share premium account.

2.18 Insurance and investment contracts

Policyholder contracts are classified into three categories, namely, life insurance contracts, investment contracts with discretionary participation features, and investment contracts without discretionary participation features.

Insurance and investment contract classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Statutory regulations and the terms and conditions of these contracts set out the bases for the determination of the amounts on which the additional discretionary benefits are based (the DPF eligible surplus) and within which the Group may exercise its discretion as to the quantum and timing of their payment to contract holders. At least 90% of the eligible surplus must be attributed to contract holders as a group (which can include future contract holders); the amount and timing of the distribution to individual contract holders is at the discretion of the Group, subject to the advice of the actuary.

Discretionary participation features ("DPF")

A number of insurance contracts and investment contracts contain a discretionary participation feature. This feature entitles the policyholder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

i) that are likely to be a significant portion of the total contractual benefits;
ii) whose amount or timing is contractually at the discretion of the Group;
iii) that are contractually based on;
    - the performance of a specified pool of contracts or a specified type of contract; and/or
    - realised and/or unrealised investment returns on a specified pool of assets held by the Group.

All components of the DPFs are included in the policyholder liabilities.

Gross written premiums

Premiums are accounted for as income when the risk related to the insurance policy commences and are amortised over the contractual period of risk cover by using an unearned premiums provision. All premiums are shown before deduction of commission payable to intermediaries.

Provision for unearned premiums

The provision for unearned premiums represents the portion of the current year's premiums that relate to risk periods extending into the following year. The unearned premiums are calculated using an amortised method in line with the period of amortisation for the credit life policies.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Insurance and investment contracts (continued)

Determination of liabilities
Liabilities are determined on the basis derived by the Group's actuary as detailed in notes 4(c) and (d). Actuarial valuation reports for each year are done annually and signed-off by the statutory actuary.

The liability for life insurance contracts and investment contracts with DPF is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time, increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows. The main assumptions used relate to mortality, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Group bases mortality on historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets, own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements as well as wide ranging changes to life style that could result in significant changes to the expected future mortality exposure. Lapse and surrender rates are based on the Group's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates. Surplus allocated to policyholders under investment contract liabilities with DPF but not yet distributed (i.e. bonus smoothing reserves) is included in the carrying value of liabilities.

Incurred but not reported claims
The outstanding claims provision is made based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected salvage and other recoveries. The value of the outstanding claim on initial recognition is based on the product specification assumptions determined at inception of the contract. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim project techniques, based on empirical data and current assumptions that may include a margin for adverse variation. The liability is not discounted for the time value of money. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

Gross benefits and claims
Gross benefits and claims for life insurance contracts include the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received.

Commission
Commission is recognised as an expense in profit or loss when the premium is received through an intermediary or agent. The period over which commission is paid and the commission rate differ per product depending on the product design structure.

2.19 Reinsurance contracts held

The Group cedes insurance risk in the normal course of business for its life business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment allowance is recorded in profit or loss. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Reinsurance contracts held (continued)

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified premiums or fees to be retained by the reinsured. Investment income on these contracts is accounted for using the effective interest rate method when accrued.

2.20 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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 reporting period.

2.22 Income tax

The income tax expense for the year comprises current income and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries 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. It establishes liabilities where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Income tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that is probable, the temporary difference will reverse in the future and there is sufficient taxable profit available against the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis or to realise the asset and settle the liability simultaneously.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there is 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.

2.24 Employee benefits

(a) Pension obligations

The Group has a defined contribution pension plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current year and prior years.

The Group pays contributions to a publicly administered pension plans on a mandatory basis. The publicly administered pension benefits scheme is administered by the National Social Security Authority ("NSSA") which is a national scheme that was introduced through the NSSA Act (Chapter 17:04). The Group has no further payment obligations once the contributions have been paid.

All pension contributions are recognised as an employee benefit expense when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (continued)

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at either of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that are within the scope of 'IAS 37 Provisions, contingent liabilities and contingent assets', and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration key performance indicators measured on a quarterly basis. The Group recognises a provision where it is contractually obliged or where there is a past practice that has created a constructive obligation.

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria has been met for each of the Group's activities as described below:

(a) Revenue from sale of goods

Revenue from sale of goods is primarily derived from the sale of room nights, sale of food, beverages and shop merchandise, and is recognised when room nights, food, beverages and shop merchandise are sold to a customer and the customer has the goods.

(b) Revenue from gaming (casinos)

Net gaming win comprises the net table and slot machine wins derived by casino operations from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from casino operations. Due to the short-term nature of the Group's casino operations, all income is recognised in profit or loss immediately, at fair value.

(c) Revenue from rentals

Rental income from operating leases is recognised in the accounting period in which the property is occupied by the tenant.

(d) Revenue from valuation and consultancy services

Income from rendering of services is recognised in the accounting period in which the property valuation, management and consultancy services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(e) Revenue from distribution and logistics

Revenue from fuel transportation services is recognised when the Group has delivered the fuel to the customer.

(f) Gross written premiums

Premiums are accounted for as income when the risk related to the insurance policy commences and are amortised over the contractual period of risk cover by using an unearned premium provision. All premiums are shown before deduction of commission payable to intermediaries.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition (continued)

(g) Interest income

Interest income on loans and receivables is recognised using the effective interest rate method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest method.

Interest income on bank deposits is recognised using the effective interest method when it is due and payable to the Group.

2.26 Cost of sales

Cost of sales includes purchase price of goods and other costs incurred in bringing the inventories to the location and condition ready for use or sale. The costs include costs of purchasing, storing, transport and all other direct costs to the extent it relates to bringing the inventories to the location and condition ready for use or sale.

Salaries and wages of employees directly related with the sale of room nights, food, beverages and other items of merchandise are included in cost of sales.

2.27 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 statement of comprehensive income on a straight-line basis over the period of the lease. Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Items of property and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

2.28 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 declared by the Company's directors.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

Risk management is carried out by the Group Finance Department ("Group Finance") under policies approved by the Board of Directors. Group Finance identifies, evaluates and hedges financial risks in close co-operation with the Group's operating subsidiaries. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk; foreign exchange risk, interest rate risk and other price risk.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the South African Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations denominated in a currency that is not the entity's functional currency.

The table below summarises the Group's exposure to foreign exchange risk as at 31 December 2017. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency:

All figures in US$	2017	2016
Assets		
South African rand	375 776	421 288
Botswana pula	2 948	2 917
Australian dollar	61	56
Euro	2 483 504	4 757 881
British pound	2 952	494
	2 865 241	**5 182 636**
Liabilities		
South African rand	(80 885)	90 658
Botswana pula	-	-
Ghanaian cedi	-	-
	(80 885)	**90 658**
Net currency position	**2 946 126**	**5 091 978**

As at 31 December 2017, if the United States of America dollar (weakened)/strengthened by 10% against all the other currencies with all other variables held constant, post tax profit/(loss) for the year and total equity would have been US$294 613 lower or higher (2016: US$509 198 higher or lower) for the Group.

There were no hedges in place as at 31 December 2017 (2016: nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(b) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk and foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk.

The exposure to price risk arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss (note 12).

The Group's equity investment is listed on the Frankfurt Stock Exchange.

The table below summarises the impact of increases/decreases of the index on the Group's equity and post-tax profit for the year. The analysis is based on the assumption that the fair value of the equity securities increased or decreased by 5% with all other variables held constant:

All figures in US$	2017	2016
Impact of 5% change in fair value		
- Impact on profit or loss	156 955	244 648

(c) Cash flow and fair value interest rate risk

Cashflow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, 'Financial instruments: disclosures' since neither the carrying amount nor the future cashflows will fluctuate because of a change in market interest rate.

The Group manages its cash flow interest rate risk by renegotiating fixed interest rates whenever there are changes in the market.

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 or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run for all interest-bearing positions.

Currently, the Group does not undertake any hedging of its short-term loans due to the nature and terms of the loan facilities. On long-term loans, the Group assesses risks and considers hedging where necessary. As at 31 December 2017, there were no hedges in place (2016: US$nil).

(ii) Credit risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is managed primarily at operating subsidiary level. Credit risk arises from cash at banks, 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 well established and reliable institutions are used.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

For corporate customers, the subsidiaries assess the credit quality of the customers taking into account their financial position, past experience and other factors in the market. Individual limits are set based on internal and external information and only a few debtors with a good track record are allowed to exceed their credit limit in exceptional circumstances.

Counterparty risk is further managed by constant engagement of credit customers to determine the current position and recoverability. All credit granted is subject to terms and conditions, where upon breach by the customers, the Group takes legal action where amounts are material and recovery is possible. Receivables handed over for legal action are generally provided for in full as uncollectible and are reversed when recovered.

There is no risk associated with receivables from related parties and staff.

In the view of management, the credit quality of unimpaired trade receivables is considered sound. Management does not expect any losses from non-performance by these counter parties.

The Group's maximum exposure to credit risk by class of financial asset is as follows:

All figures in US$	2017	2016
Gross trade and other receivables (excluding pre-payments)	8 292 521	13 143 421
Insurance contract receivables	68 840	40 904
Cash at bank	10 544 319	5 593 010
	18 905 680	**18 777 334**

The fair value of cash at hand as at 31 December 2017 approximates the carrying amount. Trade and other receivables excluding pre-payments are shown before allowance for impairment to show maximum exposure.

There is no concentration of credit risk with respect to cash at bank balances as the Group holds accounts with high quality financial institutions with sound financial base and capital cover. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

All figures in US$	2017	2016
AA	877 869	537 239
AA-	2 833 374	1 250 012
A+	120 765	239 338
A	3 239 776	2 232 352
A-	26 287	24 676
BBB+	2 722 876	836 096
BBB	225 964	-
BBB-	256 478	90 649
BB+	43 111	186 481
BB	-	76 795
BB-	22 689	90 171
No rating	175 130	29 201
	10 544 319	**5 593 010**

The ratings have been obtained from the latest available ratings on the financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Cash flow forecasting is performed at the operating entity level of the Group and aggregated by the Group Treasury. Group Finance and Group Treasury monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal financial position ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

Surplus cash held by the operating entities in excess working capital requirements are invested with financial institutions with solid financial standing, mainly in the form of fixed term deposits. The entities choose instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The liquidity risk on foreign creditors and lenders has significantly increased due to delay of foreign payments. The delay arises from a combination of unavailability of funds in the nostro accounts and delay due to exchange control priority backlog. Refer note 16 for additional disclosures under cash and cash equivalents.

The continued delay in payments of foreign payments increases the Group's credit risk and could cause the foreign suppliers to cut-off lines of supply and hence operational challenges. The Group has instituted the following measures to mitigate the potential consequences:

- engagement with the foreign suppliers;
- engagement with banks to ask for special dispensation leveraging on the Group's exports; and
- engaging and contracting local suppliers where possible.

The table below analyses the Group's liquidity gap into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

All figures in US$	Less than 1 year	1 to 5 years	More than 5 years	Total contractual cash flows	Total carrying amount
As at 31 December 2017					
Liabilities					
Borrowings	30 720 811	10 512 242	-	41 233 053	**38 324 028**
Trade and other payables (excluding statutory liabilities)	14 490 699	1 130 148	-	15 620 847	**20 130 150**
Investment contract liabilities	943 112	-	-	943 112	**943 112**
Total liabilities	**46 154 622**	**11 642 390**	**-**	**57 979 012**	**59 397 290**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

All figures in US$	Less than 1 year	1 to 5 years	More than 5 years	Total contractual cash flows	Total carrying amount
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	6 337 174	502 882	-	6 840 056	10 815 471
Financial assets at fair value through profit or loss (Treasury bills)	182 962	575 177	-	758 139	679 917
Insurance contract receivables	68 840	-	-	68 840	68 840
Cash and cash equivalents	10 449 957	95 212	-	10 545 169	10 544 319
	17 038 933	**1 173 271**	**-**	**18 212 204**	**22 108 547**
Liquidity gap	**(29 115 689)**	**(10 469 119)**	**-**	**(39 584 808)**	
Cumulative liquidity gap	**(29 115 689)**	**(39 584 808)**	**(39 584 808)**	**-**	
As at 31 December 2016					
Liabilities					
Borrowings	21 393 288	17 280 976	-	38 674 264	34 979 208
Trade and other payables (excluding statutory liabilities)	10 855 431	-	-	10 855 431	17 336 174
Total liabilities	**32 248 719**	**17 280 976**	**-**	**49 529 695**	**52 315 382**
Assets held for managing liquidity risk					
Trade and other receivables (excluding prepayments)	12 078 187	382 523	-	12 460 710	15 862 680
Cash and cash equivalents	5 593 010	-	-	5 593 010	5 593 010
	17 671 197	**382 523**	**-**	**18 053 720**	**21 455 690**
Liquidity gap	**(14 577 522)**	**(16 898 453)**	**-**	**(31 475 975)**	
Cumulative liquidity gap	**(14 577 522)**	**(31 475 975)**	**(31 475 975)**	**-**	

The Group expects to close the liquidity gap with the passage of time as working capital increases as a result of positive cash generated from operations and through the additional interventions detailed under note 2.1.2 to these financial statements. The Group is confident that these interventions would be successful to address the liquidity gap.

Capital management
The capital of the Group consists of debt (as detailed in note 17) and equity which comprises issued ordinary share capital and premium, accumulated losses and other reserves. There were no changes in the components of debt and equity in the prior year.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

3.2 Capital management

Within the Group, only Getsure Life Assurance (Private) Limited ("GetSure") has externally imposed regulatory capital of US$5 million. The regulatory capital is set by the Insurance and Pensions Commission ("IPEC"). As at 31 December 2017, GetSure's net equity was US$3.1 million. However, the regulatory capital of Getsure was US$95 600 at the same date, US$4.9 million below the minimum regulatory threshold. This was due to the fact that there were certain elements within GetSure's equity which based on the IPEC rules, would not qualify to be part of the regulatory capital. The Group is working on disposing of GetSure's equity investment in GetBucks MicroFinance Bank to unlock qualifying regulatory 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.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. During the financial year ended 31 December 2017, the Group's strategy was to maintain the gearing ratio below 45% (2016: 45%).

The gearing ratios at 31 December 2017 and 2016 were as follows:

All figures in US$	**2017**	**2016**
Total borrowings (note 17)	38 324 028	34 979 208
Less cash and cash equivalents (note 16)	(10 544 319)	(5 593 010)
Net debt	**27 779 709**	**29 386 198**
Total equity	85 626 322	96 391 155
Total capital	**113 406 031**	**125 777 353**
Gearing ratio	**24%**	**23%**
Net debt reconciliation		
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.		
Cash and cash equivalents	10 544 319	5 593 010
Liquid investments	3 139 091	4 892 962
	13 683 410	**10 485 972**
Total borrowings (fixed interest rates)	38 324 028	34 979 208
Net debt	**(24 640 618)**	**(24 493 236)**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

	Other assets		Liabilities from financing activities	
All figures in US$	**Cash at bank including bank over-draft**	**Liquid investments**	**Borrowings**	**Total**
Net debt as at 1 January 2016	**5 454 914**	**3 499 950**	**(22 363 204)**	**(13 408 340)**
Cashflows	125 899	116 797	(13 487 833)	**(13 245 137)**
Fair value gains	-	1 276 215	-	**1 276 215**
Foreign exchange gains	12 197	-	-	**12 197**
Other non-cash movements	-	-	871 829	**871 829**
Net debt as at 31 December 2016	**5 593 010**	**4 892 962**	**(34 979 208)**	**(24 493 236)**
Cashflows	4 936 471	435 680	(3 371 235)	**2 000 916**
Fair value losses	-	(2 189 551)	-	**(2 189 551)**
Foreign exchange gains	14 838	-	-	**14 838**
Other non-cash movements	-	-	26 415	**26 415**
Net debt as at 31 December 2017	**10 544 319**	**3 139 091**	**(38 324 028)**	**(24 640 618)**

Liquid investments comprise current investments namely treasury bills and equity investments that are traded in an active market, being the Group's financial assets held at fair value through profit or loss.

3.3 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions, leasing transactions, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in 'inventories' or value in use in 'impairment of assets'.

3.3.1 Fair value hierarchy

Fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Group has the ability to access;

Level 2 - inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3 - inputs are unobservable inputs for the asset or liability inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements (continued)

3.3.1 Fair value hierarchy (continued)

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for the listed equities; and
- the fair values for treasury bills have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels as follows:

All figures in US$	Level 1	Level 2	Level 3	Total
Recurring fair value measurements as at 31 December 2017				
Financial assets				
Financial assets at fair value through profit or loss:				
- Frankfurt Stock Exchange listed equity securities	2 459 174	-	-	**2 459 174**
- Treasury bills	-	-	679 917	**679 917**
Total	**2 459 174**	**-**	**679 917**	**3 139 091**
Recurring fair value measurements as at 31 December 2016				
Financial assets				
Financial assets at fair value through profit or loss:				
- Frankfurt Stock Exchange listed equity securities	4 737 232	-	-	4 737 232
- Treasury bills	-	-	155 730	155 730
Total	**4 737 232**	**-**	**155 730**	**4 892 962**

There were no transfers between level 1 and 2 for recurring fair value measurements during the current and prior year.

The value of the investment was based on the price quoted on the Frankfurt Stock Exchange as at the reporting date.

3.3.2 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2017 and 31 December 2016:

All figures in US$	Unlisted securities
Year ended 31 December 2016	
At the beginning of the year	**3 499 950**
Purchases	-
Transfer to level 1	(3 499 950)
Treasury bills - purchased during the year	116 797
Fair value gain recognised on treasury bills	38 933
At the end of the year	**155 730**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements (continued)

3.3.2 Fair value measurements using significant unobservable inputs (level 3) (continued)

All figures in US$	Unlisted equity securities
Year ended 31 December 2017	
At the beginning of the year	**155 730**
Treasury bills - purchased during the year	435 630
Fair value gain recognised on treasury bills	88 507
At the end of the year	**679 867**

The Group holds treasury bills which were issued by the Government of Zimbabwe. Acquisitions during the year ended 31 December 2017 consist of 4 parcels that were acquired from a third party at an average 16% discount from the US$524 087 face value. The treasury bills have a 5% annual coupon rate payable bi-annually until December 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Key estimates

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 addressed below:

(a) Impairment

To determine whether trade and other receivables ("receivables") carrying amounts are impaired, the Group evaluates the extent to which the fair value of the receivables is less than its carrying amount. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment allowance are recognised in a separate allowance for impairment.

The assessment of trade receivables impairment is considered a matter of most significance. Management applies their judgment to the assessment of the recoverability of individual trade debtors on a case by case basis and they consider history of payments, the financial condition of the debtor and the relationship they have with the debtor.

(b) Actuarial assumptions - determination of policyholder liabilities

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date ("IBNR"). It can take a significant period of time before the ultimate claims cost can be established with certainty. The IBNR claims for the funeral cash plan are calculated based on actual claims paid in the current year that were actually incurred in the prior year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key estimates (continued)

(b) Actuarial assumptions - determination of policyholder liabilities (continued)

A full actuarial valuation was conducted for the year ended 31 December 2017. Key assumptions used in the estimate are as below:

Assumptions	Best Estimate assumptions	Compulsory margins	Prudent assumptions +ve reserves	Prudent assumptions -ve reserves
Base mortality	SA85-90	-	-	-
Scaling	100.00%	-	-	-
Aids mortality	HA1(2013)	-	-	-
Aids scaling	10.00%	-	-	-
Mortality claims margin		7.50%		-
Discount rate	6.50%	-0.25%	6.25%	6.75%
Expense inflation	3.00%	10.00%	3.30%	3.30%
Commission year 1	10.00%	10.00%	11.00%	11.00%
Commission year 2	10.00%	10.00%	11.00%	11.00%
Expenses				
Credit life	20.61	10.00%	22.67	22.67
Standard	63.63	10.00%	70.00	70.00
Comprehensive	180.72	10.00%	198.80	198.80
Accident	43.62	10.00%	47.98	47.98
Savings	298.81	10.00%	328.69	328.69
Group life	38.89	10.00%	42.78	42.78
Mortgage	43.82	10.00%	48.20	48.20
Lapse Year 1	15.00%	10.00%	13.50%	16.50%
Lapse Year 2	9.00%	10.00%	8.10%	9.90%
Lapse Year 3	4.00%	10.00%	3.60%	4.40%
Lapse Year 4+	4.00%	10.00%	3.60%	4.40%
Limiting age	104	-	-	-

(c) Policyholders insurance and investment contract liabilities

The life insurance contract liabilities and investment contracts with discretionary participation features ("DPF") are calculated using the Financial Soundness Valuation ("FSV") methodologies. The FSV makes allowance for future projected bonuses and expenses. The FSV projects cash flows on a realistic basis with specified margins included for prudence. The assumptions are based on a best estimate of likely future experience. Allowance is given for certain management action in the valuation as it will impact on the future financial performance of Getsure. Allowance is made for possible adverse deviation by adjusting best estimate assumptions by planned margins. These reduce the profits arising early in the contract, instead allowing them to emerge later on.

The Group classifies contracts entered into between investment contracts and insurance contracts on the basis of whether the contract is mostly a life assurance contract or a deposit contract. In the event of both elements existing in the contract judgement is applied in determining which of the two elements makes up a more significant portion of the contract, in which case it is classified as such.

The main assumptions used relate to mortality, longevity, investment returns, expenses, lapses, surrender rates and discount rates. Estimates are also made as to future investment income arising from the assets backing the life insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. Assumptions on future expenses are based on current expense levels adjusted for expected expense inflation adjustments, if necessary. Lapse and surrender rates depend on product features, policy duration and external circumstances such as sales trends. Discount rates are based on current expense levels adjusted for expected inflation adjustments, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Key judgements

The key judgement that were made during the preparation of the financial statements were as follows:

(a) Going concern

The Directors assess the ability of the Group to continue operating as a going concern at the end of each financial year. As at 31 December 2017, the Directors assessed the ability of the Group to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. The key initiatives being implemented to ensure the Group addresses the negative working capital position as at 31 December 2017 are discussed under note 2.1.2.

5 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision - maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

The Group does not rely on any one specific customer as none of its customers contribute a minimum of 10% of its revenue.

All interest bearing liabilities have been allocated to segments as they relate to specific bank loans obtained by the segments.

Revenue

The revenue from external parties reported to the Executive Committee is measured in a manner consistent with how revenue is measured in the statement of comprehensive income.

The amounts provided to the Executive Committee with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Description of segments and principal activities:

Entity	Segment	2017	2016	Principal activities
African Sun Limited	Hospitality	√	√	Leasing and managing of hotels
Dawn Properties Limited	Real estate	√	√	Property holding, development and consulting.
Getsure Life Assurance (Private) Limited	Financial services	√	√	Life assurance products and services
FML Logistics (Private) Limited	Other	√	√	Fuel transportation services
Brainworks Capital Management (Private) Limited	Other	√	√	Investment holding company in Zimbabwe
Brainworks Limited	Other	√	√	Ultimate parent company in Mauritius

√ - denotes that the respective entity was part of the Group during the relevant year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

5 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the executive committee for the reportable segments is as follows:

All figures in US$	Hospitality	Real estate	Financial services	Other	Intersegment transactions	Continuing operations	Discontinued operations	Group
Year ended 31 December 2017								
Revenue:								
Sale of room nights, food and beverages	49 421 439	-	-	-	-	**49 421 439**	-	**49 421 439**
Conferencing and other income	2 225 073	-	-	-	-	**2 225 073**	-	**2 225 073**
Casino and gaming revenue	180 720	-	-	-	-	**180 720**	-	**180 720**
Gross premiums	-	-	1 869 181	-	-	**1 869 181**	-	**1 869 181**
Oil distribution and logistics	-	-	-	2 716 946	-	**2 716 946**	-	**2 716 946**
Rental income	-	196 019	-	-	-	**196 019**	-	**196 019**
Valuation and consultation services	-	570 305	-	-	-	**570 305**	-	**570 305**
Fee and commission income	-	1 395 249	11 782	-	-	**1 407 031**	-	**1 407 031**
	51 827 232	**2 161 573**	**1 880 963**	**2 716 946**	**-**	**58 586 714**	**-**	**58 586 714**
Internal customers								
Rent income	-	2 970 210	-	-	(2 970 210)	-	-	-
Total revenue	**51 827 232**	**5 131 783**	**1 880 963**	**2 716 946**	**(2 970 210)**	**58 586 714**	**-**	**58 586 714**
Cost of sales and other direct costs	(15 444 453)	-	(2 343 465)	(1 343 203)	-	(19 131 121)	-	(19 131 121)
Gross profit	**36 382 779**	**5 131 783**	**(462 502)**	**1 373 743**	**(2 970 210)**	**39 455 593**	**-**	**39 455 593**
Operating expense								
Employee benefit expenses	(8 113 093)	(1 182 333)	(440 271)	(2 050 020)	-	**(11 785 717)**	-	**(11 785 717)**
Operating lease expenses	(6 085 779)	-	(38 472)	(77 285)	2 970 210	**(3 231 326)**	-	**(3 231 326)**
Other operating expenses	(14 221 396)	(1 535 061)	(470 454)	(3 919 699)	226 448	**(19 920 162)**	-	**(19 920 162)**
Depreciation & amortisation	(2 456 526)	(149 119)	(168 978)	(437 988)	(955 318)	**(4 167 929)**	-	**(4 167 929)**
Impairment charge	(145 656)	(52 856)	-	(952 794)	-	**(1 151 306)**	-	**(1 151 306)**
	(31 022 450)	**(2 919 369)**	**(1 118 175)**	**(7 437 786)**	**2 241 340**	**(40 256 440)**	**-**	**(40 256 440)**
Other key information								
Other income (net)	1 545 207	2 015 733	191 764	(4 164 521)	(437 369)	**(849 186)**	-	**(849 186)**
Operating profit/(loss)	**6 905 536**	**4 228 147**	**(1 388 913)**	**(11 786 329)**	**391 526**	**(1 650 033)**	**-**	**(1 650 033)**
Finance income	7 276	20 394	128 998	1 029 220	(1 013 887)	**172 001**	-	**172 001**
Finance costs	(1 053 399)	(347 674)	-	(4 194 516)	1 181 522	**(4 414 067)**	-	**(4 414 067)**
Net finance (costs)/income	**(1 046 123)**	**(327 280)**	**128 998**	**(3 165 296)**	**167 635**	**(4 242 066)**	**-**	**(4 242 066)**
Share of profit/(loss) of associates	-	-	829 745	615 289	(1 557 766)	**(112 732)**	-	**(112 732)**
Profit/(loss) before income tax	**5 859 413**	**3 900 867**	**(430 170)**	**(14 336 336)**	**(998 605)**	**(6 004 831)**	**-**	**(6 004 831)**
Total assets as at 31 December 2017	**39 226 663**	**97 987 352**	**5 926 758**	**78 476 611**	**(64 833 081)**	**156 784 303**	**-**	**156 784 303**
Total assets include:								
Non-current assets (other than financial instruments and deferred tax assets):								
Property and equipment	21 284 122	63 326 245	144 583	4 063 741	(379 870)	88 438 821	-	88 438 821
Goodwill	8 261 050	-	-	-	-	8 261 050	-	8 261 050
	29 545 172	**63 326 245**	**144 583**	**4 063 741**	**(379 870)**	**96 699 871**	**-**	**96 699 871**
Total liabilities as at 31 December 2017	**27 717 942**	**10 400 553**	**2 778 061**	**46 138 311**	**(15 876 886)**	**71 157 981**	**-**	**71 157 981**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

5 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the executive committee for the reportable segments is as follows:

All figures in US$	Hospitality	Real estate	Financial services	Other	Intersegment transactions	Continuing operations	Discontinued operations	Group
Year ended 31 December 2016								
Revenue:								
Sale of room nights, food and beverages	43 249 981	-	-	-	-	**43 249 981**	(27 947)	**43 222 034**
Casino/gaming revenue	385 632	-	-	-	-	**385 632**	(6 741)	**378 891**
Gross premiums	-	-	1 062 105	-	-	**1 062 105**	-	**1 062 105**
Oil distribution and logistics	-	-	-	1 292 417	-	**1 292 417**	-	**1 292 417**
Rental income	-	180 269	10 000	-	-	**190 269**	-	**190 269**
Valuation and consultation services	10 727	1 918 127	-	-	-	**1 928 854**	(10 727)	**1 918 127**
	43 646 340	**2 098 396**	**1 072 105**	**1 292 417**	**-**	**48 109 258**	**(45 415)**	**48 063 843**
Internal customers								
Rent income	-	2 250 375	-	-	(2 250 375)	-	-	-
Total revenue	**43 646 340**	**4 348 771**	**1 072 105**	**1 292 417**	**(2 250 375)**	**48 109 258**	**(45 415)**	**48 063 843**
Cost of sales and other direct costs	(13 014 777)	-	(748 907)	(565 473)	21 169	(14 307 988)	-	(14 307 988)
Gross profit	**30 631 563**	**4 348 771**	**323 198**	**726 944**	**(2 229 206)**	**33 801 270**	**(45 415)**	**33 755 855**
Employee benefit expenses	(7 520 333)	(1 284 535)	(665 364)	(1 683 908)	-	**(11 154 140)**	50 730	**(11 103 410)**
Operating lease costs	(5 256 488)	(114 639)	(30 792)	(72 000)	2 250 375	**(3 223 544)**	3 454	**(3 220 090)**
Depreciation & amortisation	(2 778 398)	(188 225)	(42 871)	(1 022 877)	-	**(4 032 371)**	-	**(4 032 371)**
Impairment charge	-	(33 401)	-	2 956 904	-	**2 923 503**	-	**2 923 503**
Other expenses	(12 710 411)	(1 072 465)	(403 998)	(4 471 256)	2 928 974	**(15 729 156)**	-	**(15 729 156)**
	(28 265 630)	**(2 693 265)**	**(1 143 025)**	**(4 293 137)**	**5 179 349**	**(31 215 708)**	**54 184**	**(31 161 524)**
Other key information								
Other income (net)	3 377 077	141 686	42 630	4 329 763	(544 356)	**7 346 800**	-	**7 346 800**
Operating profit/(loss)	**5 588 619**	**1 728 038**	**(619 606)**	**964 820**	**195 180**	**7 857 051**	**(129 325)**	**7 727 726**
							-	
Finance income	-	-	156 344	121 765	-	**278 109**	-	**278 109**
Finance costs	(753 174)	(53 871)	-	(2 890 120)	-	**(3 697 165)**	-	**(3 697 165)**
Net finance (costs)/income	**(753 174)**	**(53 871)**	**156 344**	**(2 768 355)**	**-**	**(3 419 056)**	**-**	**(3 419 056)**
Share of profit/(loss) of associates	-	-	-	(65 853)	-	**(65 853)**	-	**(65 853)**
Profit/(loss) before income tax	**4 835 445**	**1 674 167**	**(463 262)**	**(1 803 535)**	**129 327**	**4 372 142**	**-**	**4 372 142**
Total assets as at 31 December 2016	**33 616 814**	**95 013 458**	**4 946 720**	**80 470 036**	**(56 581 003)**	**157 466 025**	**-**	**157 466 025**
Total assets include:								
Non-current assets (other than financial instruments and deferred tax assets):								
Property and equipment	21 270 729	63 776 106	235 406	4 187 686	-	89 469 927	-	89 469 927
Goodwill	8 261 050	-	-		-	8 261 050	-	8 261 050
	29 531 779	**63 776 106**	**235 406**	**4 187 686**	**-**	**97 730 977**	**-**	**97 730 977**
Total liabilities as at 31 December 2016	**26 957 017**	**10 486 129**	**1 364 353**	**28 390 883**	**(6 123 512)**	**61 074 870**	**-**	**61 074 870**

Goodwill was incorrectly allocated to the other segment for segment reporting for the year ended 31 December 2016 instead of being allocated to the hospitality segment, which is consistent with how the goodwill arose and impairment testing of goodwill was done.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2017

6 PROPERTY AND EQUIPMENT

All figures in US$	Land and buildings	Leasehold improve-ments	Motor vehicles	Computer equip-ment	Office equip-ment	Furniture and fittings	Hotel equipment	Capital work in progress	Farm equip-ment	Total
GROUP - 31 December 2017										
Cost										
As at 1 January	**69 302 408**	**3 692 980**	**4 768 748**	**165 416**	**223 372**	**138 914**	**21 931 496**	**801 951**	**562 070**	**101 587 355**
Additions	328 330	261 580	137 523	37 419	11 261	16 263	2 191 489	292 213	-	**3 276 078**
Disposals	(34 064)	(22 731)	(345 784)	(41 453)	(5 402)	(1 095)	(758 261)	-	-	**(1 208 790)**
Transfers	-	67 052	-		-	-	177 710	(244 762)	-	**-**
As at 31 December 2017	**69 596 674**	**3 998 881**	**4 560 487**	**161 382**	**229 231**	**154 082**	**23 542 434**	**849 402**	**562 070**	**103 654 643**
Accumulated depreciation and impairment										
As at 1 January	**(1 954 097)**	**(823 731)**	**(827 825)**	**(73 955)**	**(75 117)**	**(59 855)**	**(8 220 289)**	**(50 484)**	**(32 075)**	**(12 117 428)**
Depreciation charge	(810 877)	(519 254)	(578 188)	(32 406)	(23 915)	(31 390)	(2 020 893)	-	(18 426)	**(4 035 349)**
Impairment	-	-	-	(3 000)	-	-	-	(41 400)	-	**(44 400)**
Accumulated depreciation on disposals	8 493	10 359	225 177	34 417	3 639	-	699 270	-	-	**981 355**
As at 31 December 2017	**(2 756 481)**	**(1 332 626)**	**(1 180 836)**	**(74 944)**	**(95 393)**	**(91 245)**	**(9 541 912)**	**(91 884)**	**(50 501)**	**(15 215 822)**
Net carrying amount as at 31 December 2017	**66 840 193**	**2 666 255**	**3 379 651**	**86 438**	**133 838**	**62 837**	**14 000 522**	**757 518**	**511 569**	**88 438 821**
GROUP- 31 December 2016										
Cost										
As at 1 January	75 354 826	5 355 441	3 322 640	136 661	175 220	108 886	21 191 944	1 407 411	562 070	**107 615 099**
Transfer	-	86 970	1 452 636	-	-	-	5 380	(1 544 986)	-	**-**
Exchange differences	-	-	-	-	-	-	517	-	-	**517**
Additions	410 155	303 735	90 977	33 383	48 152	30 028	1 214 602	939 526	-	**3 070 558**
Disposals	(299 375)	(638 031)	(97 505)	(4 628)	-	-	(480 947)	-	-	**(1 520 486)**
Transfer to land and building	361 802	(361 802)	-	-	-	-	-	-	-	**-**
Transfer to investment property**	(6 525 000)	(1 053 333)	-	-	-	-	-	-	-	**(7 578 333)**
As at 31 December 2016	**69 302 408**	**3 692 980**	**4 768 748**	**165 416**	**223 372**	**138 914**	**21 931 496**	**801 951**	**562 070**	**101 587 355**
Accumulated depreciation and impairment										
As at 1 January	**(1 175 411)**	**(892 007)**	**(304 503)**	**(39 060)**	**(51 583)**	**(42 982)**	**(6 432 007)**	**(43 539)**	**(13 649)**	**(8 994 741)**
Depreciation charge	(748 950)	(596 625)	(584 680)	(38 894)	(22 061)	(16 873)	(1 994 814)	-	(18 426)	**(4 021 323)**
Impairment and usage on service stock	(29 736)	(9 342)	-	-	(1 473)	-	(55 541)	(6 945)	-	**(103 037)**
Disposal	-	674 243	61 358	3 999	-	-	262 073	-	-	**1 001 673**
As at 31 December 2016	**(1 954 097)**	**(823 731)**	**(827 825)**	**(73 955)**	**(75 117)**	**(59 855)**	**(8 220 289)**	**(50 484)**	**(32 075)**	**(12 117 428)**
Net carrying amount as at 31 December 2016	**67 348 311**	**2 869 249**	**3 940 923**	**91 461**	**148 255**	**79 059**	**13 711 207**	**751 467**	**529 995**	**89 469 927**

**The Group made the following transfer from property and equipment to investment property during the year ended 31 December 2016;

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

6 PROPERTY AND EQUIPMENT (CONTINUED)

a. Beitbridge Express Hotel with a carrying amount of US$6 000 000 and formerly leased out to African Sun Limited ("African Sun") by Dawn Properties Limited ("Dawn") was closed in January 2016 due to subdued business activity and handed back to Dawn. The property was transferred to investment property as it is now being held for capital appreciation and no longer occupied by any of the Group companies.

b. A certain vacant piece of land with a carrying amount of US$525 000 and owned by Skyclear (Private) Limited, a 100% subsidiary of Brainworks Capital Management (Private) Limited was transferred to investment property. The Group had acquired the piece of land with the intention of constructing its head office thereon. However, those plans were changed during the year after the Group acquired another piece of land it considered more appropriate for the establishment of its head office. Effectively, the piece of land is now being held for capital appreciation with an intention to sell should an appropriate price be secured for the same.

c. Timeshare properties with a carrying amount of US$1 053 333 and formerly accounted for as leasehold improvements by African Sun were sold by African Sun to Dawn during the year for the same amount. Dawn holds the title deed on which the timeshare properties were constructed on by African Sun. Dawn now hold these timeshare properties predominantly for capital appreciation and sale of the weeks to third parties.

Capital work in progress relates to refurbishment equipment and hotel furniture, fittings and equipment for the hotels that was undertaken during the financial year. This is not depreciated until it is brought to use.

All the depreciation is charged in operating expenses in profit or loss.

There were no contractual commitments for the acquisitions of property and equipment as at 31 December 2017 (2016:US$nil).

There were no borrowing costs capitalised during the year (2016: US$nil).

Properties held as security against borrowings have been disclosed on note 17.

7 INVESTMENT PROPERTY

All figures in US$	2017	2016
At beginning of the year	**24 176 235**	**14 828 712**
Acquisitions	-	807 449
Improvements to investment property capitalised	62 267	74 848
Transfer from property and equipment (note 6)	-	7 578 333
Disposals	(1 600 000)	-
Fair value (losses)/gains	(384 502)	886 893
At end of year	**22 254 000**	**24 176 235**

Investment property worth US$5.5million was pledged as security for the Group's borrowings as at the reporting date (31 December 2016: US$4.8 million). Refer to note 17 to these financial statements for further detail of the securitisation arrangements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

7 INVESTMENT PROPERTY (CONTINUED)

Valuation processes

Investment property worth US$22.3 million as at 31 December 2017 (31 December 2016: US$22.7 million) was valued by Dawn Property Consultancy (Private) Limited in accordance with the relevant professional guidelines and statements issued under the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (the "Red Book") 6th Edition, International Valuations Standards Committee ("IVSC") and the Real Estate Institute of Zimbabwe ("REIZ") Standards. The valuation basis is a market comparison method for land and cost approach for buildings, both valuation basis conform to international valuation standards.

Dawn Property Consultancy (Private) Limited ("the valuer") - a subsidiary of the Company, is a related party and therefore is not an independent valuer as encouraged but not required by IAS 40, 'Investment property'. The valuer holds recognised and relevant professional qualifications and has recent experience in the relevant location and the category of properties being valued.

Valuation techniques underlying management's estimation of fair value

Hotel buildings, office and timeshare properties with fair values of US$9.3million, US$0.38 million and US$1.2 million respectively as at 31 December 2017 were valued based on the depreciated replacement cost basis as there was no active market for such assets in Zimbabwe during the year. These properties are included in investment property valued at US$22.3 million as at 31 December 2017 (31 December 2016: US$24.2 million). In addition, the two hotel buildings were vacant as at the reporting date and not generating any income. With respect to the timeshare properties, the revenue being generated by those assets was also very low owing to the challenging economic environment and the much needed renovations on these properties before they could be actively marketed. As a result, the depreciated replacement cost was considered as the most appropriate valuation model in the circumstances.

As there is no active market for the hotel properties in Zimbabwe, current prices were drawn from recent transactions of land in general. The prices were adjusted for contractual, location and inherent differences. The following rates have been used:

	31 December 2017 US$ rate/sqm	31 December 2016 US$ rate/sqm
Construction cost figures:		
Grade "A" offices	1 200 - 1 800	1 100 - 1200
Grade "B" offices	1 100 - 1 500	950 - 1 150
Industrial offices	800 - 950	800 - 950
Industrial factory	750 - 850	650 - 700
Land comparable:		
Industrial areas	15 - 30	15 - 30
High density areas	40 - 55	40 - 60
Medium density areas	25 - 35	25 - 40
Low density areas	22 - 25	18 - 25
Commercials - avenues	300 - 400	300 - 400
Central business district	700	700

The valuers considered the gross replacement cost and the depreciated replacement cost in estimating the fair value of the hotel properties, in addition to taking into account recent market transactions where available.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

7 INVESTMENT PROPERTY (CONTINUED)

The summary of the results are as follows:

All figures in US$	31 December 2017	31 December 2016
Hotel properties value indicators:		
Gross replacement cost (buildings)	12 968 000	15 265 000
Depreciated replacement cost (buildings)	7 013 000	5 951 000
Land value	2 200 000	3 830 000
Land value plus depreciated replacement cost of buildings	9 213 000	9 781 000
Market value	9 274 848	9 874 848

The cost approach was used to determine the fair value of vacant hotel properties. This method is based on the theory of substitution and is usually termed the method of last resort. The method is used in situations where it is difficult to estimate inputs required to calculate fair value using the income approach to volatile market factors and inaccessible or unavailable information. Under normal circumstances hotels are valued using the income method. As the hotels above are currently not operating and under care and maintenance, an offer received to purchase the hotel property at a price that is equivalent to the discounted cash flow method would not be realistic. An offer more closely representative of the depreciated replacement cost would be accepted. The most significant unobservable input into this valuation is replacement cost per square meter for buildings and improvements and selling price per square meter of land.

The method used for valuing land is the market comparison method. The method entailed comparing like with like thus residential must be compared with residential and industrial with industrial etc. The most significant input in this valuation method is the selling price per square metre.

(a) Construction costs figures:
Based on architectural design/modern equivalent as well as the costs from quantity surveyors' cost on steel and other requisite building materials. To come up to the replacement cost per square metre.

(b) Age of property:
Based on the use to date as well as the date from commissioning of the hotel and the current state of structures and utilities specific to it's use as investment property, as well as the financial obsolescence of the structure.

(c) Comparable land values:
Based on the intrinsic value of the land on which the structure is built supplied by quantity surveyors taking into consideration the respective zoning conducted by the office of the Surveyor General.

The Group's investment property is measured at fair value. The Group holds four classes of investment property being hotel properties, land, office and timeshares properties, all being situated in Zimbabwe.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

7 INVESTMENT PROPERTY (CONTINUED)

Valuation techniques underlying management's estimation of fair value (continued)

All figures in US$	Hotel properties	Land	Timeshares	Office property	Total
Fair value hierarchy	3	3	3	3	
Year ended 31 December 2016					
As at 1 January 2016	**4 100 000**	**10 728 712**	**-**	**-**	**14 828 712**
Acquisitions	-	413 496	-	393 953	807 449
Improvements to investment properties	74 848	-	-	-	74 848
Transfers from property and equipment (note 6)	6 000 000	525 000	1 053 333	-	7 578 333
Fair value (losses)/gains	(300 000)	1 159 179	46 667	(18 953)	886 893
As at 31 December 2016	**9 874 848**	**12 826 387**	**1 100 000**	**375 000**	**24 176 235**
Year ended 31 December 2017					
As at 1 January 2017	**9 874 848**	**12 826 387**	**1 100 000**	**375,000**	**24 176 235**
Improvements capitalised	-	62 267	-	-	62 267
Disposals	-	(1 600 000)	-	-	(1 600 000)
Fair value (losses)/gains	(600 000)	111 498	99 000	5 000	(384 502)
As at 31 December 2017	**9 274 848**	**11 400 152**	**1 199 000**	**380 000**	**22 254 000**

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the date of the event or change in circumstances that caused the transfer.

Sensitivity analysis

Sensitivity analysis is performed on valuation of assets and liabilities with significant unobservable inputs (level 3) to generate a range of reasonable alternative valuations. The sensitivity methodologies applied take account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative methods.

Observability

Since each property is unique in nature and the hotel real estate is vacant, valuation inputs are largely unobservable.

There are inter-relationships between unobservable inputs. Increases in construction costs that enhance the property's features may result in an increase in future rental values and/or replacement costs.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

7 INVESTMENT PROPERTY (CONTINUED)

Valuation techniques underlying management's estimation of fair value (continued)

All figures in US$	Cost approach	Sales comparison
Sensitivity on managements estimates:		
Change in depreciated replacement cost/square metre (cost/sqm):		
Year ended 31 December 2017		
5% increase in the replacement cost/sqm	350 650	-
5% decrease in the replacement cost/sqm	(350 650)	-
5% increase in the selling price/sqm	-	110 000
5% decrease in the selling price/sqm	-	(110 000)
Year ended 31 December 2016		
5% increase in the replacement cost/sqm	297 550	-
5% decrease in the replacement cost/sqm	(297 550)	-
5% increase in the selling price/sqm	-	191 500
5% decrease in the selling price/sqm	-	(191 500)

8 INTANGIBLE ASSETS

All figures in US$	Software	Goodwill	Total
YEAR ENDED 31 DECEMBER 2017			
Cost			
Balance at beginning of the year	296 534	8 261 050	8 557 584
Additions	-	-	-
Balance at the end of year	**296 534**	**8 261 050**	**8 557 584**
Amortisation and impairment			
Balance at beginning of year	11 048	-	11 048
Amortisation charge for the year	132 580	-	132 580
Balance at end of year	**143 628**	**-**	**143 628**
Carrying amount at the end of the year	**152 906**	**8 261 050**	**8 413 956**
YEAR ENDED 31 DECEMBER 2016			
Cost			
Balance at beginning of the year	-	8 261 050	8 261 050
Additions	296 534	-	296 534
Balance at the end of year	**296 534**	**8 261 050**	**8 557 584**
Amortisation and impairment			
Balance at beginning of year	-	-	-
Amortisation charge for the year	11 048	-	11 048
Balance at end of year	**11 048**	**-**	**11 048**
Carrying amount at the end of the year	**285 486**	**8 261 050**	**8 546 536**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

8 INTANGIBLE ASSETS (CONTINUED)

Software

IIntangible assets comprise insurance software with a carrying amount of US$152 906 (2016: US$285 486).

The Group assessed all intangible assets for impairment indicators and there was no impairment indicators observed for software.

There were no contractual commitments for the acquisitions of software as at 31 December 2017 (2016:US$nil).

There were no borrowing costs capitalised during the year (2016: US$nil).

Goodwill

Goodwill is monitored by management at the level of the operating segments identified in note 5.

A segment summary of the goodwill allocation is presented below:

All figures in US$	Hospitality	Total
31 December 2017		
African Sun Limited	8 261 050	**8 261 050**
31 December 2016		
African Sun Limited	8 261 050	**8 261 050**

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit ("CGU") is determined based on value in use calculations which require the use of assumptions. The calculations use cashflow projections based on financial budgets approved by the board of directors of the relevant subsidiary covering a five year period.

Cashflows beyond the five year period are extrapolated using estimated growth rates which management considers reasonable and achievable.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	Hospitality	
	2017	**2016**
Sale volume (% annual growth rate)	20.0%	1.4%
Budgeted gross margin (%)	70.0%	72.0%
Average hotel occupancy (%)	50.0%	44.0%
Average daily hotel rate (US$)	95	93
Other operating costs (US$)	33 779 818	27 321 453
Annual capital expenditure	5 084 098	2 288 353
Long term growth rate	0.5%	0.5%
Pre-tax discount rate	14.8%	22.0%

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

8 INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

Assumption	Approach used to determining values
Sale volume	Average annual growth rate over the five year forecast period, based on historical performance and management's expectations of future market developments.
Budgeted gross margin	Average annual growth rate over the five year forecast period, based on current industry trends and management's expectations of future market developments.
Average hotel occupancy	Average annual growth rate over the five year forecast period, based on historical performance. Historical performance is adjusted to exclude non-recurring events that could have had an impact on the occupancy rates. Projected occupancy rates also incorporate management's expectations of future industry developments.
Average daily hotel rate	Average actual hotel daily rate for all the hotels over the five year forecast period, based on actual historical performance. Projected average daily hotel rates also incorporate management's expectations of future industry developments.
Other operating costs	Other operating costs relate to fixed costs of each CGU, which do not vary significantly with sales volumes or prices. Management forecasts these expenses based on the current structure of the business, adjusting for inflationary increases but not reflecting any future cost savings or cost saving measures. The amounts disclosed above are the average annual operating costs for the five year forecast period.
Annual capital expenditure	This is the expected capital expenditure in the CGUs. This is based on planned refurbishment expenditure. No incremental revenues or cost savings are assumed in the value-in-use model as a result of this expenditure.
Long term growth rate	This is the rate used to extrapolate cash flows beyond the forecast period. The rate is based on management's conservative view regarding future industry growth.
Pre-tax discount rate	This is expected weighted average cost of capital based on historical borrowing interest rates and how the business has been financed between debt and equity.

Impact of possible changes in key assumptions

The recoverable amount of the hospitality CGU is estimated to exceed the carrying amount of the CGU at 31 December 2017 by US$ 6 583 480 (2016: US$ 7 973 848).

If the budgeted sales volume used in the value-in-use calculation for the hospitality CGU had been 5% lower than management's estimates at 31 December 2017 (19% instead of 20%), the recoverable amount would have exceeded the carrying amount of the CGU at 31 December 2017 by US$ 5 530 000.

If the long-term growth rate applied to the cash flow projections of this CGU had been 0% (instead of 0.5%), the recoverable amount would have exceeded the carrying amount of the CGU at 31 December 2017 by US$ 6 085 635.

If the pre-tax discount rate applied to the cash flow projections of this CGU had been 5% higher than management's estimates (15.5% instead of 14.8%), the recoverable amount would have exceeded the carrying amount of the CGU at 31 December 2017 by US$5 443 265.

In the prior year there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment write-down in the hospitality CGU.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

9 INVESTMENT IN SUBSIDIARIES

Details of the investment in subsidiaries for the year ended 31 December 2017, are as follows:

Name of entity	Country of incorporation	% shareholding	No. of equity shares
Brainworks Capital Management (Private) Limited	Zimbabwe	100%	86 306 195
Instant Power Holdings Limited	Mauritius	-	100

On 20 July 2017, the Company's directors resolved that Instant Power be removed from the Register of Companies in Mauritius. As a result, the US$100 investment in Instant Power was impaired.

Brainworks Limited indirectly holds the following subsidiaries through Brainworks Capital Management (Private) Limited:

Subsidiaries

- Dawn Properties Limited, 66.81% shareholding (31 December 2016: 66.81%) and is listed on the Zimbabwe Stock Exchange;
- African Sun Limited, 57.67% shareholding (31 December 2016: 57.67%) and is listed on the Zimbabwe Stock Exchange;
- Brainworks Petroleum (Private) Limited, 100% shareholding. Brainworks Petroleum owns FML Logistics (Private) Limited ("FML Logistics). The shareholding in FML Logistics is 100% (31 December 2016: 100%);
- Brainworks Hotels and Real Estate (Private) Limited; 100% shareholding (31 December 2016: 100%);
- Lengrah Investments (Private) Limited; 100% shareholding (31 December 2016: 100%); and
- Getsure Life Assurance (Private) Limited, 100% shareholding (31 December 2016: 100%).

The Group's material operating subsidiaries are African Sun Limited and Dawn Properties Limited. Both subsidiaries also have significant non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

9.1 Summarised financial information for African Sun Limited and Dawn Properties Limited

	31 December 2017		31 December 2016	
All figures in US$	**African Sun**	**Dawn Properties**	**African Sun**	**Dawn Properties**
ASSETS				
Non current net assets				
Property and equipment	21 284 122	864 443	21 270 729	973 145
Investment property	-	88 175 000	-	86 263 037
Other non current assets	1 070 877	-	344 030	
	22 354 999	**89 039 443**	**21 614 759**	**87 236 182**
Current assets				
Inventories	2 087 639	5 116 873	1 453 628	3 329 532
Trade and other receivables	6 421 474	3 627 646	5 663 267	4 051 134
Cash and cash equivalents	8 362 551	203 390	4 885 160	396 610
	16 871 664	**8 947 909**	**12 002 055**	**7 777 276**
Total assets	**39 226 663**	**97 987 352**	**33 616 814**	**95 013 458**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	33 741 401	19 496 571	33 741 401	1 965 738
Other reserves	(3 468 047)	7 353 815	(3 500 446)	24 884 648
(Accumulated losses)/retained profits	(18 764 633)	60 736 414	(23 581 158)	57 687 276
	11 508 721	**87 586 800**	**6 659 797**	**84 537 662**
Non-current liabilities				
Borrowings	4 187 512	3 424 488	3 013 848	1 509 300
Deferred tax	4 684 007	4 324 236	3 617 873	4 058 394
Trade and other payables	-	-	1 730 148	-
	8 871 519	**7 748 724**	**8 361 869**	**5 567 694**
Current liabilities				
Borrowings	2 022 197	1 074 930	5 255 692	2 749 448
Trade and other payables	16 824 226	1 576 898	13 339 456	2 158 654
	18 846 423	**2 651 828**	**18 595 148**	**4 908 102**
Total equity and liabilities	**39 226 663**	**97 987 352**	**33 616 814**	**95 013 458**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

9.1 Summarised Financial Information for African Sun Limited and Dawn Properties Limited (continued)

	31 December 2017		31 December 2016	
All figures in US$	**African Sun**	**Dawn Properties**	**African Sun**	**Dawn Properties**
Summarised statement of comprehensive income				
Revenue	51 827 232	5 131 783	43 600 924	4 348 771
Cost of sales	(15 444 453)	-	(12 993 608)	-
Gross profit	**36 382 779**	**5 131 783**	**30 607 316**	**4 348 771**
Fair value gains/(losses) on investment property	-	1 949 695	-	(69 154)
Other income	1 545 207	66 038	3 246 933	141 685
Operating expenses	(31 022 450)	(2 919 369)	(28 265 629)	(2 693 264)
Net finance charges	(1 046 123)	(327 279)	(753 174)	(53 870)
Profit before tax	**5 859 413**	**3 900 868**	**4 835 446**	**1 674 168**
Income tax expense	(1 042 888)	(851 731)	(28 736)	(639 333)
Profit for the year	**4 816 525**	**3 049 137**	**4 806 710**	**1 034 835**
Other comprehensive income/(loss)	32 399	-	(611 074)	-
Total comprehensive income	**4 848 924**	**3 049 137**	**4 195 636**	**1 034 835**
Summarised statement of cashflows				
Cash generated from/(utilised in) operating activities	7 469 371	(415 260)	2 172 853	(2 884 858)
Cash utilised in investing activities	(1 946 984)	(18 638)	(911 997)	(1 932 120)
Cash (utilised in)/generated from financing activities	(2 059 832)	240 669	1 149 353	4 195 061
Net increase/(decrease) in cash and cash equivalents for the year	**3 462 555**	**(193 229)**	**2 410 209**	**(621 917)**
Cash and cash equivalents at the beginning of the year	4 885 160	396 619	2 462 754	1 018 536
Exchange gain on cash and cash equivalents	14 837	-	12 197	-
Cash and cash equivalents at the end of the year	**8 362 552**	**203 390**	**4 885 160**	**396 619**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

10 INVESTMENTS IN ASSOCIATES

The Group holds the following investments in associates:

- GetBucks Microfinance Bank Limited ("GetBucks") an associate company in which the Group held 31.14% at 31 December 2017 (31 December 2016: 31.14%).GetBucks was renamed from GetBucks Financial Services Limited to GetBucks Microfinance Bank Limited during the year.
- Coporeti Support Services (Private) Limited t/a Getcash ("GetCash") 49% shareholding (31 December 2016: 100%). The Group disposed of its 51% in GetCash effectively on 11 November 2017. The disposal is disclosed in note 10.4.

All figures in US$	2017	2016
Investment in GetBucks MicroFinance Bank Limited	4 370 066	3 208 208
Coporeti Support Services (Private) Limited t/a GetCash	-	67 816
	4 370 066	**3 276 024**

		2017		**2016**	
Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**	**Quoted fair value**	**% of ownership interest**	**Quoted fair value**
GetBucks MicroFinance Bank Limited	Zimbabwe	31.14%	12 599 395	31.14%	12 599 395
Coporeti Support Services (Private) Limited t/a GetCash	Zimbabwe	49%	Unlisted	100%	Unlisted

10.1 Reconciliation of carrying amount of associates

All figures in US$	2017	2016
As at 1 January	**3 276 024**	**2 530 862**
Acquisition of GetCash	-	1 045 000
Additional investment in GetCash (note 10.4)	1 489 952	-
Dividends received	(283 178)	(233 985)
Share of profit/(loss) of associate	(112 732)	(65 853)
- GetBucks	1 445 034	911 331
- GetCash	(1 096 417)	(942 698)
Dilution loss on disposal of equity stake in GetCash (note 10.4.1)	(392 376)	-
Amortisation of intangible asset recognised on acquisition of GetCash	(92 893)	(46 446)
Release of deferred tax on amortization of intangible asset recognised on acquisition of Getcash	23 920	11 960
	4 370 066	**3 276 024**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

10.2 Key information relating to associates

Set out below is the financial information of GetBucks and GetCash as at 31 December 2017. GetBucks and GetCash have share capital consisting solely of ordinary shares. The country of incorporation for both entities, Zimbabwe is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The reporting date for GetBucks and GetCash is 30 June and 31 December respectively.

	GETBUCKS		GETCASH	
All figures in US$	**Reviewed Year end 31 December 2017**	**Reviewed Year end 31 December 2016**	**Unaudited Year end 31 December 2017**	**Audited Year end 31 December 2016**
Summarised statement of comprehensive income				
Revenue	15 611 915	11 033 757	2 310 570	1 070 620
Total expenses	(12 767 982)	(8 296 153)	(3 983 077)	(3 234 031)
Profit/(loss) for the year	**4 640 444**	**2 737 604**	**(1 672 507)**	**(2 163 411)**
Summarised statement of financial position				
Total assets	**26 573 371**	**23 612 789**	**1 954 207**	**2 908 267**
Total liabilities	11 049 608	11 742 752	5 356 789	5 221 550
Equity	15 523 763	11 870 037	(3 402 582)	(2 313 283)
Total equity and liabilities	**26 573 371**	**23 612 789**	**1 954 207**	**2 908 267**
Dividend paid	909 371	751 397	-	-

10.3 Commitments and contingent liabilities in respect of associate

All figures in US$	**2017**	**2016**
Share of contingent liabilities incurred jointly of the associate relating to liabilities of the associate for which the Group is severally liable	890 779	1 081 067

On 11 July 2016, the Group through Brainworks Capital Management (Private) Limited, agreed to act as a guarantor in respect of GetCash's US$1 100 000 loan facility with Central Africa Building Society (CABS), through pledge of :

a. 98 781 853 shares held in Dawn Properties Limited;
b. 6 395 474 shares held in African Sun Limited; and
c. 33 088 950 shares held in GetBucks MicroFinance Bank Limited.

As at 31 December 2017, the outstanding amount due by GetCash to CABS stood at US$890 779 (31 December 2016: US$1 081 067) and GetCash was up to date with its commitments to CABS.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

10.4 Acquisition and subsequent disposal of an equity interest in Coporeti Support Services (Private) Limited t/a GetCash

During the year ended 31 December 2016, the Group through Brainworks Capital Management (Private) Limited acquired 100% equity interest in GetCash. Notwithstanding the Group having acquired the entire equity interest in GetCash, the investment was accounted for as an associate investment as it was concluded that effective control did not pass to the Group.

On 27 June 2017, the Group entered into a transaction for the disposal of its 51% equity interest in GetCash through a recapitalisation transaction that involved a new shareholder - MyBucks SA ("MyBucks"). In terms of the recapitalisation transaction, MyBucks converted into a 51% equity interest the US$750 000 loan which they had acquired from Everprosperous Worldwide Limited in 2016. MyBucks also undertook to inject US$750 000 as capital in GetCash within 12months from the end of June 2017. GetCash's equity fair value immediately after the conversion of the loan was thus deemed to be US$1 470 588 for the purpose of the disposal.

The Group, through BCM injected a further US$1 489 952, this being entirely through conversion of amounts previously owed by GetCash in return for a 49% equity interest.

Completion of the transaction above was conditional on the transaction being approved by the Reserve Bank of Zimbabwe, which approval was granted on 11 November 2017. As a result, the effective date of disposal has been determined as being 11 November 2017.

10.4.1 Computation of dilution loss on change in equity interest in GetCash

All figures in US$	
Equity contribution by MyBucks	750 000
Equity contribution by BCM	1 489 953
	2 239 953
Proportionate share of BCM of total equity contributed based on 49%	1 097 577
Actual contribution by BCM	1 489 953
Dilution loss	**(392 376)**

11 INTEREST IN A JOINT OPERATION

The Group has a 50% interest in The Victoria Falls Hotel, through African Sun Limited. The Victoria Falls Hotel is a leased hotel in the Victoria Falls area. The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint operation. They are included in the statement of financial position and statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

11 INTEREST IN A JOINT OPERATION (CONTINUED)

Summarised statement of financial position as at 31 December 2017

All figures in US$	2017	2016
ASSETS		
Non-current assets		
Property and equipment	2 390 394	2 568 589
Current assets		
Cash at banks and on hand	568 157	493 491
Trade and other receivables	502 231	471 360
Intercompany receivable	2 439 148	1 434 093
Inventories	336 793	265 972
Current assets	**3 846 329**	**2 664 916**
Total assets	**6 236 723**	**5 233 505**
LIABILITIES		
Current liabilities		
Trade and other payables	(825 179)	(715 327)
Provision for other liabilities	(882 026)	(880 730)
	(1 707 205)	**(1 596 057)**
Net assets	**4 529 518**	**3 637 448**
Summarised audited statement of comprehensive income		
Revenue	7 450 882	6 383 082
Cost of sales	(1 656 764)	(1 529 007)
Gross profit	**5 794 118**	**4 854 075**
Operating expenses	(3 206 006)	(2 894 827)
Other income	393 957	-
Profit before income tax	**2 982 069**	**1 959 248**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All figures in US$	2017	2016
Balance at beginning of year	**4 892 962**	**3 499 950**
Purchases	435 680	116 797
Fair value (losses)/gains	(2 189 551)	1 276 215
On treasury bills	88 457	38 983
From investment in MyBucks SA listed shares	(2 278 008)	1 237 232
Balance at end of year	**3 139 091**	**4 892 962**
Financial assets at fair value through profit or loss comprise of the following:		
Listed MyBucks shares	2 459 174	4 737 232
Treasury bills	679 917	155 730
	3 139 091	**4 892 962**

12.1 Investment in treasury bills

Purchases amounting to US$435 680 (2016: US$116 797) recognised during the year relates to acquisition of treasury bills (“TBs”) by Getsure Life Assurance (Private) Limited. TBs are held for trading.

12.2 Listed shares in MyBucks

The Group holds 249 050 shares, representing 2.5% (2016: 2.5%) of MyBucks’ issued shares. MyBucks is a company incorporated in Luxemburg with its shares listed on the Frankfurt Stock Exchange. The fair value of the shares as at 31 December 2017 was US$2 459 174 (2016: US$4 737 232) and was based on the listed share price as at that date.

13 DEFERRED TAX ASSETS

All figures in US$	31 December 2017	Recognised in profit/(loss)	31 December 2016	Recognised in profit/(loss)
The movement on the deferred tax account is shown below:				
Fair value on listed investments	-	-	-	(17 743)
Fair losses on unlisted investments	-	(267 632)	267,632	826 989
Allowance for credit losses	-	(2 625)	2 625	(84 542)
Leasehold improvements	-	-	-	563
Provisions	487 614	476 303	11 311	11 311
Property and equipment	546 351	650 193	(103 842)	54 342
Prepayments	-	-	-	11 199
Assessable tax losses	309 072	(327 186)	636 258	(984 647)
Deferred tax asset	**1 343 037**	**529 053**	**813 984**	**(182 528)**

Deferred tax assets have been recognised in respect of assessable tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe that it is probable that these assets will be recovered. The Directors believe that sufficient taxable profits will be generated to utilise the tax benefits.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

14 INVENTORIES

All figures in US$	2017	2016
Food and beverage	1 000 039	589 148
Shop merchandise	37 302	33 775
Consumable stocks	641 570	625 834
Maintenance stocks	412 431	335 066
Property under construction (note 14.1)	4 936 186	3 056 794
Construction inventories	101 994	130 195
Stationery and other office consumables	22 180	22 952
	7 151 702	**4 793 764**

The cost of inventories recognised as expenses and included in cost of sales amounted to US$5 600 596 (2016: US$4 110 350). There were no items of inventory impaired during the year (2016: US$nil).

14.1 Property under construction

All figures in US$	2017	2016
Land value	400 000	400 000
Borrowing costs capitalised	273 230	73 887
Construction expenses incurred to date	4 262 956	2 582 907
	4 936 186	**3 056 794**

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

15 TRADE AND OTHER NON-CURRENT ASSETS

All figures in US$	2017	2016
Trade receivables	4 576 056	4 807 759
Less: allowance for impairment (note 25)	(1 391 135)	(542 830)
	3 184 921	**4 264 929**
Other receivables	2 298 499	5 261 320
Prepayments	4 159 085	3 262 089
Staff receivables	928 145	1 110 748
Receivables from related parties	330 622	1 798 456
Other non-current assets	159 199	165 138
	11 060 471	**15 862 680**
15.1 Analysis of trade and other non current assets		
Current receivables	10 557 589	15 315 019
Other non-current assets	502 882	547 661
	11 060 471	**15 862 680**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

15 TRADE AND OTHER NON-CURRENT ASSETS (CONTINUED)

15.1 Analysis of trade and non-current assets (continued)

Included in prepayments are payments amounting to US$2 312 980 (2016: US$2 132 980) made with respect to the acquisition of two pieces of land from City of Harare, measuring approximately 2.2 hectares. The process to transfer legal title of the land to the Group had not yet been completed as at the reporting date.

All non-current receivables relate to staff receivables in the form of car and housing loans which are all due within five years from the end of the reporting period. These loans bear interest at an average interest rate of 7% per annum (2016: 7%) and are secured by the houses and the vehicles that would have been financed. These loans are advanced to staff in terms of the Group's staff incentive and retention schemes.

The carrying amount of trade and other receivables approximates fair values as the effect of discounting is not material.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2017	2016
United States of America dollar	10 949 770	15 684 823
South African rand	110 701	177 857
	11 060 471	**15 862 680**

15.2 Ageing of trade receivables

All figures in US$	2017	2016
As at 31 December 2017, trade receivables of US$1 750 863 (2016: US$1 890 113) were fully performing. The ageing of these trade receivables is as follows:		
Up to 30 days	**1 750 863**	**1 890 113**
As at 31 December 2017 trade receivables of US$1 971 463 (2016: US$2 421 792) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:		
Up to 30 days	-	-
30 to 60 days	706 866	1 105 554
Over 60 days	1 264 597	1 316 238
Over 30 to 90 days	**1 971 463**	**2 421 792**
As at 31 December 2017, trade receivables of US$853 730 (2016 US$495 854) were impaired and fully provided for. The individually impaired receivables provided for mainly relate to customers in difficult economic situations. The ageing analysis of these trade receivables is as follows:		
Over 90 days	**853 730**	**495 854**
Total trade receivables as at the reporting date	**4 576 056**	**4 807 759**
Movements on the Group's allowance for impairment of trade receivables is as follows:		
As at 1 January	**542 830**	**3 828 391**
	959 085	(2 979 738)
Allowance for receivables impairment (net of amounts recovered) (note 25)	1 035 816	(263 139)
Reversal of impairment	(76 731)	(2 716 599)
Receivables written off during the period as uncollectible	(110 780)	(305 823)
As at 31 December	**1 391 135**	**542 830**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

15 TRADE AND OTHER NON-CURRENT ASSETS (CONTINUED)

15.2 Ageing of trade receivables (continued)

The creation and release of allowance for impaired receivables have been included in “operating expenses” in the statement of comprehensive income. Amounts charged to the allowance account are written off when there is no expectation of recovery.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Debtors amounting to US$400 731 (2016:US$363 000) were pledged as security to a short-term loan of US$339 709 (2016: US$891 146).

15.3 Insurance contract receivables

All figures in US$	2017	2016
Insurance contract receivables	68 840	40 903
Ageing of contract receivables		
As at 31 December 2017, contract receivables of US$68 840 (2016: US$40 903) were fully performing. The ageing of these trade receivables is as follows:		
Up to 30 days	**68 840**	**40 903**

Insurance receivables have been assessed for impairment and are not impaired.

16 CASH AND CASH EQUIVALENTS

All figures in US$	2017	2016
Current assets		
Cash at bank and on hand	10 449 957	5 593 010
Short term money market investments	94 362	-
	10 544 319	**5 593 010**
The net exposure to foreign currency balances was:		
United States of America dollars	10 247 028	5 293 265
South African rand	267 000	275 580
Botswana pula	2 948	2 917
Euro	24 330	20 699
Australian dollars	61	56
British pound	2 952	493
	10 544 319	**5 593 010**

Included in cash and cash equivalents are balances with banks and short term money market investments. These balances are used for transacting on a daily basis. Short term money market investments are term deposits which have a maturity of 3 months or less from the date of acquisition and are repayable with 24 hours notice.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

17 BORROWINGS

All figures in US$	2017	2016
Facilities		
Bank loans	15 648 485	16 629 863
Private financier loans	11 209 323	13 585 077
Finance lease liability	-	3 766
Amounts due to related parties	11 466 219	2 651 853
Other Institutions	-	2 108 649
Total	**38 324 028**	**34 979 208**
Current	28 388 655	19 349 309
Non-current	9 935 373	15 629 899
	38 324 028	**34 979 208**

17.1 Analysis of facilities by funder

All figures in US$	Note	2017	2016
African Century Limited		-	3 766
CBZ Bank Limited	17.1.1	1 473 575	5 952 898
Comarton Group of Pension Funds	17.1.2	2 108 645	2 108 649
Ever Prosperous Worldwide Limited	17.1.3	7 615 011	13 585 077
Ecobank Zimbabwe Limited	17.1.4	3 642 864	6 029 573
FBC Bank Limited	17.1.5	5 870 000	1 749 988
Getbucks Financial Services Limited	17.1.6	2 783 237	2 339 872
MBCA Bank Limited	17.1.7	339 709	891 146
MyBucks S.A	17.1.8	453 227	311 981
NMB Bank Limited	17.1.9	4 322 337	2 006 258
Related parties	17.1.10	8 229 757	-
Other lenders	17.1.11	1 485 666	-
		38 324 028	**34 979 208**

The carrying amounts of all the loans approximate their fair values. Interest rates charged are market related.

17.1.1 CBZ Bank Limited

The Group has two loan facilities with CBZ Bank Limited held by the following entities:

Brainworks Capital Management (Private) Limited

The CBZ Bank Limited facility attracts interest at 12% per annum and is secured by 380,000,000 Dawn Properties Limited shares held by Brainworks Capital Management (Private) Limited. The balance on this facility as at 31 December 2017 was US$1.3 million (31 December 2016: US$3.8 million) and matures on 31 January 2018. The renewal of the facility is being renegotiated.

Dawn Properties Limited

Dawn Properties Limited has an outstanding loan balance with CBZ Bank Limited which arose from a five year mortgage loan, which bears interest at 16% per annum, and is secured by a first mortgage bond over various land shares in a certain piece of land located in Mandara Township, Harare. The balance as at 31 December 2017 was US$0.18million (31 December 2016: US$0.2 million). The mortgage loan is repayable up to 31 August 2021.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

17 BORROWINGS (CONTINUED)

17.1.2 Cormarton Managed Pension Funds Consortium

Comarton Managed Pension Funds Consortium availed various loan facilities with FML Logistics (Private) Limited ("FML"), and that attract interest at rates between 12% - 15% per annum and interest is payable monthly. The loans are secured by 106 400 000 shares held by Brainworks Capital Management (Private) Limited in Getbucks MicroFinance Bank Limited. The final loan matures on 29 November 2019.

On 25 October 2017, an agreement was reached with the lenders in terms of which Brainworks Capital Management (Private) Limited ("BCM") in BCM's capacity as the sole shareholder of FML took over US$1.6million of the loans that were going to mature before the end of the year. BCM offered and the lender agreed, to settle the loans through 1 787 383 shares BCM holds in Brainworks Limited. As at the reporting date, the process to transfer the shares to the lenders was still underway. In terms of the agreement, FML would continue to pay interest on the loans until the date the process to transfer the shares to the lenders is completed. It is anticipated that share transfer process would be completed during the first half of 2018.

17.1.3 Everprosperous Worldwide Limited

The outstanding amount arose from a loan availed to Brainworks Limited in 2016. The loans bear interest at 15% per annum (2016: 10%) and is secured by 77 750 000 Brainworks Limited shares held by Brainworks Capital Management (Private) Limited ("BCM"), 380 million shares held by Brainworks in Dawn Properties Limited, and power of attorney to register surety mortgage bonds over certain fixed properties in the Group. The facility originally matured on 17 of October 2017 but was restructured to mature on 17 October 2018. The outstanding loan including interest was US$7.6 million as at the reporting date (2016 : US$10 million).

17.1.4 Ecobank Zimbabwe Limited

The Ecobank Zimbabwe Limited loan which is held by Brainworks Capital Management (Private) Limited, attracts interest at 8% (2016: 8%) per annum and is secured by 360 900 000 Dawn Property Limited shares, 146 299 461 African Sun Limited shares and 26 099 050 GetBucks MicroFinance Bank Limited shares. The balance on this facility as at the reporting date was US$3.36 million (31 December 2016 was US$5.8 million). The loan matures on 31 August 2019.

17.1.5 FBC Bank Limited

African Sun Zimbabwe (Private) Limited has three loan facilities with FBC Bank Limited which all attracts interest at 7.5% per annum (2016: 9.5%). The loan is secured through a guarantee by African Sun Limited and Brainworks Capital Management (Private) Limited and freehold property. The outstanding balance on these facilities as at 31 December 2017 was US$5.9 million (31 December 2016: US$1.7 million). The loans mature between 31 July 2020 and 31 August 2022, with monthly and quarterly repayments.

17.1.6 GetBucks MicroFinance Bank Limited

The GetBucks MicroFinance Bank Limited loan is held by Brainworks Capital Management (Private) Limited. The loan bears interest at 25% per annum (2016: 18%). The loan is secured by 227 645 661 African Sun Limited shares held by Brainworks Capital Management (Private) Limited and matures on 30 June 2018.

17.1.7 MBCA Bank Limited

The MBCA Bank Limited facility is held by African Sun Limited, attracts interest at 7.5% (2016: 11%) per annum and is secured by a Notarial General Covering Bond on trade receivables. The loan matures on 31 August 2018.

17.1.8 MyBucks SA

The outstanding loan from MyBucks SA bears interest at 27% (2016: 30%) per annum and was held by Brainworks Limited. The principal and accrued interest are both payable on 30 April 2018. The loan is unsecured.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

17 BORROWINGS (C0NTINUED)

17.1.9 NMB Bank Limited

The NMB Bank Limited loan, which is held by Dawn Properties Limited arose from a five year US$5 million facility with NMB Bank Limited. The outstanding loan, bears interest at 9% (2016: 12%) per annum and is secured by first mortgage bonds over the Beitbridge Hotel, Great Zimbabwe Hotel, stand number 3204 New Marlborough Township, in addition to a guarantee by Brainworks Capital Management (Private) Limited. The loan matures on 31 October 2020.

17.1.10 Due to related parties

Due to Mr. Christopher Rokos

The loan due to Mr Rokos is held by Brainworks Limited. The loan, which is unsecured, bears interest at 15% per annum and is repayable quarterly in arrears with the first payment due on 28 February 2018. The loan as at 31 December 2017 stood at US$2.5 million (2016: US$nil).

Mr Rokos has an indirect beneficial shareholding in the Company.

Due to Mr. Brett I. Childs

Mr. Childs is the Chief Executive Officer of the Company. The total amount due by the Group to Mr Childs arose from two loans that were availed to Brainworks Limited during the year.

On 25 May 2017, Mr. Childs participated in a short term loan with other investors in terms of which he contributed US$50 000 of the total US$1 350 000 that was raised and loaned to the Company (refer to note 17.1.11 below). The loan bears interest at 20% per annum, is secured by 9 257 MyBucks shares and was initially repayable on 25 November 2017 but was however restructured to being repayable on 31 March 2018.

The second loan arose from a US$0.11million loan that was advanced to Brainworks Limited during November 2017. The loan, which is unsecured, bears interest at 15% per annum and is repayable equally quarterly in arrears, with the first instalment due on 28 February 2018.

The total amounts due to Mr Childs by the Company was US$0.12 million as at the reporting date (2016: US$nil).

Due to Mr. Simon F. Village

Mr. Village is the Chairman of the Board of Directors of Brainworks Limited.

The outstanding amount arose from a US$0.11 million loan that was advanced to Brainworks Limited in December 2017. The loan, which is unsecured, bears interest at 15% per annum and is repayable equally quarterly in arrears, with the first instalment due on 28 February 2018. The balance of this loan was US$0.11million as at the reporting date (2016: US$nil)

Due to entities and business associates related to non-executive directors

On 11 December 2017, entities and business associates related to Mr. George Manyere and Mr. Walter Kambwanji who were non-executive directors of the Company as at the reporting date, advanced loans aggregating to US$5.5 million to Brainworks Capital Management (Private) Limited. The loans, which all bear interest at 9% per annum, are expected to be settled during the first half of 2018 through delivery of 163 769 298 GetBucks MicroFinance Bank Limited shares to the Lenders in terms of the transaction detailed in note 31.1.

The total outstanding loan under the loan structure above was US$5.5 million as at the reporting date (31 December 2016: US$nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

17 BORROWINGS (C0NTINUED)

17.1.11 Other lenders

On 25 May 2017, eight investors participated in a US$1.35 million short term loan that was advanced to Brainworks Limited. The investors, who contributed various amounts ranging between US$0.05-US$0.4 million per investor, raised a principal amount aggregating to US$1.3 million in total. The various loans including interest accrued stood at US$1.48 million as at 31 December 2017. All the loans bear interest at 20% per annum and are secured by 239 793 MyBucks shares held by Brainworks Limited. The loans were initially repayable on 25 November 2017 but have since been restructured to being repayable on 31 March 2018.

18 DEFERRED TAX LIABILITIES

All figures in US$	31 December 2017	Recognised in profit/(loss)	31 December 2016	Recognised in profit/(loss)
The movement on the deferred tax liability account is shown below:				
Accelerated depreciation	4 363 939	(3 137 221)	7 501 160	36 150
Life business (schedule 8 Income Tax Act (Chapter 23:06))	-	(1 111)	1 111	1 111
Fair value gains or losses	4 298 517	4 298 517	-	(1 137 964)
Provisions	-	-	-	295 261
Assessable tax losses	(1 750)	(32 299)	30 549	30 549
Other items	453 029	298 281	154 748	1 091 975
Deferred tax liability	**9 113 735**	**1 426 167**	**7 687 568**	**317 082**
The analysis of deferred tax liabilities is as follows:				
-Deferred tax liabilities to be recovered within 12 months	372 005	662 202	-	-
-Deferred tax liabilities to be recovered after more than 12 months	8 741 730	7 025 366	-	-
	9 113 735	**7 687 568**	**-**	**-**

Deferred tax assets are recognised for assessable tax losses carried forward to the extent that the realisation of the related tax benefit through future profits is probable.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

19 TRADE AND OTHER PAYABLES

All figures in US$	2017	2016
Trade payables	5 549 745	4 277 040
Amounts due to related parties	142 540	-
Payroll accruals	849 726	770 540
Other payables	3 932 331	3 109 431
Provisions for other liabilities (note 19.1)	1 364 773	1 499 126
Accruals and guest deposits	3 805 088	2 927 920
Statutory liabilities	4 485 947	3 996 409
	20 130 150	**16 580 466**
Category		
Current	19 000 001	14 850 318
Non current - statutory liabilities payment plan	1 130 149	1 730 148
	20 130 150	**16 580 466**

Statutory liabilities relate to pay as you earn ("PAYE"), pension obligations, value added tax ("VAT") and tourism levy.

The non-current portion of statutory liabilities which is payable monthly on a fixed monthly instalment plan relate to African Sun Limited. These are payable over the next 52 months (2016: 64 months)

Included in other payables are sundry creditors who provide other goods and services which do not form part of the direct costs and services of the business.

19.1 Provision for other liabilities

Provisions are recorded when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amounts of the obligations. A reliable estimate is the amount the Group would rationally pay to settle the obligation at the reporting date.

The provisions balance is made up of the following:

All figures in US$	Balance as at 1 January 2017	Additional provisions	Utilised/ reversed provisions	Balance as at 31 December 2017
Year ended 31 December 2017				
Contractual claims	**391 813**	-	(27 346)	**364 467**
Claims from former employees	**835 787**	-	-	**835 787**
Legal costs	**271 526**	-	(271 526)	**-**
Audit of foreign operations	**-**	100 000	-	**100 000**
Other	**-**	-	64 519	**64 519**
	1 499 126	**100 000**	**(234 353)**	**1 364 773**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

19 TRADE AND OTHER PAYABLES (CONTINUED)

19.1 Provision for other liabilities (continued)

All figures in US$	Balance as at 1 January 2016	Additional provisions	Utilised/ reversed provisions	Balance as at 31 December 2016
Year ended 31 December 2016				
Contractual claims	**391 813**	-	-	**391 813**
Claims from former employees	**835 787**	-	-	**835 787**
Other restructuring costs	**291 000**	-	(291 000)	**-**
Staff bonus	**180 838**	-	(180 838)	**-**
Legal cost	**60 000**	271 526	(60 000)	**271 526**
	1 759 438	**271 526**	**(531 838)**	**1 499 126**

(a) Contractual claims

The amount represents a provision payable to a counterparty arising from a service contract. The counterparty has made an additional claim against the Group. After obtaining legal advice, the outcome of the legal claim will not give rise to any loss beyond the provision provided for.

(b) Claims from former employees

The Victoria Falls Hotel Partnership, in which the African Sun Limited has 50% joint control, is a defendant in a legal case involving 69 dismissed employees. The employees were dismissed following their involvement in an illegal industrial action. They have since challenged the dismissal through the courts.

20 INSURANCE CONTRACT LIABILITIES

All figures in US$	2017	2016
Unearned premiums	265 900	271 382
Life insurance contract liabilities	1 057 734	112 446
Unallocated premiums	4 318	8 284
Claims reported but not paid	2 250	1 220
Claims incurred but not reported	67 241	70 068
Total insurance liabilities - gross	**1 397 443**	**463 400**
Recoverable from reinsurers	-	-
Total insurance liabilities - net	**1 397 443**	**463 400**

The Group has in place a quota share reinsurance contract on a number of short term insurance products that have remained unchanged in recent years. There have been no events during the year that have resulted in losses of a sufficient size to prompt recovery on these contracts.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

20 INSURANCE CONTRACT LIABILITIES (CONTINUED)

20.1 Movement in insurance contract liabilities

All figures in US$	Unearned premiums	Life insurance contract liabilities	Unallocated premiums	Claims reported but not paid	Claims incurred but not reported	Total
Year ended 31 December 2017						
Balance at the beginning of the year	**271 382**	**112 446**	**8 284**	**1 220**	**70 068**	**463 400**
Increase in liabilities						
- Arising from current year claims	-	-	-	-	(2 827)	**(2 827)**
- Arising from prior year claims	-	-		1 030	-	**1 030**
- Arising from current year gross premiums	159 835	945 288	-	-	-	**1 105 123**
Cash paid for claims settled in the year	-	-	(3 966)	-	-	**(3 966)**
Release to the statement of comprehensive income	(165 317)	-	-	-	-	**(165 317)**
Balance at the end of the year	**265 900**	**1 057 734**	**4 318**	**2 250**	**67 241**	**1 397 443**
Year ended 31 December 2016						
Balance at the beginning of the year	**142 753**	**-**	**-**	**-**	**2 363**	**145 116**
Increase in liabilities						
- Arising from current year claims	-	180 884	-	-	-	**180 884**
- Arising from prior year claims	-	-	-	1 220	67 705	**68 925**
- Arising from current year gross premiums	265 727	-	8 284	-	-	**-** **274 011**
Cash paid for claims settled in the year	-	(68 438)	-	-	-	**-** **(68 438)**
Release to the statement of comprehensive income	(137 098)	-	-	-	-	**(137 098)**
Balance at the end of the year	**271 382**	**112 446**	**8 284**	**1 220**	**70 068**	**463 400**

21 INVESTMENT CONTRACT LIABILITIES

All figures in US$	2017	2016
Savings plan liability	943 112	292 308

The liability represents the portion of the savings plan premium which the Group would pay back at the end of respective policies' tenure. Premiums received have a savings portion and a premium waiver option in the event of death before maturity of the policy. The policies have a tenor between 5 and 20 years and a guaranteed bonus of 5% of amounts saved.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

22 SHARE CAPITAL

22.1 Issued and paid up share capital

All figures in US$	Number of shares	Stated capital	Ordinary share capital	Share premium	Total
Year ended 31 December 2016					
At the beginning of the year	**863 061 948**	**-**	**86 307**	**66 224 201**	**66 310 508**
Recognition of treasury shares	(77 750 000)		(7 775)	(7 767 225)	**(7 775 000)**
Balance as at 31 December 2016	**785 311 948**	**-**	**78 532**	**58 456 976**	**58 535 508**
Year ended 31 December 2017					
At the beginning of the year	**863 061 948**	**-**	**86 307**	**66 224 201**	**66 310 508**
Share consolidation*	(776 755 753)		-	-	**-**
Conversion of shares to shares of no par value	-	66 310 508	(86 307)	(66 224 201)	**-**
Treasury shares (after share consolidation)#	(10 680 555)	(10 525 000)	-	-	**(10 525 000)**
Balance as at 31 December 2017	**75 625 640**	**55 785 508**	**-**	**-**	**55 785 508**

* - In preparation for Brainworks Limited listing on the Johannesburg Stock Exchange, the Directors resolved to consolidate the number of shares in issue on the basis of 1 new share for every 10 previously held. The impact on the Company was the conversion of its capital from being comprised of share capital and share premium to being stated capital. The effective shareholding per shareholder was not affected by the share consolidation.

- The treasury shares relates to shares in Brainworks Limited ("the Company") which are held by Brainworks Capital Management (Private) Limited ("BCM"). BCM is a wholly owned subsidiary of the Company. All the treasury shares are held through a nominee company called Adcone Holdings SA ("the nominee").

7 775 000 of the treasury shares arose from a 2015 Group re-organisation exercise which culminated in Brainworks Limited being the ultimate holding company, owning all the issued shares in BCM. BCM had hitherto been the holding company, holding all the issued shares of the Company. To achieve the Group re-organisation, the shareholders of BCM gave up their shares in BCM to Brainworks Limited as consideration, for which in return they received an equivalent number of shares with the same rights in Brainworks Limited.

At the time of the Group re-organisation, BCM had 77 750 000 (before 2017 share consolidation) of its own ordinary shares held as treasury shares, which shares were given up to Brainworks Limited. As consideration, BCM was issued with 77 775 000 ordinary shares with a par value of US$0.0001 each in Brainworks Limited, which shares BCM holds through the nominee.

2 905 555 of the treasury shares were acquired by BCM in January 2017 from the former Chief Executive Officer, in exchange for a receivable of US$2 750 000 which was due to BCM, which receivable BCM had impaired in full during the 2015 financial reporting period as prospects of recovery were in significant doubt. The amount was due from Kestrel International Corporation (Private) Limited. The impact of the recovery of the previously impaired receivable was fully accounted for in the financial statements for the year ended 31 December 2016.

All issued shares are fully paid with no par value (2016: par value of US$0.10 per share).

All shares rank equally with regard to the Company's residual assets and dividends. The holders of ordinary shares are entitled to one vote per share at meetings of the Company. In terms of the shareholders' resolution which is renewable annually, the Directors are authorised to issue for cash new shares not more than 15% of the issued shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

22 SHARE CAPITAL (CONTINUED)

22.2 Earnings per share

	All figures in US$	2017	2016
22.2.1	**Basic (loss)/earnings per share: cents**		
	From continuing operations	(14.68)	1.44
	From discontinued operations	-	(0.10)
	Total basic (loss)/earnings attributable to owners of parent	**(14.68)**	**1.34**
22.2.2	**Diluted earnings/(loss) per share: cents**		
	From continuing operations	(14.68)	1.44
	From discontinued operations	-	(0.10)
	Total diluted (loss)/earnings attributable to owners of parent	**(14.68)**	**1.34**
22.2.3	**Headline loss per share: cents**		
	From continuing operations	(14.22)	(1.14)
	From discontinued operations	-	(0.10)
	Total headline loss attributable to owners of parent	**(14.22)**	**(1.24)**
	Diluted headline loss per share	**(14.22)**	**(1.24)**
22.2.4	**Reconciliations of earnings used in calculating earnings per share**		
	(Loss)/profit attributable to owners of the parent arising from:		
	From continuing operations	(11 099 520)	1 131 921
	From discontinued operations	-	(74 646)
	Total basic (loss)/earnings attributable to owners of parent	**(11 099 520)**	**1 057 275**
	Profit from disposal of subsidiary (note 26)	-	(1 176 165)
	Fair value (loss)/gain on investment property (note 26)	384 502	(886 893)
	Recycled foreign currency translation reserve (note 26)	-	(755 651)
	Profit from disposal of property and equipment (note 27)	203 751	(281 992)
	Impairment of property and equipment (note 6)	44 400	103 037
	Tax effect of headline earnings adjustments	(110 442)	201 843
	Total non-controlling effect of adjustments	(175 457)	839 683
	Headline loss attributable to owners of the parent	**(10 752 766)**	**(898 863)**

The prior year earnings, net asset value and net tangible value per share were restated as a result of the share consolidation that was carried out by the Company during the year. The share consolidation is disclosed in note 22.1

	Numbers	2017	2016
22.2.5	**Weighted average number of shares used as the denominator**		
	Shares in issue at the beginning of the year	863 061 948	863 061 948
	Share consolidation (note 22.1)	(776 755 753)	(776 755 753)
	Recognition of treasury shares (22.1)	(10 680 555)	(7 775 000)
		75 625 640	**78 531 195**
	Weighted average number of shares in issue for basic earnings/(loss) per share	75 625 640	78 531 195
	Weighted average number of shares in issue for diluted earnings/ (loss) per share	75 625 640	78 531 195

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

22 SHARE CAPITAL (CONTINUED)

22.2 Earnings per share (continued)

22.2.5 Weighted average number of shares used as the denominator (continued)

For the purpose of basic earnings per share, the weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the year multiplied by a time weight factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in a year.

Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2017 and 31 December 2016, there were no potentially dilutive share options or other potentially dilutive financial instruments.

	All figures in US$	2017	2016
22.3	**Net asset value per share (cents)**		
	Net assets excluding non-controlling interests	51 475 067	65 305 912
	Number of ordinary shares	75 625 640	78 531 195
	Net asset value per share	**68.07**	**83.16**
22.4	**Net tangible assets per share (cents)**		
	Net tangible assets	41 718 074	55 877 576
	Number of ordinary shares	75 625 640	78 531 195
	Net asset value per share	**55.16**	**71.15**
	Reconciliation of net asset to net tangible assets		
	Net assets excluding non-controlling interests	51 475 067	65 305 912
	Non-tangible assets	(9 756 993)	(9 428 336)
	Deferred tax asset (note 13)	(1 343 037)	(813 984)
	Notional goodwill on acquisition of Coporeti Support Services (Private) Limited t/a GetCash	-	(67 816)
	Intangible assets (note 8)	(8 413 956)	(8 546 536)
	Net tangible assets	**41 718 074**	**55 877 576**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

23 NON-CONTROLLING INTEREST

The following table summarises the information relating to each of the Group's subsidiaries that have material non-controlling interests ("NCI") before any inter-company eliminations:

	31 December 2017		31 December 2016	
All figures in US$	**Dawn Properties**	**African Sun**	**Dawn Properties**	**African Sun**
Summarised statement of financial position				
Current assets	8 947 909	16 871 664	7 777 276	12 002 055
Current liabilities	(2 651 828)	(18 846 423)	(4 908 102)	(18 595 148)
Current net assets	**6 296 081**	**(1 974 759)**	**2 869 174**	**(6 593 093)**
Non-current assets	89 039 443	22 354 999	87 236 182	21 614 759
Non-current liabilities	(7 748 724)	(8 871 519)	(5 567 694)	(8 361 869)
Non current net assets	**81 290 719**	**13 483 480**	**81 668 488**	**13 252 890**
Net assets	**87 586 800**	**11 508 721**	**84 537 662**	**6 659 797**
Accumulated NCI	**28 801 011**	**5 350 244**	**27 789 003**	**3 296 240**

Refer to note 9 for additional key financial information relating to Dawn Properties Limited and African Sun Limited.

24 LIFE ASSURANCE EXPENSES AND CLAIMS

	All figures in US$	**2017**	**2016**
24.1	**Insurance and investment contracts acquisition costs**		
	Insurance contracts acquisition costs incurred and expensed in the year	298 939	281 370
	Investment contracts costs incurred and expensed in the year	184 904	117 849
		483 843	**399 219**
24.2	**Insurance benefits**		
	Long term insurance contracts with fixed and guaranteed terms:		
	Increase in investment contract liabilities	801 555	279 942
	Increase in insurance contract liabilities	942 461	180 151
		1 744 016	**460 093**
24.3	**Insurance claims and loss adjustment expenses**		
	Gross current year claims and loss adjustment expenses	116 025	90 798
	Reinsurance portion on current year claims and loss adjustment expenses	(419)	-
	Additional cost for prior year claims	-	-
	Increase in the expected cost of claims for unexpired risks	-	-
		115 606	**90 798**
		2 343 465	**950 110**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

25 OPERATING EXPENSES

All figures in US$	2017	2016
Staff costs	11 785 717	10 388 485
Pension and social security costs	272 840	713 566
Retrenchment and separation costs	57 613	1 359
Staff training	26 298	-
Tax penalty provisions	564 767	-
Operating lease expenses - offices	115 757	266 325
Operating lease expenses - hotels	3 115 569	2 953 765
Directors fees	443 071	327 649
Transaction costs	-	360 751
Audit fees	538 197	642 278
Legal fees	28 033	13 765
Depreciation	4 035 349	4 021 323
Amortisation of intangible assets	132 580	11 048
Repairs and maintenance costs	3 002 555	2 447 771
Insurance costs	486 318	390 049
Electricity, rates and water	3 127 593	2 571 574
Sales and marketing costs	1 915 819	1 516 957
Listing expenses	1 698 683	379 063
Consulting costs	493 135	559 329
Franchising fees	752 837	618 457
Travel	24 182	217 988
Impairment of trade and other receivables (note 15.2)	959 085	(2 979 738)
Trade and other receivables written off	192 221	-
Impairment of investments	-	56 235
Security costs	842 839	870 458
Management fees	1 394 343	1 099 290
Other costs	4 251 039	3 713 777
	40 256 440	**31 161 524**

25.1 Distribution of operating expenses across the Group companies

Administration costs are distributed as follows amongst all companies in the Group: African Sun Limited 77% (2016: 81%), Brainworks Capital Management (Private) Limited 6% (2016: 4%), Dawn Properties Limited 7% (2016: 9%), FML Logistics (Private) Limited 4% (2016: 3%), GetSure Life Assurance (Private) Limited 3% (2016: 3%), and Brainworks Limited 8%.

26 OTHER (LOSSES)/(GAINS)

All figures in US$	2017	2016
Fair value adjustment on investment property (note 7)	(384 502)	886 893
Profit from disposal of subsidiary	-	1 176 165
Recycle foreign currency translation reserve	-	755 651
	(384 502)	**2 818 709**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

27 SUNDRY INCOME

All figures in US$	2017	2016
Unwinding of interest of staff debtors	19 692	44 725
(Loss)/profit from disposal of property and equipment	(203 751)	281 992
Insurance claim recoveries	-	225 000
RBZ export incentive	1 510 022	278 889
Management fee income	-	139 107
Other income	398 904	198 083
	1 724 867	**1 167 796**

28 FINANCE COSTS AND INCOME

	All figures in US$	2017	2016
28.1	**Finance income**		
	Interest income on bank deposits	3 474	5 133
	Interest on short term investments	168 527	272 976
		172 001	**278 109**
28.2	**Finance costs**		
	Interest costs on borrowings	(4 414 067)	(4 050 656)
	Interest reversal on statutory liabilities	-	353 491
		(4 414 067)	(3 697 165)
	Net finance costs for the year	**(4 242 066)**	**(3 419 056)**

29 INCOME TAX

The Company is subject to income tax in Mauritius under the Income Tax Act 1995 at the rate of 15% (2016: 15%). However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income. The maximum effective tax rate is thus reduced to 3%. Unused tax losses carried forward are available to set-off against future income derived in the following 5 income years. The time limit of 5 years shall not apply for the carry forward of any amount of loss that is attributable to annual allowance claimed in respect of capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

29 INCOME TAX (CONTINUED)

All figures in US$	2017	2016
Current year charge	1 145 287	378 751
Withholding tax	-	135 087
Deferred tax	897 114	299 804
	2 042 401	**813 642**
A reconciliation of the income tax expense based on accounting profit and the actual income tax expense is as follows:		
(Loss)/profit before income tax	**(6 004 831)**	**4 372 142**
Tax at applicable rates	1 046 172	903 062
Non-taxable income - RBZ Export incentive income	(366 601)	(71 874)
Impairment losses	360 544	262 388
Fair value (gains)/losses	93 442	17 807
Effect on tax capital allowances granted in investment property	(212 653)	(212 653)
Other non-taxable income	(443 927)	-
Movements in provisions	(41 796)	(59 360)
Profit/(loss) from disposal of property and equipment	11 454	(72 427)
Listing expenses	254 803	-
Fines and penalties	145 258	61 105
Tax losses on whom no deferred tax asset was recognised	945 961	282 771
Prior year income tax under-provision	-	370 423
Foreign tax credit	-	(607 583)
Witholding tax	-	135 087
Utilisation of previously unrecognised tax losses	(137 410)	-
Other non taxable/(deductible) items	387 154	(195 104)
	2 042 401	**813 642**

The applicable tax rates in the different counties for the year were; South Africa 28% (2016: 28%), Zimbabwe 25.75% (2016: 25.75%) and Mauritius 15% (2016: 15%)

30 CAPITAL COMMITMENTS

All figures in US$	2017	2016
Group		
Authorised and contracted for	191 540	-
Authorised and not contracted for	6 130 272	6 262 291
	6 321 812	**6 262 291**

Capital expenditure relates to acquisition of property and equipment for African Sun Limited. The greater part of capital expenditure will be financed from cash generated from operations.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

31 RELATED PARTY TRANSACTIONS

31.1 Directors and key management remuneration

Key management includes both executive and non-executive directors for the Company and all the subsidiaries as well as members of the Executive Committee ("EXCO"). The EXCO at the subsidiary level includes all the executive directors and other senior executives who in the opinion of the executive directors at that level are considered as being key management. At the holding company level, the EXCO comprises the Chief Executive Officer, the Chief Finance Officer and the Head of Legal.

The compensation paid or payable to key management for employee services is as shown below:

All figures in US$	2017	2016
Employee benefits	2 396 158	2 855 386
Non-executive directors' fees	443 071	327 649
	2 839 229	**3 183 035**

Compensation of the key management personnel includes salaries, allowances and contributions to a defined contribution plan.

31.2 Executive Directors' remuneration

The remuneration paid by the Group to Brainworks Limited's executive directors which is included in the disclosures above, was as follows:

All figures in US$	2017				2016			
Executive directors	Basic salary	Pension	Medical aid	Total	Basic salary	Pension	Medical aid	Total
B Childs	176 670	-	-	176 670	-	-	-	-
P Saungweme	180 000	12 000	2 970	194 970	-	-	-	-
G Manyere	30 000	500	-	30 500	360 000	3 000	13 193	376 193
W Kambwanji	82 500	1 500	-	84 000	330 000	3 000	14 739	347 739
Total	**469 170**	**14 000**	**2 970**	**486 140**	**690 000**	**6 000**	**27 932**	**723 932**

The disclosures above are gross, that is before deduction of any applicable income taxes.

Mr. G. Manyere and Mr. W. Kambwanji stepped down as executive directors of the Company with effect from 31 January 2017 and 31 March 2017 respectively. They were replaced by Mr. B. Childs and Mr. P. Saungweme respectively on the same dates. Mr. Manyere and Mr. Kambwanji, who both became Non-Executive Directors or the Company, then concluded advisory agreements with the Company with effect from the same date dates.

The remuneration accrued to Mr. Manyere and Mr. Kambwanji since they stepped down as executive directors for the year ended 31 December 2017 was as follows:

All figures in US$	2017
Mr. G. Manyere	275 000
Mr. W. Kambwanji	300 000
	575 000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017 (continued)

31 RELATED PARTY TRANSACTIONS (CONTINUED)

31.3 Non-Executive Directors' remuneration (continued)

All figures in US$	2017			2016		
Non executive directors	Retainer	Sitting fees	Total	Retainer	Sitting fees	Total
S. Village	38 462	15 385	53 847	9 000	6 000	15 000
M. Wood	23 077	13 461	36 538	4 500	3 000	7 500
R. Muirimi	25 000	15 384	40 384	15 000	9 000	24 000
G. Bennett	25 000	15 384	40 384	4 500	3 000	7 500
R. Charrington	25 000	15 384	40 384	4 500	3 000	7 500
A. Mothupi	21 154	11 538	32 692	4 500	3 000	7 500
B. Childs	-	-	-	4 500	3 000	7 500
A. Scholtz	-	-	-	4 500	3 000	7 500
C. Vermaak	-	-	-	4 500	3 000	7 500
P. Prayag	-	-	-	2 500	2 500	5 000
K. Gulab	-	-	-	2 500	2 500	5 000
	157 693	**86 536**	**244 229**	**60 500**	**41 000**	**101 500**

31.4 Other related party transactions and balances

The details of other related party transactions were as follows:

Related party	Nature of relationship	Nature of transaction	2017 US$	2016 US$
Transactions with related parties				
GetBucks	Associate	Finance cost	419 864	519 357
GetCash#	Associate	Rental income	30 000	10 000
GetCash#	Associate	Finance income	66 213	61 197
MyBucks	Parent of GetBucks	Finance cost	141 246	311 981
Mr. Simon F. Village	Non- Executive Director	Finance cost	1 101	-
Mr. Brett I. Childs	Chief Executive Officer	Finance cost	1 433	-
Mr. Christopher Rokos	Major shareholder	Finance cost	16 437	-
Amounts (due to)/ receivables from related parties				
GetCash#	Associate	Receivable	-	1 153 995
GetCash#	Associate	Receivable	330 622	644 461
MyBucks S.A.	Parent of Getbucks*	Borrowings	(453 227)	(311 981)
GetBucks*	Associate	Borrowings	(2 783 237)	(2 339 872)
Staff loans	Management	Receivables	928 145	1 110 748

* GetBucks refers to GetBucks Microfinance Bank Limited

\# GetCash refers to Coporeti Support Services (Private) Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017 (continued)

31 RELATED PARTY TRANSACTIONS (CONTINUED)

31.4 Other related party transactions and balances (continued)

Outstanding loans with MyBucks, GetBucks MicroFinance Bank Limited, Mr Village, Mr Childs and Mr Rokos
The terms of the loans are disclosed under note 17, whilst staff loans are disclosed under note 14.1 to these financial statements.

Amounts due from GetCash
The amount due from GetCash bears interest at 5% per annum (2016: 17%) and is repayable in equal monthly instalments over a period of 5 years. The repayments commence after a grace period of 24 months calculated from 31 July 2017.

32 CONTINGENCIES

32.1 Dawn Properties Limited

City of Harare allocated land registered in the name of one of the Company's subsidiaries to two beneficiaries - Seventh Day Adventist Church and Jungle Sisters. City of Harare acknowledged its error and undertook to compensate the Group with land of equal value in accordance with a High Court order that was issued during the year. City of Harare has since identified a suitable piece of land to subdivide and transfer to the Group as compensation and the process to effect transfer is currently underway.

33 SUBSEQUENT EVENTS

33.1 Disposal of investment in GetBucks MicroFinance Bank Limited

During December 2017, the Group through GetSure Life Assurance (Private) Limited ("GetSure") and Brainworks Capital Management (Private) Limited ("BCM"), entered into agreements with entities and individuals ("the Buyers") related to two of Brainworks Limited's non-executive directors namely Mr. George Manyere and Mr. Walter Kambwanji for the sale of 163 769 298 shares in GetBucks Microfinance Bank Limited ("GetBucks") for a total consideration of US$5 453 518 ("the Transaction"). In terms of the Johannesburg Stock Exchange rules, the transaction was subject to shareholder approval.

The disposal of the Getbucks shares was not disclosed as an asset held for sale under IFRS 5, 'Non-current assets held for sale and discontinued operations', due to pending shareholder approval. This was considered to be a critical judgement.

The shareholders' extraordinary meeting to consider the transaction has been set for 4 May 2018.

33.2 Disposal of investment in MyBucks

During January 2018, the Group entered into an agreement to dispose of its entire shareholding of 249 050 listed shares in MyBucks to parties unrelated to the Group. 150 000 of the shares were sold for cash realising proceeds of US$1.6 million. The balance of 99 050 shares would be sold under a call option structure in which the buyer has an option to settle the purchase consideration at 9.50 Euros per share. The disposal was part of the Group's restructure of the statement of financial position through exit of the financial services sector.

33.3 Non-executive directors' resignations

On 30 January 2018, Mr. George Manyere and Mr. Walter Kambwanji resigned from the Board of Directors of the Company.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of Brainworks Limited (the "Company") under Section 166 (d) of the Mauritius Companies Act 2001, for the year ended 31st December 2017.

***for* Imara Trust Company (Mauritius) Limited**
Corporate Secretary

Registered office:

Level 2, Alexander House
Silicon Avenue, Ebene Cybercity
Republic of Mauritius

Date: 30 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the shareholders of the Company that the Annual General Meeting of the Company ("AGM") will be held at the Company's head office, main boardroom, Level 2, Alexander House, Silicon Avenue, Ebene Cybercity, 72201, Republic of Mauritius, on Tuesday, 26 June 2018 at 15:00 (GMT +4), for the purpose of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the ordinary and special resolutions and the non-binding advisory endorsements set out hereunder, and considering any other matters raised by shareholders, at the AGM.

Explanatory note:
As the Company is registered in Mauritius, it is required to comply with the requirements of the Mauritian Companies Act, No. 15 of 2001, as amended ("Companies Act 2001"). However, as the Company's ordinary shares are listed on the Johannesburg Stock Exchange ("JSE"), the Company is also required, where applicable, to comply with the Listings Requirements of the JSE ("JSE Listings Requirements").

Voting thresholds:
For the purpose of approving the ordinary resolutions, other than ordinary resolution number 5, the support of more than 50% of the voting rights exercised by shareholders present in person, or represented by proxy, at the AGM is required. In terms of the JSE Listings Requirements, in order for ordinary resolution number 5 to be adopted, the support of at least 75% of the voting rights exercised thereon by shareholders present in person or represented by proxy at the AGM is required.

For the purposes of approving the special resolutions, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy are entitled to cast, is required.

Record dates
The Directors of the Company have determined that the date on which a shareholder must be recorded as a shareholder in the Company's register of shareholders in order to:

- receive notice of the annual general meeting is Friday, 20 April 2018; and
- participate in and vote at the annual general meeting Friday, 15 June 2018 ("AGM Record Date").

The last day to trade in order to be registered in the Company's register of shareholders to be able to participate in and vote at the annual general meeting will therefore be Tuesday, 12 June 2018.

Remuneration Policy and Implementation Report
Shareholders are advised that the Remuneration Policy and Implementation Report is currently being revised by the Company and will be made available to shareholders by no later than 25th May 2018, through the publication of the Remuneration Policy and Implementation Report on the Company's website and a notification thereof on the Stock Exchange News Services ("SENS") of the JSE, and will be tabled at the AGM for the purpose of enabling shareholders to vote thereon in terms of the non-binding advisory vote number 7 contained in this Notice.

1. Annual Financial Statements

The consolidated audited financial statements for Brainworks and its subsidiaries ("the Group") for the year ended 31 December 2017 ("the Audited Financial Statements") (as approved by the board of the Company) which contain the reports of the Independent Auditors and the Directors, have been distributed to shareholders and will be presented to the shareholders at the AGM for consideration. The financial statements are included on pages 28 to 102 of the annual report and are also published on the Company's website (http://www.brainworkscapital.com/investor-relations/financial-results-reports).

Ordinary resolution number 1: Adoption of the Audited Annual Financial Statements and reports

"RESOLVED THAT the Audited Financial Statements for the financial year ended 31 December 2017 including the report of the Directors and Independent Auditors thereon be and are hereby adopted."

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

2. Independent Auditors

Ordinary resolution number 2: Reappointment of Independent Auditors

"RESOLVED THAT PricewaterhouseCoopers Inc. of South Africa, PricewaterhouseCoopers Mauritius, and PricewaterhouseCoopers Zimbabwe be and are hereby reappointed as independent auditors of the Group for the year ending 31 December 2018 with the designated auditor being Pietro Calicchio and that the Board be and is hereby authorised to settle the terms of engagement of the Independent Auditors."

3. Re-election of directors

In terms of the Company's Constitution, Mr. Simon F.W Village, Mr. George S.J Bennett and Mr Richard G. Muirimi retire by rotation, and being eligible, offer themselves for re-election as directors of the Company. Accordingly, shareholders are required to consider and, if deemed fit, approve the separate ordinary resolutions set out below:

Ordinary Resolution number 3.1
"RESOLVED THAT Mr. Simon F.W. Village, who retires as a Non-Executive Director and, being eligible offers himself for re-election in terms of paragraph 12.4.3 of the Constitution of the Company, be and is hereby elected as a non-executive director."

Ordinary Resolution number 3.2
"RESOLVED THAT Mr. Richard G. Muirimi, who retires as a Non-Executive Director and, being eligible offers himself for re-election in terms of paragraph 12.4.3 of the Constitution of the Company, be and is hereby elected as a non-executive director."

Ordinary Resolution number 3.3
"RESOLVED THAT Mr. George S.J. Bennett, who retires as an Independent Non-Executive Director and, being eligible offers himself for re-election in terms of paragraph 12.4.3 of the Constitution of the Company, be and is hereby elected as an independent non-executive director."

Brief Curricula Vitae in respect of all the directors set out above are set out on pages 13 to 16 of the annual report of which this notice forms a part.

4. Re-election of the Members of the Audit and Risk Committee

Ordinary resolution number 4 – re-appointment of members of the Audit and Risk Committee for the year ending 31 December 2018

Shareholders are required to consider and, if deemed fit, approve the separate ordinary resolutions set out below:

Ordinary resolution number 4.1
"RESOLVED that of Mr. Martin J. Wood be appointed as a member and Chairman of the Audit and Risk Committee until the conclusion of the next AGM of the Company."

Ordinary resolution number 4.2
"RESOLVED that of Mr George S.J. Bennett be appointed as a member of the Audit and Risk Committee until the conclusion of the next AGM of the Company, (subject to his re-election as a director pursuant to ordinary resolution number 3.3), be and is hereby approved."

Ordinary resolution number 4.3
"RESOLVED that Mr. Richard N. Charrington be appointed as a member of the Audit and Risk Committee until the conclusion of the next AGM of the Company.

Brief Curricula Vitae in respect of the members of the Audit and Risk Committee are set out on pages 13 to 16 of the Annual Report of which this notice forms a part.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

5. General authority to issue shares for cash

Ordinary resolution number 5

"RESOLVED THAT pursuant to Section 52 of the Companies Act 2001, the Directors of the Company be generally and unconditionally authorised to issue ordinary shares and/or grant options to subscribe for unissued ordinary shares in the Company and/or options or securities that are convertible into ordinary shares, subject to the Companies Act 2001, the Company's constitution and the JSE Listing Requirements, specifically that:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- the shares are to be issued to public shareholder (as defined by the JSE Listing Requirements);
- the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 23 556 359 shares, being 30% of the aggregate number of shares in issue as at the date of this resolution less the treasury shares;
- in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average trade price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period;
- this authority shall not endure beyond the earlier of the next AGM of the Company or beyond 15 (fifteen) months from the date of the date of this resolution whichever is shorter; and
- upon any issue of shares which, together with prior issues of shares within the period that this authority is valid, constitute 5% (five percent) or more of the total number of shares in issue prior to that issue, the Company shall publish an announcement in terms of the JSE Listing Requirements, giving full details hereof, including (i) the number of shares issued (ii) the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares; and (iii) the effects of the issue on net asset value per share, net tangible asset value per share, the statement of comprehensive income, earning per share, headline earning per share and, if applicable, diluted earnings and headline earnings per share and an explanation, including supporting information (if any) of the intended use of the funds."

6. Directors' Authority

Ordinary resolution number 6

"RESOLVED THAT each and every Director and/or Company secretary of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at this meeting."

7. Advisory Endorsement – Approval of the Company's Remuneration Policy and Implementation Report

"RESOLVED THAT the Company's Remuneration Policy and Implementation Report tabled at this annual general meeting, be and is hereby endorsed by way of a non-binding advisory vote."

8. Non-Executive Directors' Fees

Special resolution number 1

"RESOLVED THAT the proposed fees payable to the non-executive Directors of the Company for their services as Directors of the Company and/or as members of the board sub-committees for the year ended 31 December 2017, as reflected on page 101 of the annual report of which this notice forms a part, be and are hereby approved until the conclusion of the next annual general meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

9. General Authority to repurchase the Company's shares

Special resolution number 2

"RESOLVED THAT, the acquisition by the Company or its subsidiaries, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, is authorised, but subject to the constitution, the CA2001 and the JSE Listings Requirements, when applicable, specifically:

- the repurchase shall be made through the order book operated by the JSE trading system, and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (reported trades are prohibited);
- this general authority shall be valid until the Company's next annual general meeting, or for 15 (fifteen) months from the date of passing of this resolution, whichever period is shorter;
- repurchases of shares in aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital as at the date of adoption of this resolution;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the Company's shares have not traded in such 5 (five) business day period;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- a resolution by the board of Directors authorising the repurchase is required, including that the Company and the relevant subsidiaries passed the solvency and liquidity test in accordance with CA2001 and that since the test was performed there have been no material changes to the financial position of any group Company;
- subject to the exceptions contained in the JSE Listings Requirements, the Company and the relevant subsidiaries will not repurchase shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The Company or any of the subsidiaries of the Company must instruct an independent third party, which makes its investment decisions in relation to the Company or any of its subsidiaries' securities independently of, and uninfluenced by, the Company or any of its subsidiaries, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
- an announcement will be published by the Company or its subsidiary in accordance with the JSE Listings Requirements (i) when the Company and/or its subsidiary/ies have cumulatively repurchased 3% (three percent) of the shares in issue as at the Listing Date of the shares in the Company on the JSE ("the initial number") and (ii) for each 3% (three percent) in the aggregate of the initial number of the shares acquired thereafter by the Company and/or its subsidiaries."

NOTE:

This authority will only be utilised to the extent that the directors, after considering the maximum effect of such repurchase, for a period of at least 12 (twelve) months after the date of notice of the AGM are of the opinion that:

- the Company and the Group will be able to repay their debts in the ordinary course of business;
- the assets of the Company and the group, fairly valued according to International Financial Reporting Standards and on a basis consistent with the last financial year of the company, exceed its liabilities;
- the Company and the group have adequate share capital and reserves for ordinary business purposes;
- the Company and the group have sufficient working capital for ordinary business businesses.

Additional disclosure requirements in respect of special resolution number 2 in terms of the JSE Listings Requirements:

Directors' responsibility statement

The Directors of the Company, whose names appear on page 2 of the Annual Report:

- collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 2; and
- certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information in relation to special resolution 2 required by the JSE Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Material changes

As at 30 April 2018, being the last practicable date before the finalisation of this notice, there have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since 31 December 2017 (the date of the last financial period) other than the facts and developments reported on in the annual report for the financial year ended 31 December 2017.

Other disclosures in terms of the JSE Listings Requirements are contained in this Annual Report as follow:

- Major shareholders Page 11
- Share capital of the Company Page 93

Voting

In terms of section 73 of the Companies Act 2001, subsidiaries of the Company which hold shares in the Company shall not be entitled to exercise voting rights on any resolutions proposed by the Company in respect of such shares.

Voting on the resolutions to be considered at the AGM will be conducted by way of a poll. In this regard, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

Shareholders who hold dematerialised shares, other than holders of dematerialised shares registered in their own name, must inform their Central Securities Depository Participant ('CSDP') or broker of their intention to attend the AGM and must request their CSDP or broker to issue them with the necessary letter of representation to attend the AGM if they wish to attend the AGM in person or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person, failing which the CSDP or broker will be obliged to act in terms of the mandate between such shareholder and their CSDP or broker.

Proxies

Shareholders holding certificated shares and shareholders holding dematerialised shares registered in such shareholders' own name and who are registered as such on the AGM Record Date are entitled to attend, participate in and vote at the AGM and, if unable to do so in person, may appoint a proxy or proxies (acting in the alternative) to attend, participate in, speak and vote at the AGM in such shareholders' stead. A proxy need not be a shareholder of the Company. The completion and lodging of a form of proxy will not preclude a shareholder from attending, participating in, speaking and voting at the AGM to the exclusion of the proxy/ies so appointed.

It is recommended that the attached form of proxy, duly completed, should be returned to the Transfer Secretaries of the Company, Computershare Investor Services Proprietary Limited, at their address as given on the Corporate Information page below, in accordance with the instructions contained therein so as to be received by the transfer secretaries (for administrative purposes only) by 15:00 (GMT + 4) on Friday, 22 June 2018 or to be handed to the Chairman of the AGM on commencement of the AGM, but in any event, prior to the proxy exercising such shareholder's rights as a shareholder at the AGM or at any adjourned or postponed annual general meeting which date, if necessary, will be notified on the Stock Exchange News Service of the JSE and in the press.

Electronic communication

Should any shareholder (or a representative or proxy for a shareholder) wish to participate in the AGM by way of electronic participation, that shareholder should make an application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate, to the transfer secretaries, at their address below, to be received by the transfer secretaries at least seven business days prior to the date of the AGM (i.e. by 15th June 2018) in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide satisfactory identification to the transfer secretaries for the transfer secretaries to provide the shareholder (or its representative or proxy) with details as to how to access the AGM by means of electronic participation. Shareholders participating electronically will not be able to vote electronically and must follow the standard voting arrangements indicated above. The Company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so, or an insufficient number of shareholders (or their representatives or proxies) request to so participate.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Enquiries

Any shareholder having difficulties or queries in regard to the annual general meeting is invited to contact the Company, on +230 4669171 or at proxy@computershare.co.za

By order of the board

Imara Trust Company (Mauritius) Limited
Company Secretary

CORPORATE INFORMATION

COMPANY SECRETARY AND ADMINISTRATOR:
Imara Trust Company (Mauritius) Limited
Level 2 Alexander House
Silicone Avenue, Ebène Cybercity 72201
Republic of Mauritius

REGISTERED OFFICE:
C/o Imara Trust Company (Mauritius) Limited
Level 2 Alexander House
Silicone Avenue, Ebène Cybercity 72201
Republic of Mauritius

INDEPENDENT STATUTORY AUDITOR:
PricewaterhouseCoopers
Business Registration Number: F07000530
18 CyberCity
Ebène, Réduit 72201
Republic of Mauritius

JOHANNESBURG STOCK EXCHANGE (JSE) :
INDEPENDENT AUDITOR:
PricewaterhouseCoopers Inc
4 Lisbon Lane
Waterfall City, Jukskei view
2090
Midrand
South Africa

SPONSOR:
Questco Corporate Advisory Proprietary Limited
1st Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2191
Johanesburg
South Africa

LEGAL ADVISORS
Evershed Sutherlands
Suite 310, 3rd Floor, Barkly Wharf,
Le Caudan Waterfront,
Port Louis,
Mauritius,

Dube, Manikai & Hwacha
6th Floor, Goldbridge,
Eastgate Complex,
Harare,
Zimbabwe

Gill, Godlonton and Gerrans
7th Floor, Beverly Court;
100 nelson Mandela Avenue,
Harare,
Zimbabwe

BANKERS:
AfrAsia Bank Limited
4th Floor, NeXTeracom Tower III
Ebène,
Republic of Mauritius

TRANSFER SECRETARIES' OFFICE
Computershare Investor Services (Pty) Ltd
Rosebank Towers,
15 Biermann Avenue,
Rosebank,
2196,
Johannesburg,
South Africa

Brainworks Limited
(Incorporated in the Republic of Mauritius, registration number 115883 C1/GBL)
Share code: BWZ ISIN: MU0548S00000
("the Company" or "Brainworks")

FORM OF PROXY

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only

This form of proxy relates to the Annual General Meeting of the Company to be held at Level 2, Alexander House, Silicon Avenue, Ebene Cybercity, Mauritius on Tuesday, 26 June 2018 at 15:00 (GMT +4) and is for use by registered shareholders whose shares are registered in their own names by the record date for determining which shareholders of the Company are entitled to participate in and vote at the AGM, being Friday, 15 June 2018.

Terms used in this form of proxy have the meanings given to them in the notice of AGM to which this form of proxy is attached.

Please print clearly when completing this form of proxy and see the instructions and notes at the end of this form of proxy for an explanation of the use of this form of proxy and the rights of the shareholder and the proxy.

I/We (full name in block letters)

Of (address)

Telephone (home) (work)

Mobile Email address:

being a shareholder(s) of the Company and being the registered owner/s of

ordinary shares in the Company herby appoint of

or failing him/ her of

or failing him/her, the Chairman of the AGM to attend and participate in the AGM and to speak and to vote or abstain from voting for me/us and on my/our behalf in respect of all matters arising (including any poll and all resolutions put to the AGM) at the AGM, even if the AGM is postponed, and at any resumption thereof after any adjournment

My/Our proxy shall vote as follows:

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy may vote or abstain at his discretion.

	ABSTAIN	FOR	AGAINST
Authority to implement ordinary resolutions			
Annual Financial Statements			
Ordinary Resolution number 1: receipt and adoption of annual financial statement and reports			
Independent Auditors			
Ordinary Resolution number 2: Reappointment of Independent Auditors			
Re-election of Directors			
Ordinary Resolution number 3: Re-election of Directors:			
Ordinary Resolution number 3.1: Mr. Simon F.W. Village			
Ordinary Resolution number 3.2: Mr. Richard G. Muirimi			
Ordinary Resolution number 3.3: Mr. George S.J. Bennett			
Re-election of the Members of the Audit and Risk Committee			
Ordinary resolution number 4 – Re-appointment of members of the Audit and Risk Committee for the year ending 31 December 2018			
Ordinary Resolution number 4.1: Mr. Martin Wood			
Ordinary Resolution number 4.2: Mr. George Bennett			
Ordinary Resolution number 4.3: Mr. Richard Charrington			
General authority to issue shares for cash			
Ordinary resolution number 5: General authority to issue shares for cash			
Directors' Authority			
Ordinary Resolution number 6: Directors' Authority			
Advisory Endorsement - Non-Binding Advisory Votes in terms of the JSE Listings Requirements			
Non-binding advisory vote: Approval of the Company's remuneration policy			
Authority to implement special resolutions			
Special Resolution number 1: Non-Executive Directors Fees			
Special Resolution number 2: General Authority to repurchase the Company's shares			

Note:
(Indicate instruction to proxy by way of a cross in the space provided above)
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.
Please read the notes on the reverse side hereof.

Signed this day of 2018

Signature Capacity

Instructions to the Form of Proxy

1. This form of proxy should be received at the Company's transfer office, Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by no later than 15:00 (GMT + 4) on Friday, 22 June 2018 for administration purposes or thereafter it may be handed to the Chairman at the commencement of the AGM.
2. This form of proxy is for use by registered shareholders who wish to appoint another person (a proxy) to represent them at the AGM. If duly authorised, companies and other corporate bodies who are registered shareholders may appoint a proxy using this form of proxy, or may appoint a representative in accordance with paragraph 11 below. Other shareholders should not use this form of proxy. All beneficial shareholders who have dematerialised their shares through a CSDP or broker must provide the CSDP or broker with their voting instruction. Alternatively, if they wish to attend the AGM in person, they should request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial shareholder and the CSDP or broker.
3. This proxy shall apply to all ordinary shares registered in the name of the shareholder who signs this form of proxy at the record date unless a lesser number of shares is inserted.
4. A shareholder may appoint one person of his own choice as his proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a shareholder of the Company. If the name of the proxy is not inserted, the chairman of the AGM will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may not delegate the authority given to him in this form of proxy.
5. Unless revoked, the appointment of a proxy in terms of this form of proxy remains valid until the end of the AGM, even if the AGM or part thereof is postponed or adjourned.
6. If:

6.1 a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or

6.2 the shareholder gives contradictory instructions in relation to any matter; or

6.3 any additional resolution/s which are properly put before the AGM; or

6.4 any resolution listed in the form of proxy is modified or amended,

then the proxy shall be entitled to vote or abstain from voting, as he thinks fit, in relation to that resolution or matter. If, however, the shareholder has provided further written instructions which accompany this form of proxy and which indicate how the proxy should vote or abstain from voting in any of the circumstances referred to in paragraphs 6.1 to 6.4, then the proxy shall comply with those instructions.

7. If this form of proxy is signed by a person (signatory) on behalf of the shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective unless:

7.1 it is accompanied by a certified copy of the authority given by the shareholder to the signatory; or

7.2 the Company has already received a certified copy of that authority.

8. The chairman of the AGM may, in his discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the chairman prior to the time when the AGM deals with a resolution or matter to which the appointment of the proxy relates. However, the Chairman shall not accept any such appointment of a proxy unless the chairman is satisfied that it reflects the intention of the shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This form of proxy is revoked if the shareholder who granted the proxy:

10.1 gives written notice of such revocation to the Company, so that it is received by the Company before 15:00 (GMT + 4) on Friday, 22 June 2018; or

10.2 subsequently appoints another proxy for the AGM; or

10.3 attends the AGM himself in person.

11. If duly authorised, companies and other corporate bodies that are shareholders of the Company having shares registered in their own names may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the AGM by giving written notice of the appointment of that representative. That notice will not be effective at the AGM unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed and is received at the Company's transfer office, Computershare Investor Services (Pty) Ltd, by no later than 15:00 (GMT + 4) on Friday, 22 June 2018 for administrative purposes.
12. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.

Transfer secretaries' office

Computershare Investor Services (Pty) Ltd,
Rosebank Towers,
15 Biermann Avenue,
Rosebank,
2196,
Johannesburg,
South Africa
(PO Box 61051, Marshalltown, 2107)

REGISTERED OFFICE:
C/o Imara Trust Company (Mauritius) Limited
Level 2 Alexander House
Silicone Avenue, Ebène Cybercity 72201
Republic of Mauritius