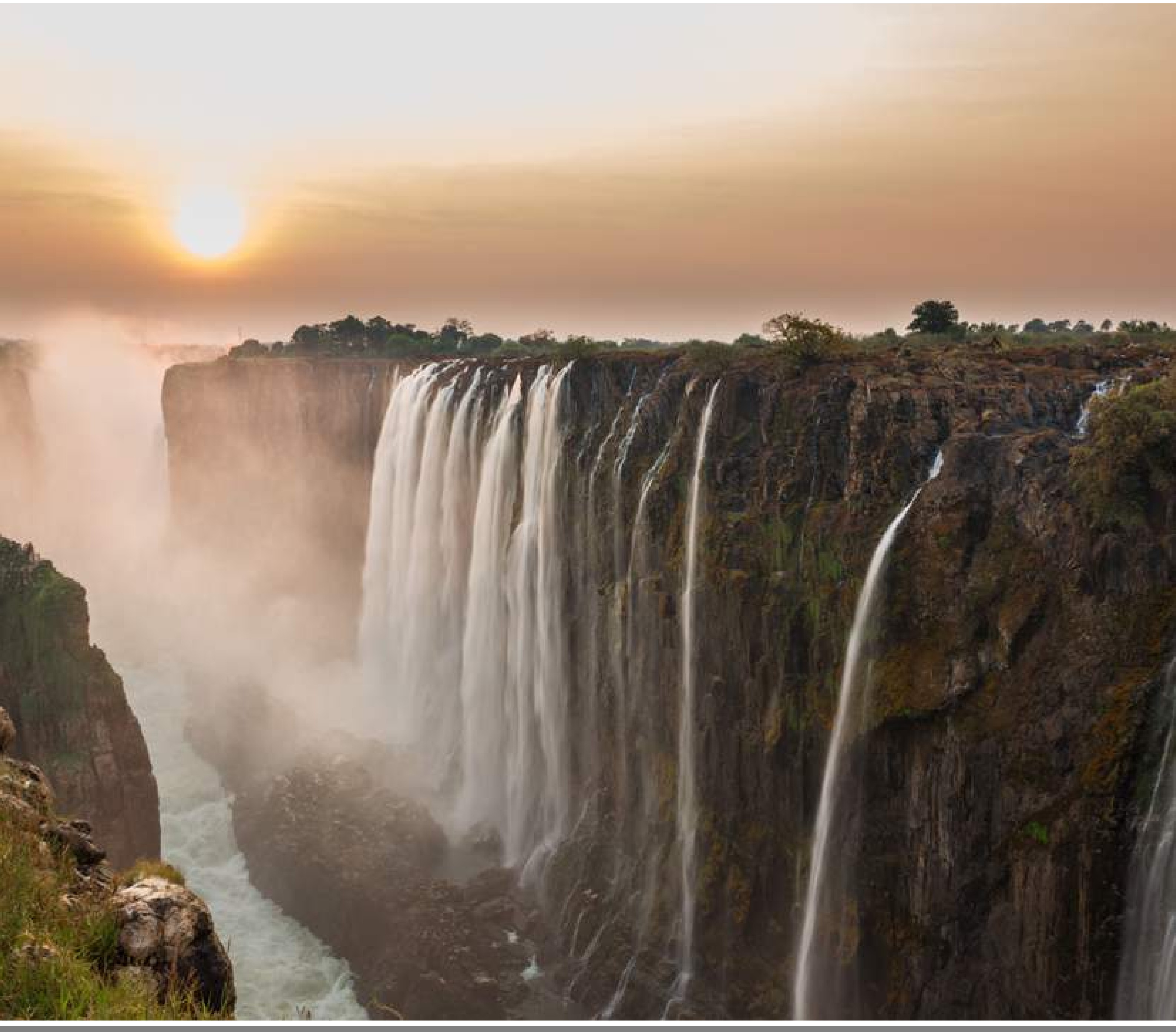
BRAINWORKS



2016 Annual Report

CONTENTS

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

CORPORATE INFORMATION

DIRECTORS:

Name:	Appointed on:	Resigned on:
Simon F.W. VILLAGE (Chairman)	25 January 2016	-
Martin J. WOOD	6 September 2016	-
Kiransingh GULAB	22 April 2013	8 July 2016
George MANYERE*	28 November 2014	-
Brett I. CHILDS (Chief Executive Officer)	1 July 2016	-
Walter T. KAMBWANJI*	28 November 2014	-
Peter SAUNGWEME (Chief Finance Officer)	1 April 2017	-
Preetam R. PRAYAG	23 January 2015	8 July 2016
Richard G. MUIRIMI	9 July 2015	-
Alwyn E. SCHOLTZ	9 July 2015	6 September 2016
Cornelis T. VERMAAK	9 July 2015	6 September 2016
George S.J BENNETT	8 July 2016	-
Audrey M. MOTHUPI	6 September 2016	-
Richard N. CHARRINGTON	6 September 2016	-

* George Manyere and Walter Kambwanji resigned as Chief Executive Officer and Chief Finance Officer on 31 January 2017 and 31 March 2017 respectively. They have now assumed the role of non-executive directors.

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

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

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

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

Atherstone & Cook
7th Floor, Mercury House
24 George Silundika Avenue
Harare
Zimbabwe

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

* - FiducieForte Management Services Limited merged into Imara Trust Company (Mauritius) Limited with effect from 1 May 2017.

DIRECTORS' REPORT

The directors present the audited financial statements of Brainworks Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2016.

Group highlights

Revenue	Operating expenses	Finance costs	Profit from continuing operations	Profit before income tax
US$48 063 842	US$31 161 524	US$3 697 165	US$3 558 500	US$4 372 142
Year on year change: 22%	Year on year change: -30%	Year on year change: 40%	Year on year change: -63%	Year on year change: -68%

Total assets	Cash and cash equivalents	Total borrowings	Equity attributable to shareholder of parent	Total equity
US$157 466 025	US$5 593 010	US$34 979 208	US$65 305 912	US$96 391 155
Change from Dec 2015: 8%	Change from Dec 2015: -6%	Change from Dec 2015: 56%	Change from Dec 2015: 1%	Change from Dec 2015: 3%

Dividends

No dividend was declared for the year ended 31 December 2016 (2015: US$4 740 759).

	31 December 2016 US$	31 December 2015 US$
Group capital commitments		
Authorised by directors and contracted for	-	2 356 571
Authorised by directors but not contracted for	6 262 291	14 565 782
Total commitments	**6 262 291**	**16 922 353**

Investments in subsidiaries and associates

The Group comprises the holding company, Brainworks Limited incorporated and domiciled in Mauritius, two wholly owned subsidiaries Instant Power Holdings Limited ("Instant Power") and Brainworks Capital Management (Private) Limited ("BCM"). Instant Power is an investment holding company which is currently dormant and BCM is an investment holding company with the following investments under its portfolio:

- Dawn Properties Limited ("Dawn Properties"), 66.81% shareholding (31 December 2015: 66.81%) and is listed on the Zimbabwe Stock Exchange;
- African Sun Limited ("African Sun"), 57.67% shareholding (31 December 2015: 57.67%) and is listed on the Zimbabwe Stock Exchange;
- Brainworks Petroleum (Private) Limited ("Brainworks Petroleum"), 100% shareholding (31 December 2015: 100%). Brainworks Petroleum holds an investment in FML Logistics (Private) Limited ("FML Logistics"). The shareholding in FML Logistics is 100% (31 December 2015: 100%);
- Lengrah Investments (Private) Limited, 100% shareholding (31 December 2015: 100%);
- Brainworks Hotels and Real Estate (Private) Limited, 100% shareholding (31 December 2015: 100%);
- GetSure Life Assurance (Private) Limited ("GetSure"), 100% shareholding (31 December 2015: 100%);
- Coporeti Support Services (Private) Limited t/a GetCash ("GetCash"), 100% shareholding (31 December 2015: nil). GetCash was acquired in 2016 by Brainworks Capital Management (Private) Limited to augment the financial services that already consisted of two other brands, GetBucks Financial Services Limited, a microbank and GetSure Life Assurance (Private) Limited, a life insurance company; and
- GetBucks Financial Services Limited ("Getbucks") an associate company, shareholding 31.14% as at 31 December 2016 (31 December 2015: 34.06%).

DIRECTORS' REPORT (CONTINUED)

Share capital
The issued share capital and share premium of the Company was US$66 310 508 as at 31 December 2016 (2015: US$66 310 508). No additional shares were issued during the year ended 31 December 2016.

Reserves
The movement in the reserves of the Group is shown in the Group Statement of Changes in Equity and in the relevant notes to the financial statements.

Independent auditor
PricewaterhouseCoopers have expressed their willingness to continue in office, Members will be asked to re-appoint PricewaterhouseCoopers as the independent auditor for the ensuing year at the Annual General Meeting.

By order of the Board of Directors:

Martin John Wood
Chairman: Audit and Risk Committee

1 September 2017

Peter Saungweme
Chief Finance Officer

1 September 2017

LETTER TO THE SHAREHOLDERS

Dear shareholders

We are pleased to present the consolidated and separate financial statements of Brainworks Limited ("the Company" or "Brainworks") and its subsidiaries (herein collectively referred to as "the Group") for the year ended 31 December 2016.

The economic and operating environment in Zimbabwe was difficult in 2016. Notwithstanding this, the growth potential of each of our businesses and the opportunities for additional value creation for our shareholders remains strong. During the year ended 31 December 2016, the Group achieved a number of strategic goals and acquisitions, notably:

- MyBucks S.A, a company in which the Group holds a 2.5% equity investment, successfully listed on the Frankfurt Stock Exchange on 23 June 2016;
- Coporeti Support Services (Private) Limited - a company trading as NettCash and operating a mobile payments platform, was acquired and rebranded to GetCash; and
- The Board of the Company was restructured in anticipation of its listing on a regional stock exchange.

Overview of the Zimbabwean economic environment

Zimbabwean inflation rate	Zimbabwean gross domestic product	Rand/US$ exchange rate	Zimbabwean banking sectors NPLs*
-0.93%	US$13.89 bn (FY15)	14.74	10.05%
Change: 58%	Change: -2.16%	Change: -4.98%	Change: -0.82%

* NPLs - Non performing loans

The Zimbabwean economy continues to be hamstrung by several problems, which restrain sustainable economic growth, including liquidity constraints facing most businesses, reduced foreign direct investment and high cost of funding resulting in curtailed investment activity by most businesses. The Ministry of Finance and Economic Development revised Gross Domestic Product ("GDP") growth projections downwards to 0.6% for 2016, from the initial growth projection of 2.7% because of the impact of drought on the critical agriculture sector, underperforming manufacturing, tourism and construction sectors as well as weak mineral prices offsetting an otherwise relatively good performance from the mining sector.

Inflation whilst remaining negative in 2016, accelerated significantly from -2.19% in January 2016 to -0.93% in December 2016. Liquidity challenges on the market were compounded by physical cash shortages driven by a low export base, decline in inflows from international remittances and low FDI, all of which impacted on Zimbabwean consumers' ability to transact. Nostro accounts were depleted, negatively affecting imports, particularly raw materials for local manufacturers, finished goods for wholesalers and retailers as well as the servicing of offshore obligations by local entities. Despite significant improvement in the current account deficit from 23% of GDP in 2015 to 17% of GDP in 2016, policy measures imposed such as the ban on importation of certain types of goods without an import licence meant the trade deficit of US$2.54 billion as at the end of December 2016 continued to erode Zimbabwe's capacity to sustain foreign payments and to maintain desired levels of cash imports under the multicurrency system. The bond notes were introduced as a medium of exchange on a 1:1 exchange rate to the US$ to alleviate domestic shortages of physical cash, as well as to create an instrument that could be used to pay a 5% export incentive to stimulate exports. Despite initial resistance from the general public and retailers in accepting the bond notes, there has been widespread acceptance of bond notes as well as a greater reliance on electronic payment platforms.

The mining sector experienced improved performance as gold prices averaged US$1,257/oz in 2016 up from US$1 175/oz in 2015. Platinum and nickel also experienced significant growth in output resulting in the sector registering 6.9% growth in production for 2016, surpassing the Ministry of Finance and Economic Development's initial projection of 1.6%. In manufacturing, over-dependence on imports against the background of the strong US$ and a weakening South African Rand has undermined companies' competitiveness on both the domestic and export markets.

LETTER TO THE SHAREHOLDERS (CONTINUED)

Severe drought for the second consecutive year had a heavy toll on agricultural production for the 2015/16 season, with some crops such as maize recording only 511 000 tonnes against the average national requirement of 1 800 000 tonnes, resulting in a huge import bill for the country. Consequently, the agriculture sector recorded a production decline of 3.7% in 2016. The tourism industry continued to see most international arrivals into the country from traditional overseas markets such as UK and USA.

The Zimbabwean tourism industry continues to be impacted negatively from tourist traffic opting to visit regional competing tourist destinations owing to weaker regional currencies relative to the US$ adopted in Zimbabwe. The Government is attempting to improve the Zimbabwean Brand as a competitive destination under the theme International Year of Sustainable Tourism Development for 2017. This will be supported by measures such as improving the ability for tourists to enter into and move around the country more easily. With the commissioning of the Victoria Falls International Airport, many airlines have registered interest in adding Victoria Falls to their routes, which will contribute to the growth of the tourism sector in the medium to long term.

Significant effort and progress was made by the Government in laying the foundation for a comprehensive economic reform programme, including the settlement of overdue obligations to the IMF. Going forward, it therefore remains critical for the authorities to follow through on policy pronouncements made in 2016, including the arrears clearance strategy to steer the economy towards a sustainable growth path. The Ministry of Finance and Economic Development has forecasted a growth rate of 3.7% for the economy in 2017, led by modest growth in the mining sector. Furthermore, there's optimism that the improved performance of the agricultural sector through improved rainfalls and a strong funding programme put in place by the Government will translate to preservation of foreign currency generated for other critical uses, a lower import bill and ease pressure on the Balance of Payments deficit.

Our Businesses

The Group's business activities are classified under two main categories: Proprietary investment and Advisory services.

Proprietary Investments

The proprietary investments of the Group broadly fall within four sectors namely financial services, real estate, hospitality, and logistics.

Financial Services Sector

Associate company: GetBucks Financial Services Limited

GetBucks Financial Services Limited ("GetBucks Zimbabwe")'s board of directors is comprised of the following members:

Name	Nationality	Nature of directorship
G.N. Madzima	Zimbabwean	Non-Executive Chairman
W.T. Kambwanji	Zimbabwean	Non-Executive Director
G. Manyere	Zimbabwean	Non-Executive Director
D. Van Niekerk	South African	Non-Executive Director
J.H. Jonck	South African	Non-Executive Director
R. Mbire	Zimbabwean	Non-Executive Director
M. Manjengwah	Zimbabwean	Non-Executive Director
P. Saungweme	Zimbabwean	Non-Executive Director
M.M. Murevesi	Zimbabwean	Managing Director
G.T. Fourie	South African	Operations Director

LETTER TO THE SHAREHOLDERS (CONTINUED)

The shareholding structure of GetBucks Zimbabwe as at 31 December 2016 was as follows:

MyBucks S.A	50.29%
Brainworks Group	31.14%
Public Shareholders	18.57%
Total	**100.00%**

2016 Performance Highlights

Total income	Cost-to-income	Staff costs % to total cost	Return on equity
US$12 560 744	56%	32%	31%
Change: -20%	Change: 35%	Change: - 6%	Change: - 37%

Total assets	Loan book	Average interest rate on loan book	Staffing
US$23 612 790	US$17 298 120	46%	62
Change: 58%	Change: - 5%	Change: 15%	Change: 5%

GetBucks Zimbabwe operates 13 branches in the major cities and towns in Zimbabwe and has grown its loan book to over US$17 million with a customer base of over 20 000. GetBucks Zimbabwe achieved US$3 million profit for the year ended 31 December 2016 and declared a dividend of US$0.5 million for the period to 30 June 2016 and are expected to declare a further dividend for its full year ended 30 June 2017.

Following, the company being granted a Deposit Taking Microfinance Institution Licence and successfully listing on the Zimbabwe Stock Exchange on the 15th of January 2016, GetBucks Zimbabwe is now focused on improving efficiencies through technology use and product diversification to include Small to Medium Enterprises ("SME") loan facility and mortgage products. GetBucks Zimbabwe started disbursing SME loans, mainly to agriculture sector SMEs in February 2016. In addition to the SME loan facility, the Reserve Bank of Zimbabwe approved the GetBucks Zimbabwe 5-year mortgage product, which will be rolled out during the 2017 financial year. A diversified product portfolio will increase revenue going forward with the SME loan, 5-year mortgage product and transactional bank accounts expected to contribute to GetBucks Zimbabwe's profitability in the 2017 financial year.

GetBucks Zimbabwe was adequately capitalised with a net equity position of US$11.9 million as at 31 December 2016. This capital position is well above the minimum regulatory threshold of US$5 million for deposit taking microfinance institutions.

Subsidiary: GetSure Life Assurance (Private) Limited

GetSure Life Assurance (Private) Limited ("Getsure")'s board of directors is comprised of the following members:

Name	Nationality	Nature of directorship
W.T. Kambwanji	Zimbabwean	Non-Executive Chairman
F. Chisango	Zimbabwean	Non-Executive Director
J. Jonck	South African	Non-Executive Director
G. Manyere	Zimbabwean	Non-Executive Director*
G. Niemand	South African	Non-Executive Director
G. Nyengedza	Zimbabwean	Non-Executive Director
D. Van Niekerk	South African	Non-Executive Director
K. Mubvumbi	Zimbabwean	Executive*

* - Resigned subsequent to the reporting date

LETTER TO THE SHAREHOLDERS (CONTINUED)

The shareholding structure of GetSure as at 31 December 2016 was as follows:

Brainworks Capital Management (Private) Limited	100%

2016 Performance Highlights

Total income	Cost-to-income	Number of life policies	Return on equity
US$609 845	187%	58 918	-15%
Change: 226%	Change: 143%	Change: 137%	Change: 6%

Total assets	Current ratio	Solvency ratio	Staffing
US$4 956 674	3.8:1	1.8:1	18
Change: 121%	Change: 81%	Change: 74%	Change: 80%

Gross premiums for the 2016 year amounted to US$1.06 million. This represented an increase of 785% from the 2015 gross premium figure and represents the first 12 months of operations. Average month-on-month gross premium growth from inception has been 7%. Gross premium for the year comprised 70% risk business and 30% investment products. The total number of policies on the book was 58 918 as at December 2016 (period ended 31 December 2015: 42 276). The claims ratio for the year was 6%, 11% below the industry average for the same period. This was mainly as a result of waiting periods which most products are still within. However, the loss ratio is anticipated to double in 2017. The first actuarial valuation was conducted for the year under review and this led to significant increase in insurance liability reserving.

The loss before income tax was US$616 739, representing an increase of 47% relative to the prior period. Total assets, at US$4 956 674, were 120% greater relative to those as at 31 December 2015. Based on a solvency assessment as at 31 December 2016, Getsure's solvency level of US$1 335 000 was below the regulatory minimum of US$2 million. The Insurance and Pensions Commission, which is Getsure's principal regulator, has been engaged regarding recapitalisation proposals.

Getsure successfully implemented an operational IT system from a South African vendor. The system has improved management's decision making owing to enhanced reporting capabilities. Aggressive measures are in place to increase individual business acquisition. This is mainly being done through acquisition of stop orders with strategic entities. Further products are planned to be launched in 2017 in order to diversify gross premium sources.

Associate company: Coporeti Support Services (Private) Limited t/a GetCash
GetCash's board of directors is comprised of the following members:

Name	Nationality	Nature of directorship
W. Kambwanji	Zimbabwean	Non-Executive Chairman
F. Chisango	Zimbabwean	Non-Executive Director
G. Fourie	South African	Non-Executive Director
G. Nyengedza	Zimbabwean	Non-Executive Director
G. Manyere*	Zimbabwean	Non-Executive Director
M. Mavhondo*	Zimbabwean	Managing Director
T. Munowenyu*	Zimbabwean	Finance Director

* Resigned subsequent to the reporting date

LETTER TO THE SHAREHOLDERS (CONTINUED)

The shareholding structure of GetCash as at 31 December 2016 was as follows:

Brainworks Capital Management (Private) Limited	100%

2016 Performance Highlights

Subscribers	Average daily electricity sales	Average daily airtime sales
397 000	US$81 400	US$2 000
Change: 50%	Change: 6%	Change: 443%

GetCash was acquired in 2016 by Brainworks to augment the financial services platform that already consisted of two other successful brands, GetBucks Zimbabwe - a microbank and GetSure, a life insurance company. GetCash focuses on bringing financial services products to underbanked individuals via their mobile phones as well as comprehensive mobile banking solutions to deliver a unique experience to the customer. The core focus for GetCash during the year was to re-align operations and orient the business from being family owned and run to a competitive corporate entity. The starting point in that journey was a diversification of products from prepaid electricity, contributing around 98% of GetCash's revenues in prior years to new products such as fixed landline payments, internet and data payments, settling school fees and city council bills, insurance premium collections and loan repayments.

Other key initiatives included staff rationalization which resulted in a reduction of headcount from 50 to 22 employees achieving a cost saving of US$60 000 per month. The business will also be integrated into the Getbucks' operations and systems to create more avenues for customers and users.

HOSPITALITY SECTOR

Subsidiary: African Sun Limited
African Sun Limited ("African Sun")'s board of directors is comprised of the following members:

Name	Nationality	Nature of directorship
H. Nkala	Zimbabwean	Non-Executive Chairman
E.A. Fundira	Zimbabwean	Non-Executive Director
W.T. Kambwanji	Zimbabwean	Non-Executive Director
A. Makamure	Zimbabwean	Non-Executive Director
B.I. Childs	British	Non-Executive Director
N.G. Maphosa	Zimbabwean	Non-Executive Director
T. Ndebele	Zimbabwean	Non-Executive Director
E.T. Shangwa	Zimbabwean	Managing Director
B.H. Dirorimwe	Zimbabwean	Finance Director

Mr. Nuy and Mr. Manyere resigned from the Board with effect from 31 July 2016 and 16 March 2017 respectively and Mr. Childs was appointed to the same on 16 March 2017.

LETTER TO THE SHAREHOLDERS (CONTINUED)

The shareholding structure of African Sun Limited as at 31 December 2016 was as follows:

Brainworks Capital Management (Private) Limited	57.67%
Other shareholders	42.33%
Total	**100.00%**

2016 Performance Highlights

Occupancy	Average daily rate	RevPar	Debt-to-equity
44%	US$93	US$41	124%
Change: - 4%	Change: 0%	Change: - 7%	Change: - 60%

Operating expenses to gross profit	EBITDA interest cover	Average cost of debt	Staffing
82%	4.75 times	10.20%	1 149
Change: 3%	Change: 68%	Change: -1.4%	Change: - 2%

African Sun's international market remained strong spurred by key source markets such as Europe and a rebound of the Asian market which had been greatly affected by the Ebola scare in the prior year. The strong performance of the international market was diluted by a sharp decline in the regional market which was affected by the depreciation of the South African Rand despite competitive room rates.

Revenue for the twelve months under review declined 12% to US$43.60 million compared to the same period in 2015. The first half to 30 June 2016 witnessed 20% decrease in revenue to US$17.98 million compared to same period in the prior year, whilst the second half was also weak, declining by 6% to US$25.62 million. The decrease in revenues was partially due to 7% drop in RevPar to US$41 from US$44 recorded in the same period last year, as result of a 4% reduction in occupancy to 44% compared to the same period in the prior year.

The changes in SADC and AU chairmanship also impacted negatively on regional and international business as conferences associated with these institutions usually follow the chairmanship. Local Average Daily Rates ("ADR") dropped by 1% to US$81 whilst export ADR increased by 3% to US$115 and consequently total ADR was flat on last year at US$93.

On a positive note, operating expenses were down 19% as a result of the cost reduction initiatives implemented and the change in business model in 2015. Lower revenues mitigated by savings in operating costs resulted in a marginal decrease in Earnings Before Interest, Tax, Depreciation and Armotisation ("EBITDA") of 1% to US$5.48 million. Despite the decrease in EBITDA, the EBITDA margin improved to 13% from 11% recorded last year which is an indication of improved profitability. The ongoing restructuring of expensive loans resulted in a 60.5% savings in finance costs, down from US$1.9 million last year to US$0.75 million in the year under review. African Sun also successfully completed its exit from unsuccessful foray into regional African markets with the disposal of its foreign subsidiary - African Sun Limited PCC, realising a gain from disposal of US$1.93 million.

Profit for the year was US$4.81 million against a loss of US$8.56 million recorded in the prior period. This represents strong recovery. With a planned drive to improve occupancy levels, management is confident that profitability will continue to improve.

LETTER TO THE SHAREHOLDERS (CONTINUED)

REAL ESTATE SECTOR

Subsidiary: Dawn Properties Limited
Dawn Properties Limited ("Dawn") 's board of directors is comprised of the following members:

Name	Nationality	Nature of directorship
P.P. Gwatidzo	Zimbabwean	Non-Executive Chairman
G. Manyere*	Zimbabwean	Non-Executive Director (resigned on 14 March 2017)
B.I. Childs*	British	Non-Executive Director (appointed on 14 March 2017)
P. Saungweme	Zimbabwean	Non-Executive Director
W.T. Kambwanji	Zimbabwean	Non-Executive Director
T.N. Chiweshe	Zimbabwean	Non-Executive Director
M. Mukonoweshuro	Zimbabwean	Non-Executive Director
P.J. Matute	Zimbabwean	Managing Director
V.C Muyambo	Zimbabwean	Finance Director

The shareholding structure of Dawn as at 31 December 2016 was as follows:

Brainworks Capital Management (Private) Limited	66.81%
Other shareholders	33.19%
	100.00%

2016 Performance Highlights

Total income	Property advisory income	Rental yield on hotels	Cost-to-income ratio
US$4 348 771	US$1 918 127	3.40%	60.9%
Change: 27%	Change: 20%	Change: 26%	Change: -41%

Debt to equity ratio	Average cost of debt	EBITDA interest cover	Staffing
4.8%	12%	9.01 times	43
Change: 100%	Change: 100%	Change: 100%	Change: - 35%

Dawn's revenue was US$4.3 million, with the hotel lease and property consultancy segment contributing 55.8% and 44.2% respectively. Revenues for the comparative period were US$3.4 million. Operating expenses were US$2.7 million, 25% lower than the comparative period. The reduction in operating expenses was a result of extensive cost containment initiatives that were implemented towards the end of 2015. Despite revenues in all the Dawn's operating segments decreasing relative to the 9-month comparable period, Dawn returned to profitability, from a pre-tax loss position of US$0.3 million in 2015 to a pre-tax profit of US$1.7 million in 2016.

Dawn continued with its strategy to focus on becoming a leading property development, investment and consulting group. The platform to grow these three divisions is now in place and resourced to meet both short and long term objectives.

Hotel rental revenues were US$2.4 million during the period under review, 4.2% reduction compared to the prior period. This reduction is entirely as a result of the hotels not performing as well as 2015. Thus, the property yield continues to be subdued, closing at 3.4% for the 2016 financial reporting period. Dawn is working with its only lessee - African Sun, on

LETTER TO THE SHAREHOLDERS (CONTINUED)

renovation programmes to improve the appeal of the hotels in preparation for the recovery expected in 2017 and beyond. The hotel rental segment's contribution to the current year pre – tax profit was US$1.1 million, (nine months ended 31 December 2015: US$0.5 million). The property consulting business's revenues for the year was US$1.9 million (nine months ended 31 December 2016: US$1.6 million). Business activity in Zimbabwe's property sector remains depressed. The rental market is hampered by high default rates and declining rental rates. The business has implemented mitigating measures, including space rationalization and rental reductions, in-order to improve space uptake. The business unit remains committed to delivering value to its clients with a view to defending its key property management mandates.

Property development segment's contribution to current year pre-tax profits stood at US$0.5 million (9 months ended 31 December 2015: pre-tax loss of US$0.3 million). The property development division took its first major step with the development of the 58 unit Elizabeth Windsor Gardens. Construction works commenced in April 2016. The project is expected to have been completed by 31 August 2017, with all units expected to be sold out in 2017. The project, which is anticipated to cost about US$5 million and is financed through a combination of internally generated cashflows and debt. To ensure sustainability of the division, Dawn continues to be on a lookout for new investment opportunities for both commercial and residential developments. In that regard, Dawn spent a combined US$2.8 million in acquiring about 2.2 hectares of commercial land within the Harare central business district and various pockets of land in the affluent suburbs of Harare.

LOGISTICS SECTOR

Subsidiary: FML Logistics (Private) Limited
FML Logistics (Private) Limited ("FML") 's board of directors is comprised of the following members:

Name	Nationality	Nature of directorship
W.T. Kambwanji	Zimbabwean	Non-Executive Director
P.J. Matute	Zimbabwean	Non-Executive Director
T.N. Chiweshe	Zimbabwean	Non-Executive Director
W. Waterworth	Zimbabwean	Managing Director

The shareholding structure of FML as at 31 December 2016 was as follows:

Brainworks Capital Management (Private) Limited	100%

2016 Performance Highlights

Revenue US$1 292 417 Change: - 30%	**Gross profit %** 49% Change: - 5%	**Average revenue** US$3 664 Change: - 69%	**Cost to income ratio** -81% Change: -137%
Debt to equity ratio 237% Change: - 107%	**Average cost of debt** 15% Change: 0%	**Return on equity** -41% Change: - 45%	**Staffing** 39 Change: 28%

FML's revenue decreased by 30% in comparison to the same period last year principally due to a marked decline in ongoing fuel supply contracts arising from problems in Zambia because of the Zambian government's non-payment to fuel suppliers. Further compounding the challenges was the uncertainty in Zambia before the Zambian elections which were held in August 2016, as well as anticipation on the awarding of the new Government fuel supply contracts post-election. Because of all these factors, FML did not operate at full capacity from January to June 2016, although this was mitigated through several once off loads.

LETTER TO THE SHAREHOLDERS (CONTINUED)

Cost of sales relative to revenue increased to 51% from 46% in comparison to the same period in prior year due to the lower rates being offered by contract owners. Despite a 67% increase in the size of the fleet, overheads were marginally up by 9% from same period last year because of management initiating several cost cutting measures. There was a significant increase in the interest cost from same period last year as the entity purchased 20 additional trucks through loan facilities.

In the near term, management is focused on new and additional revenue creation strategies which include:
a) Increasing the client base in Zambia and DRC; and
b) Moving to commercial clients rather than Government supply contracts.

The market is constantly in flux and the political and economic issues in Zambia and the DRC, as well as the weather and local financial challenges (e.g. availability of cash for tolls and charges in neighbouring countries) all have an on-going effect on the business.

ADVISORY SERVICES

During the year, the Company's advisory services unit was focused on in-house activities within the Group. The unit was actively involved in the work carried out for the potential listing of the Company. The advisory team also supported the various projects that were being undertaken in the investee companies.

LISTING UPDATE

Brainworks Limited is pursuing a listing on the Johannesburg Stock Exchange ("JSE"). Subject to receiving the relevant corporate and regulatory approvals and prevailing market conditions, shares are expected to be listed in September 2017.

The Board of Brainworks Limited sees strong consolidation opportunities within the existing portfolio, and acquisitions in Zimbabwe and believe that the Group will benefit from a listing on the JSE as a platform for further growth. As part of the listing, Brainworks Limited will seek to raise new capital to pursue growth opportunities, invest in its exiting investments and rationalise its debt portfolio to strengthen the Group's balance sheet. The listing on the JSE will enable Brainworks to improve the depth and spread of the Company shareholder base, creating liquidity in its shares, ensuring the Company accesses a deeper pool of international capital, providing investors both institutional and private, with an opportunity to participate in the future income and capital growth of the Company and the Zimbabwean economy and enhancing the global public profile of Brainworks.

COMPLIANCE WITH REGULATIONS

The Group's subsidiaries and associate companies are in compliance with the Zimbabwe Stock Exchange Listing Requirements. All companies within the Group except for Getsure whose regulatory capital is below the minimum threshold, are compliant with the various regulations governing their operations.

Regarding indigenisation, the shareholding of the Company was vetted by the Ministry of Youth Development, Indigenisation and Empowerment in 2011 and was certified compliant with the indigenisation regulations. Over the years, subsequent fundraising exercises have resulted in an increase in foreign ownership of the Company and the Company has continually updated and submitted its indigenization plan in terms of the Zimbabwe's Indigenization and Economic Empowerment Act (Chapter 14:33). The Group is committed to compliance and have put in place a process that ensures compliance within five years.

LETTER TO THE SHAREHOLDERS (CONTINUED)

SHAREHOLDING

Below is the shareholding of the Company as at 31 December 2016:

No	Shareholders	No. of shares	% Shareholding
1	Red Rock Capital	289 920 520	33.59%
2	Blue Air Capital Limited	213 000 000	24.68%
3	Matthew Daniels Trust	25 000 000	2.90%
4	TDC Investment Trust	1 870 089	0.22%
5	Fintrust Pension Fund	67 241 425	7.79%
6	Carnaudmetalbox Pension Fund	11 458 917	1.33%
7	P T C Self Insurance Plan	9 851 608	1.14%
8	Comarton Consultants Preservation Fund	7 825 669	0.91%
9	Association of Trust Schools Pension Fund- Christian Brothers College	2 574 282	0.30%
10	C I H Group Pension Fund	1 783 333	0.21%
11	Jacob Bethel (Zimbabwe) Corporation Pension Fund	2 426 870	0.28%
12	Comarton Consultants Pension Fund	2 329 795	0.27%
13	Brands Africa Pension Fund	1 878 930	0.22%
14	Marathon Group Pension Fund	759,000	0.09%
15	Zimbabwe International Trade Fair Company Pension Fund	1 294 331	0.15%
16	Zimbabwe Agricultural Society Pension Fund	808 957	0.09%
17	Brainworks Capital Pension Fund	785 295	0.09%
18	Femina Garments Pension Fund	428 747	0.05%
19	United Styles Pension Fund	180 000	0.02%
20	Comarton Consultants Preservation Fund - Style International	177 970	0.02%
21	Comarton Consultants Preservation Fund - Henroy Trucking	98 500	0.01%
22	Comarton Consortium Self Insurance Pool	4 100 000	0.48%
23	Association of Trust Schools Pension Fund- Petra High School	600 000	0.07%
24	Tourism Industry Pension Fund	2 210 000	0.26%
25	Atchison Actuarial Services Company (Private) Limited	1 000 000	0.12%
26	Spiral Farming (Private) Limited	7 069 132	0.82%
27	Cormarton Consultants (Private) Limited	11 109 670	1.29%
28	Greenwood Capital	25 192 896	2.92%
29	Richard Godfrey Muirimi	10 000 000	1.16%
30	Mark Martin Schneider	1 250 000	0.14%
31	Timothy Nuy	1 000 000	0.12%
32	Rufaro Lucy Sekeso	500 000	0.06%
33	TBE Investments Limited	11 297 922	1.31%
34	Wayne John Waterworth	2 291 903	0.27%
35	Tinashe Raphael Manyere	1 415 915	0.16%
36	Patrick Jabulani Matute	1 200 000	0.14%
37	Tendayi Nason Chiweshe	1 200 000	0.14%
38	Argentum Limited	3 000 000	0.35%
39	Brett Ivor Childs	2 000 000	0.23%
40	Audrey Mamoshoeshoe Mothupi	250 000	0.03%
41	First European Finance Investments Limited	2,000 000	0.23%
42	Kiransingh Gulab	1 250 000	0.14%
43	Howard James Corney	1 500 000	0.17%
44	Pipestone Capital Inc.	2 000 000	0.23%
45	MHMK Capital Limited (Formerly MHMK Investment Holdings Limited)	49 280 272	5.71%
46	Brainworks Group Pension Limited	900 000	0.10%
		785 311 948	**90.99%**
47	Adcone SA - being shares accounted for as treasury shares in the Group financial statements	77 750 000	9.01%
	Total number of shares in issue	**863 061 948**	**100.00%**

LETTER TO THE SHAREHOLDERS (CONTINUED)

FINANCIAL RESULTS

The Group generated total revenue of US$48.1 million for the year ended 31st December 2016, this being an increase of 22% relative to the prior year. The increase in revenue compared to the prior year revenue is attributable to the full year consolidation of Dawn Properties Limited and African Sun Limited which until May 2015 were accounted for as associates. Total revenue generated by the Group was made up of US$43.6 million generated from hotel operations, US$4.3 million from real estate and property consultancy business, US$1.1 million from life assurance premiums and US$1.3 million from fuel transportation. Intersegment revenue eliminated on consolidation stood at US$2.2 million.

Included in other income is fair value gain of US$1.3 million on the investment held in MyBucks SA, following its listing on the Frankfurt Stock Exchange. The Group's share of net loss from its associate investments stood at US$0.07 million, this being income of US$0.91 million from Getbucks Financial Services Limited and losses of US$0.98 million from Coporeti Financial Services (Private) Limited t/a Getcash, which was acquired during the year.

Total Group operating expenses, excluding impairment allowances amounted to US$34.1 million compared to US$37.4 million in the prior year. This represents a reduction of 8.8% in expenses, mainly attributable to the impact of the staff rationalisation exercise implemented in 2015 by the major subsidiaries - Dawn and African Sun.

The Group achieved a profit for the year of US$3.4 million compared to US$7.2 million in 2015. The prior year profit was mainly driven by the once-off gain on bargain purchase on the acquisition of additional equity interest of Dawn Properties Limited of US$29.4 million.

DIRECTORATE

The Board of the Company comprises the following:

Name	Nationality	Nature of directorship
Mr. Simon F. Village	British	Non-Executive Chairman
Mr. Richard G. Muirimi	Zimbabwean	Deputy Non-Executive Chairman
Mr. George S.J. Bennett	South African	Non-Executive Director
Mr. Brett I. Childs	British	Chief Executive Officer
Mr. Peter Saungweme	Zimbabwean	Chief Finance Officer
Ms. Audrey M. Mothupi	South African	Non-Executive Director
Mr. Martin J. Wood	British	Non-Executive Director
Mr. Richard N. Charrington	British	Non-Executive Director
Mr. George Manyere	Zimbabwean	Non-Executive Director
Mr. Walter T. Kambwanji	Zimbabwean	Non-Executive Director

We are confident that the Board reflects the right blend of skills and experience to guide the Company in the best interests of the shareholders. On the 1st February 2017 George Manyere stepped down as Chief Executive Officer and was replaced by Brett Childs. Walter Kambwanji similarly stepped down as Chief Financial Officer on the 31st March 2017 and was replaced by Peter Saungweme. We thank George and Walter, who founded the Company in 2011, for their contribution to growth of the Group. They remain non-executive directors and available to give assistance to the new management and the board. We welcome Brett and Peter and wish them every success with the Group.

LETTER TO THE SHAREHOLDERS (CONTINUED)

OUTLOOK

The aim and key focus for 2017 is to achieve the listing of the Company on an international stock exchange and to continue to consolidate and strengthen our portfolio of companies through improving operational efficiencies, continued implementation of cost cutting measures and reducing our cost of financing through debt repayment or restructuring with an aim to achieve sustainable tenors and below market average cost of financing. Although the operating environment remains challenging we remain confident in our strategy, the opportunities to grow the Company and in our ability to continue to create value for shareholders. The ensuing year is expected to be challenging and the Board and management are confident that the Group has the skills and resources to deliver a return for our shareholders.

ACKNOWLEDGEMENTS

We thank our staff, directors, shareholders and other stakeholders for their continued support.

Simon F. Village
Board Chairman

1 September 2017

Brett I. Childs
Chief Executive Officer

1 September 2017

DIRECTORS' DECLARATION

for the year ended 31 December 2016

In the opinion of the directors of Brainworks Limited, the financial statements and notes set out on pages 29 to 122 have been prepared in accordance with the Mauritius Companies Act 2001, International Financial Reporting Standards and give a true and fair view of the financial position of the Company and the Group as at 31 December 2016 as presented by the results of their financial performance and their cash flows for the year then ended 31 December 2016.

The Directors confirm that the Company and the Group have adequate resources to operate for the foreseeable future and will remain viable going concerns 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.

Martin John Wood
Chairman: Audit and Risk Committee

1 September 2017

Peter Saungweme
Chief Finance Officer

1 September 2017

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.

Board of Directors

The Company employs a unitary board system with ten directors comprising two Executive Directors and eight Non-Executive Directors, three of whom are independent. The Board provides effective leadership based on a stated ethics policy to ensure that the Company or the Group is a responsible corporate citizen 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 the ethics are 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.

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 to each Board meeting on the strategy, performance and prospects of the Group and any other material matters arising.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Directors of Brainworks Limited

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.

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 of which he currently forms part;
- 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.

Interests in contracts and conflicts of interest

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board meeting attendance

A register of quarterly Board meeting attendance for Brainworks Limited is tabled below:

Board Meeting Attendance - 2016			
Month	**Members - Present**	**Members - Absent**	**Attendees**
March 2016	Mr. Preetam R.PRAYAG Mr. Richard G. MUIRIMI Mr. Walter T. KAMBWANJI Mr. George MANYERE Mr. Alwyn E. SCHOLTZ Mr. Kiransingh GULAB Mr. Simon F. VILLAGE	Mr. Cornelis T. VERMAAK	Mr. Tendayi CHIWESHE Mr. Patrick MATUTE Mr. Medicine MAVHONDO Mr. Julian THATCHER Ms. Chaksala AJOODHA
May 2016	Mr. Preetam R.PRAYAG Mr. Richard G. MUIRIMI Mr. Walter T. KAMBWANJI Mr. George MANYERE Mr. Alwyn E. SCHOLTZ Mr. Kiransingh GULAB Mr. Simon F. VILLAGE Mr. Cornelis T. VERMAAK	None	Mr. Tendayi CHIWESHE Mr. Patrick MATUTE Mr. Medicine MAVHONDO Ms. Chaksala AJOODHA
September 2016	Mr. Simon F. VILLAGE Mr. Richard G. MUIRIMI Mr. George MANYERE Mr. Walter T. KAMBWANJI Mr. Brett I. CHILDS Mr. George S.J BENNET Mr. Richard N. CHARRINGTON Mr. Martin J. WOOD Ms. Audrey M. MOTHUPI	None	Mr. Howard CORNEY Mr. Medicine MAVHONDO Mr. Tendayi CHIWESHE Mr. Kiransingh GULAB Ms. Chaksala AJOODHA Mr. Patrick MATUTE
December 2016	Mr. Simon F. VILLAGE Mr. Richard G. MUIRIMI Mr. George MANYERE Mr. Walter T. KAMBWANJI Mr. Brett I. CHILDS Mr. George S.J. BENNET Mr. Richard N. CHARRINGTON Mr. Martin J. WOOD Ms. Audrey M. MOTHUPI	None	Mr. Howard CORNEY Mr. Markus DE KLERK Mr. Tendayi CHIWESHE Mr. Kiransingh GULAB Ms. Chaksala AJOODHA

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 assists the Board with Director induction and training requirements.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board committees

Audit and Risk Committee

The Board has ensured that the Group has an effective and independent Audit and Risk 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 auditors, the Chief Financial Officer, the Group Finance 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 invitations. 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 auditors;
- To ensure that the respective roles and functions of the independent 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
- 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 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Investments Committee

The responsibilities and duties of the Investments Committee are to ensure that investment, disposals or acquisitions are relative to similar transactions in the industry, and are in line with the Group's overall strategy, and ensure that appropriate due diligence procedures are followed when acquiring or disposing of assets. The Committee manages the process of capital allocation within the Group, and specifically ensures that investments/divestments 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.

The following members serve on the Committee:

- Richard Charrington (Chairman);
- Audrey Mothupi;
- George Bennett; and
- Richard Muirimi.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is an independent committee appointed by the Board. The Committee consists of the following Non-Executive Directors.

The following members serve on the Committee:

- 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;
- 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.

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 seven members. The following members serve on the EXCO of the Group:

- Brett Childs (Chief Executive Officer);
- Peter Saungweme (Chief Finance Officer);
- Markus de Klerk (Head of Legal);
- Tendayi Chiweshe (Head of Advisory);
- Rewa Umunna (Head of Corporate Development and Investor Relations); and
- Susan Zindoga (Head of Treasury).

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 responsible for the strategic planning and operations of the Group.

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;
- Martin Wood; and
- Walter Kambwanji.

Share dealing
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 Finance Officer for Exco members.

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.

Stakeholder communication 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 stakeholders communication and relation 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

Report on the Audit of the Consolidated and Separate Financial Statements

Our Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Brainworks Limited (the “Company”) and its subsidiaries (together the “Group”) and of the Company standing alone as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001.

What we have audited

Brainworks Limited’s consolidated and separate financial statements set out on pages 29 to 122 comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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 and Separate 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 International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, 18 CyberCity, Ebène, Réduit 72201, Republic of Mauritius
T: +230 404 5000, F:+230 404 5088/89, www.pwc.com/mu
Business Registration Number: F07000530

Independent Auditor's Report

To the Shareholders of Brainworks Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements

Other Information

The directors are responsible for the other information. The other information comprises the corporate information, directors' report, letter to shareholders, directors' declaration, corporate governance statement and secretary's certificate but does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate 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 and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in compliance with the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company'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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

Independent Auditor's Report

To the Shareholders of Brainworks Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 and separate 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 and separate 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 and Company'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 and Company'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 and separate 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 and/or the Company to cease to continue as a going concern.

Independent Auditor's Report

To the Shareholders of Brainworks Limited (Continued)

Report on the Audit of the Consolidated and Separate Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 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.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as the auditor of the Company;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Independent Auditor's Report

To the Shareholders of Brainworks Limited (Continued)

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

John Li How Cheong, licensed by FRC

04 September 2017

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

		GROUP			COMPANY	
All figures in US$	**Notes**	**2016**	**2015 Restated**	**2014 Restated**	**2016**	**2015 Restated**
ASSETS						
Non-current assets						
Property and equipment	6	89 469 927	98 620 358	2 448 095	-	-
Investment property	7	24 176 235	14 828 712	-	-	-
Biological assets		165 137	165 137	-	-	-
Intangible assets	8	8 546 536	8 261 050	-	-	-
Investment in subsidiaries	9	-	-	-	55 540 986	55 540 886
Investment in associates	10	3 276 024	2 530 862	41 015 270	-	-
Deferred tax assets	12	813 984	996 512	889 463	-	-
Trade and other recievables	14.1	382 523	465 485	-	-	-
		126 830 366	**125 868 116**	**44 352 828**	**55 540 986**	**55 540 886**
Current assets						
Financial assets at fair value through profit or loss	11	4 892 962	3 499 950	1 250 113	4 737 182	3 499 950
Inventories	13	4 793 764	2 538 617	-	-	-
Trade and other receivables	14.1	15 315 019	8 167 900	5 243 633	10 375 566	70 012
Insurance contract receivables	14.3	40 904	12 818	-	-	-
Cash and cash equivalents	15	5 593 010	5 967 091	909 496	415	7 150
		30 635 659	**20 186 376**	**7 403 242**	**15 113 163**	**3 577 112**
Total assets		**157 466 025**	**146 054 492**	**51 756 070**	**70 654 149**	**59 117 998**
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Share capital	19.1	78 532	78 532	48 193	86 307	86 307
Share premium	19.1	58 456 976	58 456 976	-	66 224 201	66 224 201
Unallocated capital		-	-	36 598 592		
Foreign currency transalation reserve		(291 388)	61 324	-	-	-
Non-distributable reserve		(643 428)	(643 428)	(2 039 107)	(10 769 622)	(10 769 622)
Retained earnings/(accumulated losses)		7 705 220	6 647 945	(3 218 772)	2 499 097	2 582 600
Equity attributable to shareholders of parent		**65 305 912**	**64 601 349**	**31 388 906**	**58 039 983**	**58 123 486**
Non-controlling interest	20	31 085 243	28 971 705	-	-	-
Total equity		**96 391 155**	**93 573 054**	**31 388 906**	**58 039 983**	**58 123 486**
LIABILITIES						
Non current liabilities						
Borrowings	16	15 629 899	7 264 596	2 500 000	-	-
Deferred tax liabilities	17	7 687 568	7 370 486	-	-	-
Trade and other payables	18	1 730 148	1 165 237	-	-	-
		25 047 615	**15 800 319**	**2 500 000**	**-**	**-**
Current liabilities						
Borrowings	16	19 349 309	15 098 609	7 500 803	10 389 481	254 050
Trade and other payables	18	14 850 318	20 180 198	10 366 361	2 207 069	703 177
Insurance contract payables	18.2	463 400	145 116	-	-	-
Investment contract liabilities	18.3	292 308	12 487	-	-	-
Current income tax payable		1 071 920	1 244 709	-	17 616	37 285
		36 027 255	**36 681 119**	**17 867 164**	**12 614 166**	**994 512**
Total liabilities		**61 074 870**	**52 481 438**	**20 367 164**	**12 614 166**	**994 512**
Total equity and liabilities		**157 466 025**	**146 054 492**	**51 756 070**	**70 654 149**	**59 117 998**

The above Group and Company statements of financial positions should be read in conjuction with the accompanying notes.
These financial statements were approved by the Board of Directors on 1 September 2017 and signed on its behalf by:

Martin John Wood
Chairman: Audit and Risk Committee
1 September 2017

Peter Saungweme
Chief Finance Officer
1 September 2017

GROUP AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

		GROUP		COMPANY	
All figures in US$	**Notes**	**2016**	**2015 Restated**	**2016**	**2015 Restated**
Continuing operations					
Revenue	5	48 063 843	39 303 075	-	-
Cost of sales	5	(14 307 988)	(10 732 078)	-	-
Gross profit		**33 755 855**	**28 570 997**	**-**	**-**
Fair value gains on financial assets at fair value through profit or loss	11	1 276 165	2 249 837	1 237 232	2 249 837
Operating expenses	21	(31 161 524)	(44 701 509)	(1 303 408)	(469 908)
Other gains	22	2 818 709	27 439 189	-	-
Sundry income	23	1 167 796	171 129	-	5 351 087
Operating profit/(loss) before finance cost		**7 857 051**	**13 729 643**	**(66 176)**	**7 131 016**
Finance income	24.1	278 109	131 695	205 555	-
Finance costs	24.2	(3 697 165)	(2 641 351)	(222 882)	(47 544)
Net finance costs		**(3 419 056)**	**(2 509 656)**	**(17 327)**	**(47 544)**
Share of net (losses)/profit of associates accounted for using equity method	10	(65 853)	2 250 465	-	-
Profit before income tax		**4 372 142**	**13 470 452**	**(83 503)**	**7 083 472**
Income tax expense	25	(813 642)	(3 815 235)	-	(547 083)
Profit/(loss) from continuing operations		**3 558 500**	**9 655 217**	**(83 503)**	**6 536 389**
Discontinued operations					
Loss from discontinued operations	26.3	(129 325)	(2 489 123)	-	-
Profit/(loss) for the year		**3 429 175**	**7 166 094**	**(83 503)**	**6 536 389**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange gains/(losses) on translation of foreign operations		144 577	(64 223)	-	-
Exchange gain on translation of discontinued operations		-	170 467	-	-
Share of other comprehensive loss from associates		-	(145 356)	-	-
Recycled foreign currency translation reserve		(755 651)	-	-	-
Total other comprehensive loss for the year		**(611 074)**	**(39 112)**	**-**	**-**
Total comprehensive income/(loss) for the year		**2 818 101**	**7 126 982**	**(83 503)**	**6 536 389**
Profit/(loss) attributable to:					
Owners of the parent		1 057 275	12 035 778	(83 503)	6 536 389
Non-controlling interests		2 371 900	(4 869 684)	-	-
		3 429 175	**7 166 094**	**(83 503)**	**6 536 389**
Total comprehensive income/(loss) attributable to:					
Owners of the parent		704 563	11 951 746	(83 503)	6 536 389
Non-controlling interests		2 113 538	(4 824 764)	-	-
		2 818 101	**7 126 982**	**(83 503)**	**6 536 389**
Earnings/(loss) per share from continuing and discontinued operations attributable to:					
Owners of the parent for the year: cents					
Basic earnings/(loss) per share					
From continuing operations	19.2	0.14	1.90	(0.01)	0.85
From discontinued operations	19.2	(0.01)	(0.20)	-	-
From profit/(loss) for the year		**0.13**	**1.70**	**(0.01)**	**0.85**
Diluted earnings/(loss) per share					
From continuing operations	19.2	0.14	1.90	(0.01)	0.85
From discontinued operations	19.2	(0.01)	(0.20)	-	-
From profit/(loss) for the year		**0.13**	**1.70**	**(0.01)**	**0.85**

GROUP STATEMENT OF CHANGES IN EQUITY
for the year 31 December 2016

		ATTRIBUTABLE TO OWNERS OF BRAINWORKS LIMITED									
All figures in US$	**Notes**	**Share capital**	**Share premium**	**Non-distributable reserve**	**Unallocated capital**	**Merger reserve**	**Translation reserve**	**(Accumulated losses)/ retained profits**	**Total**	**Non-controlling interest**	**Total**
YEAR ENDED 31 DECEMBER 2015											
Balance as at 1 January 2015 as previously stated		**86 307**	**86 219 889**	**(2 449 872)**	**3 449 900**	**(53 109 311)**	**-**	**(2 808 007)**	**31 388 906**	**-**	**31 388 906**
Prior period adjustments	30.7	(38 114)	(86 219 889)	-	33 148 692	53 109 311	-	-	**-**	-	**-**
Prior period adjustments	30.11	-	-	410 765	-	-	-	(410 765)	**-**	-	**-**
Balances as restated		**48 193**	**-**	**(2 039 107)**	**36 598 592**	**-**	**-**	**(3 218 772)**	**31 388 906**	**-**	**31 388 906**
Profit/(loss) for the year as restated		-	-	-	-	-	-	12 035 778	**12 035 778**	(4 869 684)	**7 166 094**
Other comprehensive income		-	-	-	-	-	61 324	(145 356)	**(84 032)**	44 920	**(39 112)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**61 324**	**11 890 422**	**11 951 746**	**(4 824 764)**	**7 126 982**
Transactions with owners in their capacity as:											
Issue of shares on Group re-organisation		38 114	66 224 201	-	(36 598 592)	-	-	-	**29 663 723**	-	**29 663 723**
Recognition of treasury shares	19.1	(7 775)	(7 767 225)	-		-	-	-	**(7 775 000)**	-	**(7 775 000)**
Acquisition of subsidiaries	9.1.3	-	-	-	-	-	-	-	**-**	37 909 202	**37 909 202**
Gain on change in degree of control		-	-	1 395 679	-	-	-	2 717 054	**4 112 733**	(4 112 733)	**-**
Dividends declared and settled	23.1	-	-	-	-	-	-	(4 740 759)	**(4 740 759)**	-	**(4 740 759)**
		30 339	**58 456 976**	**1 395 679**	**(36 598 592)**	**-**	**-**	**(2 023 705)**	**21 260 697**	**33 796 469**	**55 057 166**
Balance as at 31 December 2015		**78 532**	**58 456 976**	**(643 428)**	**-**	**-**	**61 324**	**6 647 945**	**64 601 349**	**28 971 705**	**93 573 054**
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**
Total comprehensive income:											
Profit for the year		-	-	-	-	-	-	1 057 275	**1 057 275**	2 371 900	**3 429 175**
Other comprehensive income for the year		-	-	-	-	-	(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**
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**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

		COMPANY				
All figures in US$	**Notes**	**Share capital**	**Share premium**	**Non-distributable reserve**	**Retained profits**	**Total**
YEAR ENDED 31 DECEMBER 2015						
Balance as at 1 January 2015		**48 193**	**-**	**-**	**786 970**	**835 163**
Total comprehensive income:						
Profit for the year		-	-	-	6 536 389	**6 536 389**
Other comprehensive income for the year		-	-	-	-	**-**
Total comprehensive income for the year		**-**	**-**	**-**	**6 536 389**	**6 536 389**
Transactions with owners in their capacity as owners:						
Issue of new ordinary shares (restated)	30.7	38 114	66 224 201	-	-	**66 262 315**
Dividends declared and paid	23.1	-	-	-	(4 740 759)	**(4 740 759)**
		38 114	**66 224 201**	**-**	**(4 740 759)**	**61 521 556**
Effect of group re-organisation	30.7	-	-	(10 769 622)	-	**(10 769 622)**
Balance as at 31 December 2015		**86 307**	**66 224 201**	**(10 769 622)**	**2 582 600**	**58 123 486**
YEAR ENDED 31 DECEMBER 2016						
Balance as at 1 January 2016		**86 307**	**66 224 201**	**(10 769 622)**	**2 582 600**	**58 123 486**
Total comprehensive income:						
Loss for the year		-	-	-	(83 503)	**(83 503)**
Other comprehensive income for the year		-	-	-	-	**-**
Total comprehensive income for the year		**-**	**-**	**-**	**(83 503)**	**(83 503)**
Transactions with owners in their capacity as owners:		**-**	**-**	**-**	**-**	**-**
Balance as at 31 December 2016		**86 307**	**66 224 201**	**(10 769 622)**	**2 499 097**	**58 039 983**

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 December 2016

		GROUP		COMPANY	
All figures in US$	**Notes**	**2016**	**2015 Restated**	**2016**	**2015 Restated**
Profit/(loss) before income tax from continuing operations		**4 372 142**	**13 470 452**	**(83 503)**	**7 083 472**
Loss from discontinued operations	26.3	(129 325)	(2 489 123)	-	-
Profit/(loss) for the year		**4 242 817**	**10 981 329**	**(83 503)**	**7 083 472**
Adjusted for:					
Depreciation	6	4 021 323	6 419 344	-	-
Exchange difference on property and equipment	6	(517)	248 451	-	-
Impairment of property and equipment	6	103 037	2 722 387	-	-
Dividends declared (settled as dividend in specie)	23.1	-	-	-	(4 320 273)
Share of (loss)/profit of associate	10	65 853	(2 250 465)	-	-
Net share swap effect		-	(207 257)	-	(48 242)
Loss from disposal of associate	22	-	(3 935 005)	-	
Revaluation gain on re-measurement to fair value	11	(1 276 215)	(2 249 837)	(1 237 232)	(2 249 837)
Provisions	18.1	271 526	1 759 438	-	-
Impairment allowance on trade and other receivables	21	(2 979 738)	3 426 623	-	-
Trade and other recievables written off	21	-	2 428 913	-	-
Impairment of investments	21	56 235	1 446 972	-	-
Profit from disposal of subsidiary	22	(1 176 165)	-	-	-
Fair value adjustment on investment property	22	(886 893)	200 000	-	-
Recycled foreign currency translation reserve	22	(755 651)	-	-	-
Fair valuation loss on previously held investment on step up acquisition	22	-	1 161 166	-	-
Gain on bargain purchase	22	-	(29 433 967)	-	-
Profit/(loss) from disposal of property and equipment	23	(281 992)	157 096	-	-
Revaluation to fair value of GetBucks Financial Services Limited	22	-	(3 301 393)	-	-
Unwinding of interest of staff debtors	23	(44 725)	(264 870)	-	-
Interest income	24.1	(278 109)	(131 695)	(205 555)	-
Interest expense	24.2	3 697 165	2 641 351	222 882	47 544
		4 777 951	**(8 181 419)**	**(1 303 408)**	**512 664**
Working capital changes					
Changes in inventory		(2 255 147)	(440 932)	-	-
Changes in trade and other payables		(3 782 320)	(7 544 203)	1 561 725	526 155
Changes in trade and other receivables		(4 112 505)	6 753 099	(305 556)	(21 771)
Cash (utilised in)/generated from operations		**(5 372 021)**	**(9 413 455)**	**(47 239)**	**1 017 048**
Interest received	24.1	278 109	131 694	205 555	-
Interest paid		(3 697 165)	(2 482 735)	(222 882)	(47 544)
Dividends received	10	233 985	450 000	-	-
Income tax paid		(835 648)	(611 772)	-	(547 083)
Net cash (utilised in)/generated from operating activities		**(9 392 740)**	**(11 926 268)**	**(64 566)**	**(422 421)**
Cash flows from investing activities					
Acquisition of investments		(1 045 000)	(23 371 693)	(100)	-
Disposal of investments		45 468	13 005 875	-	-
Loan to subsidiary		-	-	(10 000 000)	-
Purchase of property and equipment	6	(3 070 558)	(4 389 963)	-	-
Purchases and improvements to investment property	7	(807 449)	(400 000)	-	-
Disposal of property and equipment		803 743	2 523 009	-	-
Net cash utilised in investing activities		**(4 073 796)**	**(12 632 772)**	**(10 000 100)**	**-**
Cash flows from financing activities					
Proceeds from issue of Brainworks Capital Management (Private) Limited shares #		-	30 133 357	-	-
Acquisition of treasury shares		-	(1 891 258)	-	-
Deposit released from debt service reserve account		104 602	462 436	-	-
Proceeds from borrowings		25 738 629	21 744 538	10 057 931	-
Repayment of borrowings		(12 250 796)	(25 944 664)	-	-
Dividends paid to company's shareholders	23.1	-	(420 486)	-	(420 486)
Net cash generated from financing activities		**13 592 435**	**24 083 923**	**10 057 931**	**(420 486)**
Net increase/(decrease) in cash and cash equivalents		**125 899**	**(475 118)**	**(6 735)**	**1 935**
Cash balances of investments acquired		-	5 094 633	-	-
Exchange gain/(losses) on cash and cash equivalents		12 197	(74 097)	-	-
Cash and cash equivalents at beginning of year		5 454 914	909 496	7 150	5 215
Cash and cash equivalents at end of year	15	**5 593 010**	**5 454 914**	**415**	**7 150**

- The proceeds from the issue of shares were raised out of a rights issue that was done prior to the Group reorganisation when Brainworks Capital Management (Private) Limited was still the ultimate parent company, hence these are not reflected on the Company cashflow statement which now refers to Brainworks Limited.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

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 Imara Trust Company (Mauritius) Limited, Level 2 Silicone Avenue, Alexander House, 35 Ebène, Cybercity, 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.

The Group and Company financial statements were approved for issue by the Board of Directors on 1 September 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Accounting policies that refer to the Group apply equally to the Company's financial statements when relevant.

2.1 Basis of preparation

2.1.1 The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS 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 Group recorded a profit for the year of US$3.4 million for the year ended 31 December 2016 relative to a loss of US$22.3 million, after excluding the impact of gain on bargain purchase of US$29.4million recorded in 2015. The turnaround in profitability compared to the comparative period was mainly due to the 22% increase in revenues from US$39.3 million in 2015 to US$48.1 million in 2016. In addition, the cost reduction initiatives that were implemented across the Group in the prior year resulted in the reduction in operating expenses from US$44.7 million in 2015 to US$31.2 million contributed to the profitability turnaround.

Notwithstanding the increase in profitability, the financial statements reflect that as at 31 December 2016, the Group had negative working capital amounting to US$5.4 million, a position which reflects an improvement from the prior year negative working capital position of US$16.5 million. The current year working capital deficit was mainly driven by the short term debt the Group accessed in order to finance certain strategic projects towards the end of year.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 Going concern (continued)

b. Embarking on a equity capital raising exercise. The contemplated initiative would involve listing the parent Company, Brainworks Limited on the Johannesburg Stock Exchange, with a target to raise at least US$25 million through issue of new shares. A significant portion of the proceeds would be deployed towards repayment of the short term debt that would have not been refinanced based on the initiative earlier alluded to in 2.1.2(a).

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 2016

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2016 and are relevant to the Company and the Group:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IFRS 11 (amendment)	Joint arrangements	1 January 2016
International Accounting Standard IAS 16 and IAS 38 (amendment)	Property, plant and equipment and intangible assets	1 January 2016
IAS 1 (amendment)	Presentation of financial statements'	1 January 2016
IAS 16 and IAS 41 (amendment)	Property, plant and equipment and agriculture	1 January 2016
IAS 27 (amendment)	Separate financial statements	1 January 2016
IAS 34 (amendment)	Interim financial reporting	1 January 2016
IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
IFRS 7 (amendment)	Financial instruments: disclosures	1 January 2016

Amendment to IFRS 11, 'Joint arrangements' regarding acquisition of an interest in a joint operation, effective 1 January 2016. The amendment provides new guidance on how to account for the acquisition.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation, effective 1 January 2016. The amendment clarifies that the use of revenue based methods to calculate depreciation of an asset is not appropriate.

Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative, effective 1 January 2016. In December 2014 the International Accounting Standards Board, ("IASB") issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendment to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' regarding bearer plants, effective 1 January 2016. The amendment changes the reporting for bearer plants such as grape vines, rubber trees and oil palms. Bearer plants should be accounted for in the same way as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

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)

The following new standards, amendments and interpretations are effective for accounting periods beginning on or after 1 January 2016 and are relevant to the Company and the Group (continued):

Amendments to IAS 27 ' Separate financial statements' regarding the equity method, effective 1 January 2016. The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Amendments to IAS 34, 'Interim financial statements'; effective 1 January 2016, Disclosure of information elsewhere in the interim financial report. The amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Financial instruments: disclosures' is not specifically required for all interim periods unless required by IAS 34, Interim Financial Reporting. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete. This amendment is retrospective.

Amendments to IFRS 5' Non-current assets held for sale and discontinued operations'; effective 1 January 2016. The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also explains that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.

IFRS 7, 'Financial instruments': disclosures'; effective 1 January 2016 outlines two amendments:
Applicability of the offsetting disclosures to condensed interim financial statements. The amendment removes the phrase 'and interim periods within those annual periods' from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial statement. However, the Board noted that IAS 34 requires an entity to disclose' an application of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period'. Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the Board would expect the disclosures to be included in the entity's condensed interim financial report.

Servicing contracts - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.

These new standards, amendments and interpretations do not have a material impact on the Company and on the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.3 Changes in accounting policy and disclosures (continued)

b) New standards, amendments and interpretations effective for accounting periods beginning on 1 January 2016 and not relevant to the Group and the Company

The following standards is effective for the period beginning on or after 1 January 2016 and are not relevant to the Group and the Company:

Standard/interpretation	Content	Applicable for financial years beginning on/after
IAS 19 (amendment)	Employee benefits	1 January 2016
IFRS 10 and IAS 28 (amendment)	Consolidated financial statements and Investments in Associates	1 January 2016
IFRS 14 (new)	Regulatory deferral accounts	1 January 2016

IAS 19, 'Employee benefits' – The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in Associates', the amendment clarify the application of the consolidation exception for investment entities and their subsidiaries.

The IASB has issued ("IFRS 14"), 'Regulatory deferral accounts' , effective 1 January 2016, an interim standard on the accounting for certain balances that arise from rate-regulated activities ("regulatory deferral accounts"). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body.

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2016 and are relevant to the Group and the Company 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 2016 are relevant and have not been early adopted by the Group or the Company;

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 16 (new)	Leases	1 January 2019
IFRS 2 (amendment)	Share based payments	1 January 2018
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 7 (amendment)	Statement of cashflows	1 January 2017
IAS 12 (amendment)	Income taxes	1 January 2017
IAS 40 (amendment)	Investment property	1 January 2018
IFRS Interpretations Committee ("IFRIC") 22	Foreign currency transactions and advance consideration	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.3 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2016 and are relevant to the Group and the Company and have not been early adopted (continued)

The following new standards amendments and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2016 are relevant and have not been early adopted by the Group or the Company (continued);

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.

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 IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement ("C&M") requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

During 2016 the Group began to assess at a high-level the impact on classification and measurement, impairment which will materially affect the Group. This process is on-going and the Group plans to adopt the new standard on the effective date.

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.

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"). 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. IFRS 16 completes the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17, 'Leases', and related interpretations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.3 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2016 and are relevant to the Group and the Company and have not been early adopted (continued);

The following new standards amendments and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2016 are relevant and have not been early adopted by the Group or the Company (continued);

Amendments to IFRS 2 – 'Share-based payments', effective 1 January 2018. This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

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 '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.

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 associated 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.

Amendment to IAS 7, 'Statement of cashflows'; effective 1 January 2017 - In January 2016, the IASB issued an amendment to IAS 7 introducing an additional disclosures 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. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1.3 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning after 1 January 2016 and are relevant to the Group and the Company and have not been early adopted (continued);

The following new standards amendments and interpretations have been issued but are not effective for the accounting period beginning on 1 January 2016 are relevant and have not been early adopted by the Group or the Company (continued);

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.

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, '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.

(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
IFRS 12	Disclosure of interests in other entities	1 January 2017
IAS 28	Investments in associates and joint ventures	1 January 2018

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(a) Subsidiaries (continued)

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 profit or loss.

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, two wholly owned subsidiaries Instant Power Holdings Limited ("Instant Power") and Brainworks Capital Management (Private) Limited ("BCM") . Instant Power is an investment holding company which is currently dormant and BCM is also an investment holding company with the following investments under its portfolio:

- Dawn Properties Limited, 66.81% shareholding (31 December 2015: 66.81%) and is listed on the Zimbabwe Stock Exchange;
- African Sun Limited, 57.67% shareholding (31 December 2015: 57.67%) and is listed on the Zimbabwe Stock Exchange;
- Brainworks Petroleum (Private) Limited,100% shareholding (31 December 2015: 100%). Brainworks Petroleum holds an investment in FML Logistics (Private) Limited ("FML Logistics"). The shareholding in FML Logistics is 100% (31 December 2015: 100%);
- Lengrah Investments (Private) Limited, 100% shareholding (31 December 2015: 100%);
- Brainworks Hotels and Real Estate (Private) Limited, 100% shareholding (31 December 2015: 100%); and
- GetSure Life Assurance (Private) Limited, 100% shareholding (31 December 2015: 100%).

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated allowance for impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(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 2016, the Group's shareholding in associate investments was as follows:

- GetBucks Financial Services Limited, 31.14% shareholding (31 December 2015: 34.06%) and;
- Coporeti Support Services (Private) Limited t/a GetCash, 100% shareholding (31 December 2015: nil). Refer to note 4 for reasons why the investment on GetCash is accounted for as an associate.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Principles of consolidation and equity accounting (continued)

(e) Joint arrangements (continued)

For joint operations, 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.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint arrangement equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

In the Company's separate financial statements, arrangements are accounted for at cost less accumulated allowance for impairment.

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 two executive directors, the Group Head of Treasury, the Group Head of Corporate Development and Investor Relations, and the Group Head of Legal and Compliance.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss 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.

(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.

2.5 Property and equipment

All property and equipment is stated at cost less accumulated depreciation and accumulated allowances 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property and equipment (continued)

The estimated useful lives are as below:

Building	20 years
Computer equipment	5 years
Farm equipment and implements	10 years
Freehold properties	50 years
Furniture and fittings	5 years
Heavy motor vehicles	10 years
Hotel equipment	7 years
Hotel properties	60 years
Leasehold improvements	5 to 25 years
Motor vehicles	5 years
Office equipment	5 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.

2.6 Biological assets

The Group engages in agricultural activity through management of biological assets for sale as agricultural produce.

Timber plantation

Timber plantations are measured at their fair value less estimated point-of-sale costs. The fair value of timber plantations is determined by a professional valuer based on fair values for the stages of forest development.

2.7 Intangible assets

2.7.1 Software

Costs associated with maintaining accounting and hotel reservations programmes 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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (continued)

2.7.1 Software (continued)

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 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.

2.7.2 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.

2.8 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 (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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 (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Classification of property

Owner occupied property comprise property which is owned by the Group but is significantly occupied by the Company and 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.

2.10 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.

2.11 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets

2.12.1 Classification

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

(a) 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.

2.12.2 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 rate 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.

2.13 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of financial assets (continued)

Assets carried at amortised cost (continued)
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.

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.

2.15 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.

2.16 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

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.

2.19 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Insurance and investment contracts (continued)

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.

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.

Determination of liabilities

Liabilities are determined on the basis derived by the Group's actuary as detailed in note 3 (b). 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

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.

2.21 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.

2.22 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

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.

2.24 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.

2.25 Employee benefits

(a) Pension obligations

The Group has a defined contribution 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Employee benefits (continued)

(a) Pension obligations (continued)

The Group pays contributions to publicly or privately administered pension plans on a mandatory and contractual basis. The Group has no further payment obligations once the contributions have been paid. The 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.

(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.

2.26 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. Revenue is recognised when room nights, food, beverages and shop merchandise are sold.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue recognition (continued)

(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.

(g) Fee income

Fees are earned on advisory services and income is recognised when the service has been rendered.

(h) 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.

2.27 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.

2.28 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (continued)

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.

2.29 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 and the Company's activities expose them 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.

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 units. 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 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.

Management has set up a policy that allows the Group Finance Department to manage the Group's foreign exchange risk against the various functional currencies. To manage the Group's foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group Finance Department may use forward contracts and the asset and liability matching methods, where applicable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

The table below summarises the Group and the Company's exposure to foreign exchange risk as at 31 December 2016. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Assets				
South African rand	421 288	572 333	-	-
Botswana pula	2 917	81 217	-	-
Australian dollar	56	57	-	-
Euro	4 757 881	3 511 900	4 737 182	3 499 950
British pound	494	1 954	-	-
Ghanaian cedi	-	575 383	-	-
	5 182 636	**4 742 844**	**4 737 182**	**3 499 950**
Liabilities				
South African rand	90 658	1 193 492	-	-
Botswana pula	-	364 825	-	-
Ghanaian cedi	-	572 693	-	-
	90 658	**2 131 010**	**-**	**-**
Net currency position	**5 091 978**	**2 611 834**	**4 737 182**	**3 499 950**

As at 31 December 2016, 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 period and total equity would have been US$509 198 lower or higher (2015: US$261 183 higher or lower) for the Group and US$473 718 lower or higher (2015: US$ 349 995 lower or higher) for the Company.

There are no hedges in place as at 31 December 2016 (2015: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

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 and the Company are not exposed to commodity price risk.

The exposure to price risk arises from investments held by the Group and the Company and classified in the statement of financial position as financial assets at fair value through profit or loss (note 11).

All the Group and the Company's equity investments are listed on the Frankfurt Stock Exchange.

The table below summarises the impact of increases/decreases of these two indexes on the Group and company's equity and post-tax profit for the period. 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:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Impact of 5% change in fair value				
- Impact on profit or loss	244 648	174 998	236 859	174 998

(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 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 rates.

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 2016, there were no hedges in place (2015: 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 an 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 (CONTINUED)

for the year ended 31 December 2016

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 written off 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 and the Company's maximum exposure to credit risk by class of financial asset is as follows:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Trade and other receivables (excluding pre-payments)	12 978 283	9 874 962	10 375 566	70 012
Insurance contract receivables	40 904	12 818	-	-
Cash at bank	5 593 010	5 967 091	415	7 150
	18 612 197	**15 854 871**	**10 375 981**	**77 162**

The fair value of cash at hand as at 31 December 2016 approximates the carrying amount. Trade and other receivables excluding pre-payments are shown after specific allowance for impairment.

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

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
AA	537 239	1 058 972	-	-
AA-	1 250 012	1 073 180	-	-
A+	239 338	226 960	-	-
A	2 232 352	1 915 171	-	-
A-	24 676	21 126	415	7 150
BBB+	836 096	715 803	-	-
BBB	-	-	-	-
BBB-	90 649	93 255	-	-
BB+	186 481	744 947	-	-
BB	-	-	-	-
BB	76 795	-	-	-
BB-	90 172	106 690	-	-
No rating	29 200	10 987	-	-
	5 593 010	**5 967 091**	**415**	**7 150**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

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 15 for additional disclosures under cash and cash equivalents.

The continued delay in remittance of foreign payments increases the entity's credit risk and could cause the foreign suppliers to cut off lines of supply and cause 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 in to 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.

	GROUP				
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 2016					
Liabilities					
Borrowings	27 599 739	11 074 525	-	38 674 264	34 979 208
Trade and other payables (excluding statutory prepayments)	10 243 781	611 650	-	10 855 431	17 336 174
Total liabilities	**37 843 520**	**11 686 175**	**-**	**49 529 695**	**52 315 382**
Assets held for managing liquidity risk					
Trade and other receivables (excluding statutory prepayments)	12 078 187	382 523	-	12 460 710	12 435 453
Cash at bank	5 593 010	-	-	5 593 010	5 593 010
	17 671 197	**382 523**	**-**	**18 053 720**	**18 028 463**
Liquidity gap	**(20 172 323)**	**(11 303 652)**	**-**	**(31 475 975)**	
Cumulative liquidity gap	**(20 172 323)**	**(31 475 975)**	**(31 475 975)**	**-**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	GROUP				
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 2015					
Liabilities					
Borrowings	21 374 479	5 051 548	-	26 426 027	22 363 205
Trade and other payables (excluding statutory prepayments)	18 443 564	1 246 957	-	19 690 521	21 503 038
Total liabilities	**39 818 043**	**6 298 505**	**-**	**46 116 548**	**43 866 243**
Assets held for managing liquidity risk					
Trade and other receivables (excluding statutory prepayments)	5 606 344	465 485	-	6 071 829	6 046 571
Cash at bank	5 967 091	-	-	5 967 091	5 967 091
	11 573 435	**465 485**	**-**	**12 038 920**	**12 013 662**
Liquidity gap	**(28 244 608)**	**(5 833 020)**	**-**	**(34 077 628)**	
Cumulative liquidity gap	**(28 244 608)**	**(34 077 628)**	**(34 077 628)**	**-**	

	COMPANY				
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 2016					
Liabilities					
Borrowings	11 243 075	-	-	11 243 075	10 389 481
Trade and other payables	2 113 131	-	-	2 113 131	2 207 069
Total liabilities	**13 356 206**	**-**	**-**	**13 356 206**	**12 596 550**
Assets held for managing liquidity risk					
Trade and other receivables	11 170 009	-	-	11 170 009	10 375 566
Cash at banks	415	-	-	415	415
Total assets held for managing liquidity risk	**11 170 424**	**-**	**-**	**11 170 424**	**10 375 981**
Liquidity gap	**(2 185 782)**	**-**	**-**	**(2 185 782)**	
Cumulative liquidity gap	**(2 185 782)**	**(2 185 782)**	**(2 185 782)**	**-**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	COMPANY				
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 2015					
Liabilities					
Borrowings	51 795	202 255	-	254 050	254 050
Trade and other payables	703 177	-	-	703 177	703 177
Total liabilities	**754 972**	**202 255**	**-**	**957 227**	**957 227**
Assets held for managing liquidity risk					
Trade and other receivables	70 012	-	-	70 012	70 012
Cash at bank	7 150	-	-	7 150	7 150
Total assets held for managing liquidity risk	**77 162**	**-**	**-**	**77 162**	**77 162**
Liquidity gap	**(677 810)**	**(202 255)**	**-**	**(880 065)**	
Cumulative liquidity gap	**(677 810)**	**(880 065)**	**(880 065)**		

The Group expects to close the liquidity gap with the passage of time as working capital increases as result of positive cash generated from operations and through a capital raise. As at the reporting date, the Group was already in discussions with a number of financial institutions with the objective of establishing loan facilities with a longer repayment tenure. In addition, the Company would be embarking on an exercise to list the Company's shares on the Johannesburg Stock Exchange, with the objective of raising at least US$25 million in equity capital. The Group is confident that these interventions would be successful to address the liquidity gap.

3.2 Capital management

The capital of the Group consists of debt (as detailed in note 16) 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 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.

Within the Group, only Getsure Life Assurance (Private) Limited has externally imposed regulatory capital of US$2 million. The regulatory capital is set by the Insurance and Pensions Commission ("IPEC"). As at 31 December 2016, the regulatory capital of Getsure stood at US$1 270 295, US$729 705 short of the minimum regulatory threshold. The Group is working on a number of initiatives to recapitalise the business, which involves direct capital injection by Brainworks Capital Management (Private) Limited in its capacity as the only shareholder of the business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

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 2016, the Group's strategy was to maintain gearing ratio within below 45% (2015; 45%).

The gearing ratios at 31 December 2016 and 2015 were as follows:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Total borrowings (note 16)	34 979 208	22 363 205	10 389 481	254 050
Less cash and cash equivalents (note 15)	(5 593 010)	(5 967 091)	(415)	(7 150)
Net debt	**29 386 198**	**16 396 114**	**10 389 066**	**246 900**
Total equity	96 391 155	93 573 054	58 039 983	58 123 486
Total capital	**125 777 353**	**109 969 168**	**68 429 049**	**58 370 386**
Gearing ratio	**23%**	**15%**	**15%**	**0.4%**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements (continued)

3.3.1 Fair value hierarchy (continued)

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.

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. The treasury shares were purchased at a discount of 25%.

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:

	GROUP			
All figures in US$	**Level 1**	**Level 2**	**Level 3**	**Total**
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**

	GROUP			
All figures in US$	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements as at 31 December 2015				
Financial assets				
Financial assets at fair value through profit or loss:				
- Equity securities (unlisted)	-	-	3 499 950	3 499 950
Total	**-**	**-**	**3 499 950**	**3 499 950**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements (continued)

3.3.1 Fair value hierarchy (continued)

	COMPANY			
All figures in US$	**Level 1**	**Level 2**	**Level 3**	**Total**
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
Total	**4 737 232**	**-**	**-**	**4 737 232**

	COMPANY			
All figures in US$	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements as at 31 December 2015				
Financial assets				
Financial assets at fair value through profit or loss:				
- Equity securities (unlisted)	-	-	3 499 950	3 499 950
Total	**-**	**-**	**3 499 950**	**3 499 950**

There were no transfers between level 1 and 2 for recurring fair value measurements during the year. There was however a transfer from level 3 to level 1 of equity securities as a result of a successful listing of MyBucks SA shares on the Frankfurt Stock Exchange on 23 June 2016.

The carrying amount of the 2.5% shareholding in MyBucks SA as at 31 December 2015 was based on amount that was included in the initial public offer document of MyBucks SA which was based on a valuation done by the investee company. As at 31 December 2016, the value of the investment was based on the price quoted on the Frankfurt Stock Exchange.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value measurements (continued)

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 2016 and 31 December 2015:

	GROUP	COMPANY
All figures in US$	**Unlisted equity securities**	**Unlisted equity securities**
Year ended 31 December 2015		
At the beginning of the year	**1 250 113**	**1 250 113**
Purchases	-	-
Gains recognised in other income	2 249 837	2 249 837
At the end of the year	**3 499 950**	**3 499 950**
Year ended 31 December 2016		
At the beginning of the year	**3 499 950**	**3 499 950**
Transfer to level 1	(3 499 950)	(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**	**-**

3.3.3 Transfers between levels 1 and 3

In 2016 the Group transferred the equity securities from level 3 into level 1 as the shares were listed on the Frankfurt Stock Exchange on 23 June 2016.

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) Income taxes

Significant judgement is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax assets and liabilities in the period in which such determination is made. Uncertain tax position as at year end have been disclosed under note 29, contingencies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Key estimates (continued)

(b) 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 provision for impairment.

For goodwill impairment, refer to note 2.10.

(c) Change in an accounting estimate

During the year ended 31 December 2016, the estimated useful lives and residual values of hotel buildings were revised. Based on the previous estimates, the useful lives had been estimated as being 100 years with nil residual values. The revised estimates now set the useful lives at 60 years with 10% of the cost of each of the hotel buildings as being the residual value, in line with industry standards.

Assuming the hotel buildings are held until the end of their estimated useful lives, depreciation expense in future years in relation to these assets will increase and the annual impact on the statement of comprehensive income would be as follows:

Statement of comprehensive income

	US$
Increase in depreciation expense	81 956
Decrease in deferred tax expense	(21 104)
Decrease in profit	**60 852**

4.2 Key judgements

The key judgements 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 2016, 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. Some of the initiatives implemented to ensure the Group addresses the negative working capital position as at 31 December 2016 are discussed under note 2.1.2.

(b) Valuation of insurance contract liabilities

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.

(c) 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 (CONTINUED)

for the year ended 31 December 2016

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Key judgements (continued)

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

A full actuarial valuation was conducted for the year ended 31 December 2016. Key assumptions used in the estimate are as below:

Assumptions	Best estimate assumptions	Compulsory margins	Le Prudent assumptions +ve reserves	Prudent assumptions -ve reserves
Base mortality	SA 85 - 90	-	-	-
Scaling	100%	-	-	-
Aids mortality	HA1 (2013)	-	-	-
Aids scaling	0.2	-	-	-
Mortality claims margin	-	7.5%	-	-
Discount rate	6.6%	-0.3%	6.4%	6.9%
Expense inflation	3.0%	10.0%	3.3%	3.3%
Commission year 1	10.0%	10.0%	11.0%	11.0%
Commission year 2	10.0%	10.0%	11.0%	11.0%
Expenses	30.0%	10.0%	33.0%	33.0%
Lapse Year 1	15.0%	10.0%	13.5%	16.5%
Lapse Year 2	9.0%	10.0%	8.1%	9.9%
Lapse Year 3	4.0%	10.0%	3.6%	4.4%
Lapse Year 4+	4.0%	10.0%	3.6%	4.4%
Limiting age	104	-	-	-

A full actuarial valuation was conducted as at 31 December 2016. Getsure Life Assurance (Private) Limited ("Getsure") had received approval from the Insurance and Pensions Commission of Zimbabwe for waiver of a full actuarial valuation as at 31 December 2015 as this was Getsure's first year of operation.

(d) 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 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.

(e) Accounting for investment in Coporeti Support Services (Private) Limited t/a GetCash

Brainworks Capital Management (Private) Limited acquired 49% shareholding in Coporeti Support Services (Private) Limited t/a NettCash on 1 July 2016. The remaining shareholding was acquired by the Group on 31 October 2016 and NettCash was rebranded to GetCash.

On 12 July 2016, Ever Prosperous Worldwide Limited ("the Lender") entered into a loan agreement with GetCash for a loan amount of US$750 000 ("the Loan"). The Loan had the following key terms:

(i) Maturity date - 31 December 2016;

(ii) Security – Unsecured by GetCash. However, personal guarantee for the payment of principal and interest was provided by Mr. George Manyere (former Chief Executive Officer of Brainworks Limited); and

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Key judgements (continued)

(e) Accounting for investment in Corporeti Support Services (Private) Limited t/a GetCash (continued)

(iii) Loan-to-equity conversion option based on the following terms:

- At the sole discretion of the Lender, the principal of US$750,000 could be converted into ordinary shares of GetCash equating to 51% of the issued share capital of GetCash; and

- Interest on the loan was going to accrue at 6% per annum if the Lender intended to exercise the conversion option, otherwise the interest rate would be 20% if the conversion option was not exercised. Upon the Lender exercising the conversion option, the Loan amount was going to be considered as having been fully repaid.

The interest accrued was going to be paid to the Lender on a monthly basis. With the consent of the Company, the Lender sold the loan and the conversion rights to another party ("the Buyer") before the maturity date of the Loan. The Buyer exercised the conversion option after the reporting date and acquired 51% of the issued shares of the Company. In addition, the shareholder agreement concluded between the Group and the Buyer subsequent to the reporting date effectively transferred control of GetCash to the Buyer.

An assessment was carried out to determine whether the Group controlled GetCash at any time given firstly, the existence of the conversion option, secondly based on the fact that at the time the Loan was advanced by the Lender it was highly probable that GetCash would not be able to repay the loan and thirdly, the fact that the Loan was sold and actually converted into a 51% shareholding by the Buyer subsequent to the reporting date.

Based on the above considerations, it was concluded that the Group did not have control over GetCash notwithstanding the fact that it had acquired 100% of the issued shares of GetCash; rather, the Group had significant influence. The investment in GetCash has therefore been accounted for as an investment in associate and not as a subsidiary.

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	2016	2015	Principal activities
African Sun Limited	Hospitality	√	√	Leasing and managing of hotels
Dawn Properties Limited	Real estate	√	√	Property holding, property development and property consulting.
Getsure Life Assurance (Private) Limited	Financial services	√	√	Life assurance products
FML Logistics (Private) Limited	Other	√	√	Fuel transportation services
Brainworks Capital Management (Private) Limited	Other	√	√	Investment holding company in Zimbabwe, Treasury, Legal and Compliance, Advisory and Administration
Brainworks Limited	Other	√	√	Investment holding company in Mauritius

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

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	Consolidated	Discontinued operations	Continuing operations
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 and 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	-	2 430 644	10 000	-	(2 250 375)	**190 269**	-	**190 269**
Valuation and consultation services	10 727	1 918 127	-	-	-	**1 928 854**	(10 727)	**1 918 127**
Commission and fee income	-	-	-	-	-	**-**	-	**-**
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**
Material expenses								
Cost of sales	(13 014 777)	-	(748 907)	(565 473)	-	**(14 329 157)**	21 169	**(14 307 988)**
Employee benefit expenses	(7 520 333)	(1 284 535)	(665 364)	(1 683 908)	-	**(11 154 140)**	50 730	**(11 103 410)**
Operating lease expenses	(5 256 488)	(114 639)	(30 792)	(72 000)	2 250 375	**(3 223 544)**	3 454	**(3 220 090)**
	(25 791 598)	**(1 399 174)**	**(1 445 063)**	**(2 321 381)**	**2 250 375**	**(28 706 841)**	**75 353**	**(28 631 488)**
Other information								
Adjusted EBITDA	5 436 684	2 675 720	(382 958)	75 951	-	**7 805 398**	48 147	**7 853 545**
Depreciation & amortisation	(2 788 568)	(188 225)	(42 871)	(1 022 877)	-	**(4 042 541)**	10 170	**(4 032 371)**
Impairment charge	(71 827)	(33 401)	-	2 956 904	-	**2 851 676**	71 827	**2 923 503**
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)**
Profit from sale of subsidiary	1 176 165	-	-	-	-	**1 176 165**	-	**1 176 165**
Recycled from other comprehensive income	755 651	-	-	-	-	**755 651**	-	**755 651**
Share of net profit / (losses) of associates accounted for using equity method	-	-	(65 853)	-	-	**(65 853)**	-	**(65 853)**
Other income	1 445 261	141 685	42 630	4 329 764	(544 356)	**5 414 984**	(819)	**5 414 165**
Other expenses	(364 747)	(867 741)	(404 001)	(5 141 475)	544 356	**(6 233 608)**	-	**(6 233 608)**
Profit/(loss) before income tax	**4 835 445**	**1 674 167**	**(696 709)**	**(1 570 088)**	**-**	**4 242 816**	**129 325**	**4 372 141**
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**
-Intangible assets	-	-	-	8 261 050	-	**8 261 050**	-	**8 261 050**
	21 270 729	**63 776 106**	**235 406**	**12 448 736**	**-**	**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**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year 31 December 2016

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	Consolidated	Discontinued operations	Continuing operations
Year ended 31 December 2015								
Revenue:								
Sale of room nights, food and beverages	36 851 814	-	-	-	-	**36 851 814**	(3 200 363)	**33 651 451**
Casino/gaming revenue	1 983 309	-	-	-	-	**1 983 309**	(1 244 002)	**739 307**
Gross premiums	-	-	120 756	-	-	**120 756**	-	**120 756**
Oil distribution and logistics	-	-	-	1 845 486	-	**1 845 486**	-	**1 845 486**
Rental income	1 191 418	1 841 506	-	-	(1 636 945)	**1 395 979**	-	**1 395 979**
Valuation and consultation services	-	1 550 096	-	-	-	**1 550 096**	-	**1 550 096**
Total revenue	**40 026 541**	**3 391 602**	**120 756**	**1 845 486**	**(1 636 945)**	**43 747 440**	**(4 444 365)**	**39 303 075**
Material expenses								
Cost of sales	(10 788 099)	-	(23 453)	(811 635)	-	**(11 623 187)**	891 109	**(10 732 078)**
Employee benefit expenses	(5 870 422)	(1 661 970)	(312 972)	(1 704 814)	-	**(9 550 178)**	650 862	**(8 899 316)**
Operating lease costs	(6 928 176)	(163 886)	(48 561)	(66 000)	-	**(7 206 622)**	2 322 695	**(4 883 928)**
	(23 586 697)	**(1 825 856)**	**(384 986)**	**(2 582 449)**	**-**	**(28 379 988)**	**3 864 666**	**(24 515 322)**
Other information								
Adjusted EBITDA	5 502 753	1 978 242	(264 230)	651 903	-	**7 868 668**	(579 699)	**7 288 969**
Depreciation	(5 681 679)	(152 848)	(8 596)	(822 545)	-	**(6 665 668)**	246 324	**(6 419 344)**
Impairment charges	(843 765)	(369 912)	-	(6 400 342)	-	**(7 614 019)**	311 511	**(7 302 508)**
Finance income	4 465	42 585	84 645	-	-	**131 695**	-	**131 695**
Finance costs	(1 362 577)	-	-	(1 738 848)	-	**(3 101 425)**	460 074	**(2 641 351)**
Other income	295	148 728	5 403	1 763 500	-	**1 917 926**	-	**1 917 926**
Net bargain on purchase	-	-	-	29 433 967	-	**29 433 967**	-	**29 433 967**
Share of net profit / (losses) of associates accounted for using equity method	-	-	-	2 250 465	-	**2 250 465**	-	**2 250 465**
Other expenses	(3 927 133)	(1 873 017)	(247 251)	(3 266 692)	-	**(9 314 363)**	(1 875 004)	**(11 189 367)**
Profit/(loss) before income tax	**(6 307 641)**	**(226 222)**	**(430 029)**	**21 871 138**	**-**	**14 907 246**	**(1 436 794)**	**13 470 452**
Total assets as at 31 December 2015	**33 385 292**	**88 815 441**	**2 244 316**	**71 104 564**	**(49 495 121)**	**146 054 492**	**-**	**146 054 492**
Total assets include:								
Non-current assets (other than financial instruments and deferred tax assets):								
-Property and equipment	23 978 944	70 087 968	154 091	4 399 355	-	**98 620 358**	-	**98 620 358**
-Intangible assets	-	-	-	8 261 050	-	**8 261 050**	-	**8 261 050**
	23 978 944	**70 087 968**	**154 091**	**12 660 405**	**-**	**106 881 408**	**-**	**106 881 408**
Total liabilities as at 31 December 2015	**30 852 017**	**5 313 080**	**264 221**	**17 486 937**	**(1 434 817)**	**52 481 438**	**-**	**52 481 438**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

6 PROPERTY AND EQUIPMENT

All figures in US$	Land and buildings	Leasehold improvements	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Hotel equipment	Capital work in progress	Farm equipment	Total
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**
Acquired subsidiary	-	-	-	-	-	-	-	-	-	**-**
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										
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)**
Disposals	-	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;

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year 31 December 2016

6 PROPERTY AND EQUIPMENT (CONTINUED)

All figures in US$	Land and buildings	Leasehold improvements	Motor vehicles	Computer equipment	Office equipment	Furniture and fittings	Hotel equipment	Capital work in progress	Farm equipment	Total
GROUP- 31 December 2015										
Cost										
As at 1 January	**1 216 226**	**-**	**1 366 176**	**29 555**	**56 905**	**47 090**	**-**	**-**	**-**	**2 715 952**
Acquisition of subsidiaries	74 138 600	5 132 141	1 261 521	94 826	105 631	-	21 104 116	656 657	554 180	**103 047 672**
Transfer	-	145 106	-	-	-	-	271 063	(416 169)	-	**-**
Exchange differences	-	(10 288)	(4 016)	-	813	-	(233 470)	(1 490)	-	**(248 451)**
Additions	-	229 207	1 400 491	28 774	21 187	61 796	1 432 892	1 207 726	7 890	**4 389 963**
Disposals	-	(140 725)	(701 532)	(16 494)	(9 316)	-	(1 382 657)	(39 313)	-	**(2 290 037)**
As at 31 December 2015	**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**
Accumulated depreciation										
As at 1 January	**(17 792)**	**-**	**(175 607)**	**(14 704)**	**(30 566)**	**(29 188)**	**-**	**-**	**-**	**(267 857)**
Depreciation charge	(555 152)	(917 736)	(510 155)	(35 380)	(24 520)	(13 794)	(4 348 958)	-	(13 649)	**(6 419 344)**
Disposal	-	25 729	381 259	11 024	3 503	-	274 292	-	-	**695 807**
Impairment and usage on service stock	(321 507)	-	-	-	-	-	(2 357 341)	(43 539)	-	**(2 722 387)**
Transfer from non-current assets held for sale	(280 960)	-	-	-	-	-	-	-	-	**(280 960)**
As at 31 December 2015	**(1 175 411)**	**(892 007)**	**(304 503)**	**(39 060)**	**(51 583)**	**(42 982)**	**(6 432 007)**	**(43 539)**	**(13 649)**	**(8 994 741)**
Net carrying amount as at 31 December 2015	**74 179 415**	**4 463 434**	**3 018 137**	**97 601**	**123 637**	**65 904**	**14 759 937**	**1 363 872**	**548 421**	**98 620 358**

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 the statement of comprehensive income.

There were no contractual commitments for the acquisitions of property and equipment as at 31 December 2016 (2015:US$nil).

There were no borrowing costs capitalised during the year (2015: US$nil).

Properties held as security against borrowings have been disclosed on note 16.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

7 INVESTMENT PROPERTY

	GROUP	
All figures in US$	**2016**	**2015**
At beginning of the year	**14 828 712**	**-**
Acquisition of subsidiary	-	15 535 000
Acquisitions	807 449	400 000
Improvements to investment property capitalised	74 848	113 712
Transfer from property and equipment (note 6)	7 578 333	-
Transfer to inventory (note 13.1)	-	(400 000)
Disposals	-	(620 000)
Fair value gains/(losses)	886 893	(200 000)
At end of year	**24 176 235**	**14 828 712**

Investment property worth US$4.8 million was pledged as security for the Group's borrowings as at the reporting date (31 December 2015: US$nil). Refer to note 16 to these financial statements for further detail of the securitization arrangements.

Valuation processes

Investment property valued at US$22.7 million as at 31 December 2016 (31 December 2015: US$14.8 million) by Dawn Property Consultancy (Private) Limited and US$1.5 million (31 December 2015: US$nil) was valued by Intergrated Property Consultants (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$9.8 million, US$0.38 million and US$1.1 million respectively as at 31 December 2016 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$24.2 million as at 31 December 2016 (31 December 2015: US$14.8 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 under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

7 INVESTMENT PROPERTY (CONTINUED)

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

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:

	GROUP	
	31 December 2016 US$ rate/sqm	**31 December 2015 US$ rate/sqm**
Construction cost figures:		
Grade "A" offices	1 100 - 1200	1 300
Grade "B" offices	950 - 1 150	950
Industrial offices	800 - 950	900
Industrial factory	650 - 700	800
Land comparable:		
Industrial areas	15 - 30	20 - 25
High density areas	40 - 60	40 - 50
Medium density areas	25 - 40	30
Low density areas	18 - 25	18 - 22
Commercials - avenues	300 - 400	300 - 400
Central business district	700	750

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

The summary of the results are as follows:

	GROUP	
All figures in US$	**31 December 2016**	**31 December 2015**
Investment property value indicators:		
Gross replacement cost (buildings)	15 265 000	8 625 000
Depreciated replacement cost (buildings)	5 951 000	1 777 000
Land value	3 830 000	2 350 000
Land value plus depreciated replacement cost of buildings	9 781 000	4 127 000
Market value	9 874 848	4 100 000

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 market comparison method. The method entails comparing like to 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

7 INVESTMENT PROPERTY (CONTINUED)

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

(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.

	GROUP				
All figures in US$	**Hotel properties**	**Land**	**Timeshares**	**Office propery**	**Total**
Fair value hierarchy	3	3	3	3	
Year ended 31 December 2015					
As at 1 January 2015	**-**	**-**	**-**	**-**	**-**
Acquisition of subsidiary	4 200 000	11 335 000	-	-	**15 535 000**
Land purchase	-	400 000	-	-	**400 000**
Improvements to investment properties	-	113 712	-	-	**113 712**
Disposals	-	(620 000)	-	-	**(620 000)**
Transfer to inventory (note 13.1)	-	(400 000)	-	-	**(400 000)**
Fair value losses	(100 000)	(100 000)	-	-	**(200 000)**
As at 31 December 2015	**4 100 000**	**10 728 712**	**-**	**-**	**14 828 712**
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 capitalised	74 848	-	-	-	**74 848**
Transfers from property and equipment (note 6)	6 000 000	525 000	1 053 333	-	**7 578 333**
Disposals	-	-	-	-	**-**
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**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

7 INVESTMENT PROPERTY (CONTINUED)

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

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.

	GROUP	
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 2016		
5% decrease 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)
Year ended 31 December 2015		
5% decrease in the replacement cost/sqm	88 850	-
5% decrease in the replacement cost/sqm	(88 850)	-
5% increase in the selling price/sqm	-	117 500
5% decrease in the selling price/sqm	-	(117 500)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

8 INTANGIBLE ASSETS

	GROUP		
All figures in US$	**Software**	**Goodwill**	**Total**
YEAR ENDED 31 DECEMBER 2015			
Cost			
Balance at beginning of the year	-	-	**-**
Goodwill recognised on acquisition of African Sun Limited (note 9.1.1)	-	8 261 050	**8 261 050**
Balance at the end of year	**-**	**8 261 050**	**8 261 050**
Amortisation and impairment			
Balance at beginning of year	**-**	-	**-**
Impairment of goodwill	**-**	-	**-**
Balance at end of year	**-**	**-**	**-**
Carrying amount at the end of the year	**-**	**8 261 050**	**8 261 050**
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 the end of year	**(11 048)**	**-**	**(11 048)**
Carrying amount at the end of the year	**285 486**	**8 261 050**	**8 546 536**

Software

Intangible assets comprise insurance software with a carrying amount of US$285 486 (2015 : US$nil).

The Group assessed the software for impairment and there were no impairment indicators of the software assets that were observed. This was largely driven by the fact that the software was all acquired and commissioned in the current year and there had been no significant changes in use to value observed on the market.

There were no contractual commitments for the acquisitions of software as at 31 December 2016 (2015 : US$nil).

There were no borrowing costs capitalised during the year (2015 : US$nil).

Goodwill

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

8 INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

A segment summary of the goodwill allocation is presented below:

	GROUP	
All figures in US$	**Hospitality**	**Total**
31 December 2016		
African Sun Limited	8 261 050	**8 261 050**
31 December 2015		
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
Year ended 31 December 2016	
Sale volume (% annual growth rate)	1.4%
Budgeted gross margin (%)	72.0%
Average hotel occupancy (%)	44.0%
Average daily hotel rate (US$)	93
Other operating costs (US$)	27 321 453
Annual capital expenditure	2 288 353
Long term growth rate	0.5%
Pre-tax discount rate	22.0%
Year ended 31 December 2015	
Sale volume (% annual growth rate)	5.0%
Budgeted gross margin (%)	71.0%
Average hotel occupancy (%)	48.0%
Average daily hotel rate (US$)	93
Other operating costs (US$)	26 640 096
Annual capital expenditure (US$)	2 051 193
Long term growth rate (%)	0.5%
Pre-tax discount rate	22.0%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

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 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.

9 INVESTMENT IN SUBSIDIARIES

	COMPANY	
All figures in US$	**2016**	**2015**
At 1 January	**55 540 886**	**-**
Addition	100	55 540 886
At 31 December	**55 540 986**	**55 540 886**
Analysed as investments:		
Brainworks Capital Management (Private) Limited	55 540 886	55 540 886
Instant Power Holdings Limited	100	-
	55 540 986	**55 540 886**

Details of the investment in subsidiaries for the year ended 31 December 2016, are as follows:

Name of entity	Country of incorporation	% shareholding	No. of equity shares
Brainworks Capital Management (Private) Limited	Zimbabwe	100%	863 061 948
Instant Power Holdings Limited	Mauritius	100%	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

The investments in subsidiaries were not impaired during the year (2015: US$nil).

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

Subsidiaries
- Dawn Properties Limited, 66.81% shareholding (31 December 2015: 66.81%) and is listed on the Zimbabwe Stock Exchange;
- African Sun Limited, 57.67% shareholding (31 December 2015: 57.67%) and is listed on the Zimbabwe Stock Exchange;
- Brainworks Petroleum (Private) Limited,100% shareholding (31 December 2015: 100%). Brainworks Petroleum holds an investment in FML Logistics (Private) Limited ("FML Logistics"). The shareholding in FML Logistics is 100% (31 December 2015: 100%);
- Lengrah Investments (Private) Limited, 100% shareholding (31 December 2015: 100%);
- Brainworks Hotels and Real Estate (Private) Limited, 100% shareholding (31 December 2015: 100%); and
- GetSure Life Assurance (Private) Limited, 100% shareholding (31 December 2015: 100%).

Associates
- GetBucks Financial Services Limited ("GetBucks") an associate company in which the Group held 31.14% at 31 December 2016 (31 December 2015: 34.06%). GetBucks was listed on the Zimbabwe Stock Exchange in January 2016 resulting in dilution of the Group's shareholding from 34% in 2015 to 31% in 2016.
- Coporeti Support Services (Private) Limited t/a GetCash ("GetCash") 100% shareholding (31 December 2015: nil).

9.1 Acquisition of subsidiaries by Brainworks Capital Management (Private) Limited during the year ended 31 December 2015

9.1.1 Acquisition of African Sun Limited ("African Sun")

A controlling interest was acquired in African Sun on 30 April 2015 resulting in a total voting interest of 56.14% on acquisition date. African Sun was acquired through a business combination achieved in stages. The primary reason for the acquisition was to gain significant foothold in the hospitality industry in Zimbabwe. African Sun controls key assets in most of Zimbabwe's premier tourist destinations.

The total cash consideration paid for the additional 12.83% equity interest acquired that resulted in control was US$3.2 million. The total consideration paid inclusive of the fair value of the previously held equity interest of US$11 million was US$14.1 million, relative to net fair value of assets acquired of US$5.8 million. As a result, goodwill amounting to US$8.3 million was recognised on acquisition. The carrying amount of the previously held equity interest on acquisition date was US$10.6 million relative to the fair value thereof of US$11 million, resulting in the recognition of a fair value gain of US$0.4 million.

A non-controlling interest of US$4.5 million was recognised on acquisition date. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets and not at fair value.

The financial year-end of African Sun was 30 September but was changed to 31 December in order to align with the Group financial year-end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

9.1 Acquisition of subsidiaries by Brainworks Capital Management (Private) Limited during the year ended 31 December 2015 (continued)

9.1.1 Acquisition of African Sun Limited ("African Sun") (continued)

Identifiable assets acquired and liabilities assumed on 30 April 2015

The following is a summary of the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of African Sun:

All figures in US$	African Sun
Property, plant and equipment	26 227 287
Non current assets held for sale	4 176 090
Deferred tax assets	1 063 468
Biological assets	253 715
Trade and other receivables	6 017 322
Inventory	1 670 547
Cash and cash equivalents	2 853 543
Deferred tax liabilities	(4 369 265)
Borrowings	(9 717 355)
Trade and other payables	(16 846 699)
Provisions and other liabilities	(1 011 710)
Total identifiable net assets acquired	**10 316 943**
Less: Non-controlling interest	(4 525 011)
Net assets acquired	**5 791 932**
Purchase consideration	
Fair value of previously held interest	11 014 509
Cash paid to acquire control	3 038 473
Purchase consideration	**14 052 982**
Goodwill	**8 261 050**

9.1.2 Acquisition of Dawn Properties Limited ("Dawn Properties")

A controlling interest was acquired in Dawn Properties on 31 March 2015 resulting in a total voting interest acquired of 62.16% on acquisition date.

Dawn Properties was acquired through a business combination achieved in stages. The primary reason for the acquisition of Dawn Properties was due to the fact that Dawn Properties owns the properties which are key assets in Zimbabwe's tourism sector. This was then aligned with the acquisition of African Sun and the reasons thereof.

The total cash consideration paid for the additional 19.16% equity interest acquired that resulted in control was US$9.3 million. The total consideration paid inclusive of the fair value of the previously held equity interest of US$15.7 million was US$25 million, relative to the fair value of net assets acquired of US$54.5 million. Consequently, a gain on bargain purchase of US$29.4 million was recognised on acquisition. The gain on bargain purchase was mainly due to the fact that the fair value of investment property held by Dawn Properties of US$85.1 million on acquisition date was not reflected in the share price.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

9.1 Acquisition of subsidiaries by Brainworks Capital Management (Private) Limited during the year ended 31 December 2015 (continued)

9.1.2 Acquisition of Dawn Properties Limited ("Dawn Properties") (continued)

The carrying value of the previously held equity interest on acquisition date was US$17.2 million relative to the fair value thereof of US$15.7 million. Consequently, a fair value loss of US$1.5 million was recognised in the financial statements.

A non-controlling interest of US$33.4 million was recognised on acquisition date. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets and not at fair value.

Identifiable assets acquired and liabilities assumed on 31 March 2015

The following is a summary of the recognised amounts of assets acquired and liabilities assumed at the dates of acquisition for Dawn Properties Limited:

All figures in US$	Dawn Properties
Property and equipment	1 230 815
Investment property	85 135 000
Deferred tax assets	19 027
Inventory	27 138
Trade and other receivables	995 933
Cash and cash equivalents	2 241 090
Deferred tax liabilities	(1 169 302)
Trade and other payables	(626 566)
Total identifiable net assets acquired	**87 853 135**
Less: Non controlling interest	(33 384 191)
Net assets acquired	**54 468 944**
Net assets acquired	**54 468 944**
Purchase consideration	
Fair value of previously held interest	15 741 620
Cash paid to acquire control	9 293 357
Purchase consideration	25 034 977
Gain on bargain purchase	**29 433 967**

9.1.3 Minority interests on acquisition of subsidiaries

	GROUP	
All figures in US$	**2016**	**2015**
Arising from acquisition of 56% in African Sun Limited (note 9.1.1)	-	4 525 011
Arising from acquisition of 62% in Dawn Properties Limited (note 9.1.2)	-	33 384 191
	-	**37 909 202**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

As at 31 December 2016

	31 December 2016		31 December 2015	
All figures in US$	**African Sun**	**Dawn Properties**	**African Sun**	**Dawn Properties**
ASSETS				
Non current net assets				
Property and equipment	21 270 729	973 145	23 978 944	1 135 043
Investment property	-	86 263 037	-	84 428 712
Other non current assets	344 030	-	555 108	-
	21 614 759	**87 236 182**	**24 534 052**	**85 563 755**
Current assets				
Inventories				
Trade and other receivables	1 453 628	3 329 532	1 639 079	899 537
Cash and cash equivalents	5 663 267	4 051 134	4 132 627	1 333 613
	4 885 160	396 610	3 079 533	1 018 536
	12 002 055	**7 777 276**	**8 851 239**	**3 251 686**
Total assets	**33 616 814**	**95 013 458**	**33 385 291**	**88 815 441**
EQUITY AND LIABILITIES				
Equity				
Share capital and share premium	33 741 401	1 965 738	33 741 401	1 965 738
Other reserves	(3 500 446)	24 884 648	(1 615 451)	24 884 648
(Accumulated losses)/retained profits	(23 581 158)	57 687 276	(29 661 789)	56 652 441
	6 659 797	**84 537 662**	**2 464 161**	**83 502 827**
Non-current liabilities				
Borrowings	3 013 848	1 509 300	2 317 534	-
Deferred tax	3 617 873	4 058 394	3 589 137	3 787 498
Trade and other payables	1 730 148	-	1 165 237	-
	8 361 869	**5 567 694**	**7 071 908**	**3 787 498**
Current liabilities				
Borrowings	5 255 692	2 749 448	5 419 433	-
Trade and other payables	13 339 456	2 158 654	18 429 789	1 525 116
	18 595 148	**4 908 102**	**23 849 222**	**1 525 116**
Total equity and liabilities	**33 616 814**	**95 013 458**	**33 385 291**	**88 815 441**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

9 INVESTMENT IN SUBSIDIARIES (CONTINUED)

9.1.4 Summarised Financial Information for African Sun Limited and Dawn Properties Limited As at 31 December 2016 (continued)

	31 December 2016		31 December 2015	
All figures in US$	**African Sun**	**Dawn Properties**	**African Sun***	**Dawn Properties#**
Summarised statement of comprehensive income				
Revenue	43 600 924	4 348 771	34 370 494	3 436 892
Cost of sales	(12 993 608)	-	(9 896 989)	-
Gross profit	30 607 316	4 348 771	24 473 505	3 436 892
Other income/(loss)	3 246 933	72 531	(1 293 346)	(123 177)
Operating expenses	(28 265 629)	(2 693 264)	(31 074 820)	(3 582 055)
Finance charges/(income)	(753 174)	(53 870)	(902 503)	42 585
Profit/(loss) before tax	**4 835 446**	**1 674 168**	**(8 797 164)**	**(225 755)**
Income tax expense/(credit)	(28 736)	(639 333)	293 693	(3 618 171)
Profit/(loss) for the year	**4 806 710**	**1 034 835**	**(8 503 471)**	**(3 843 926)**
Other comprehensive (loss)/income	(611 074)	-	106 243	-
Total comprehensive income/(loss)	**4 195 636**	**1 034 835**	**(8 397 228)**	**(3 843 926)**
Summarised statement of cashflows				
Cash generated from/(utilised in) operating activities	2 172 853	(2 884 858)	2 285 000	(780 380)
Cash utilised in investing activities	(911 997)	(1 932 120)	(1 135 131)	(442 174)
Cash generated from/(utilised) in financing activities	1 149 353	4 195 061	(1 510 754)	-
Net increase/(decrease) in cash and cash equivalents for the year	**2 410 209**	**(621 917)**	**(360 885)**	**(1 222 554)**
Cash and cash equivalents at the beginning of the year/period	2 462 754	1 018 536	2 853 543	2 241 090
Exchange gain/(loss) on cash and cash equivalents	12 197	-	(29 904)	-
Cash and cash equivalents at the end of the year/period	**4 885 160**	**396 619**	**2 462 754**	**1 018 536**

* - 8 months ended 31 December 2015. The Group obtained control of African Sun Limited on 1 May 2015.
# - 9 months ended 31 December 2015. The Group obtained control of Dawn Properties Limited on 1 April 2015.

9.2 Disposal of subsidiary

Following the change in business model and the strategy to focus on Zimbabwean operations, on 1 June 2016 the Group disposed of African Sun Limited PCC ("ASL PCC") which was held by African Sun Limited for a cash consideration of US$54 891. The disposal yielded a profit from disposal of US$1.18 million given that the consolidated balance sheet of ASL PCC had a net liability position of US$1.12 million. In the process, the Group retained 100% control of the African Sun Limited Branch incorporated in South Africa, previously owned by ASL PCC, the Group's Pan African Central Reservation Office based in Johannesburg, South Africa is responsible for foreign and regional sales and marketing.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

9 INVESTMENT IN SUBSIDIARIES (CONTINUED))

9.2 Disposal of subsidiary (continued)

The analysis of the carrying amounts of assets and liabilities disposed of and gain on disposal were as follows:

	GROUP
All figures in US$	**As at 1 June 2016**
Cash at bank	(9 423)
Trade and other debtors	(601 064)
Total assets	**(610 487)**
Trade and other payables	1 731 761
Total liabilities	**1 731 761**
Net identifiable liabilities disposed	**1 121 274**
Cash received from disposal of subsidiary	54 891
Gain from disposal of subsidiary before reclassification of foreign translation reserves	**1 176 165**
Reclassified foreign currency translation reserve	755 651
Total gain from disposal of subsidiary	**1 931 816**

10 INVESTMENTS IN ASSOCIATES

	GROUP	
All figures in US$	**2016**	**2015**
Investment in GetBucks Financial Services Limited	3 208 208	2 530 862
Coporeti Support Services (Private) Limited t/a GetCash	67 816	-
	3 276 024	**2 530 862**

		2016		2015	
Name of entity	**Place of business/ country of incorporation**	**% of ownership interest**	**Quoted fair value**	**% of ownership interest**	**Quoted fair value**
GetBucks Financial Services Limited	Zimbabwe	31%	12 599 395	34%	**
Coporeti Support Services (Private) Limited t/a GetCash	Zimbabwe	100%	Unlisted	-	-

** GetBucks Financial Services Limited was listed on the Zimbabwe Stock Exchange in January 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

	GROUP	
All figures in US$	**2016**	**2015**
Reconciliation of carrying amount of associates		
As at 1 January	**2 530 862**	**41 015 270**
Additions	1 045 000	5 231 663
Disposals	-	(16 435 005)
Dividends received	(233 985)	(450 000)
Fair value gain from GetBucks Financial Services Limited equity securities	-	3 301 393
Fair value loss on previously held interest (note 22.1)	-	(1 161 166)
Dividend paid in specie	-	(4 320 273)
Share of profit/(loss) of associate	(65 853)	2 250 465
- Getbucks	911 331	1 999 736
- Ecobank Zimbabwe Limited	-	475 735
- African Sun Limited	-	24 702
- Dawn Properties Limited	-	(249 708)
- Coporeti Support Services (Private) Limited t/a GetCash	(942 698)	-
- Amortization of intangible asset recognised on acquisition of Coporeti Support Services (Private) Limited t/a GetCash (note 10.1)	(46 446)	-
- Release of deferred tax on armortization of intangible asset recognised on acquisition of GetCash	11 960	-
Share of associates' other comprehensive loss	-	(145 356)
Transfer to subsidiary (note 9.1.1 and note 9.1.2)	-	(26 756 129)
	3 276 024	**2 530 862**

Investments in associates are accounted for using the equity method.

Set out below is the financial information of GetBucks Financial Services Limited as at 31 December 2016 which, in the opinion of the directors, is material to the Group. The entity has share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation, Zimbabwe, is also its principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. The relationship is an associate and is measured via the equity method. The reporting date for the associate is June 30.

The summarised financial statements of GetBucks Financial Services Limited for the year ended 31 December 2016 are as follows:

All figures in US$	**Unaudited Year ended 31 December 2016**	**Unaudited 12 months to 31 December 2015**
Statement of comprehensive income		
Revenue	11 033 757	9 406 468
Total expenses	(8 296 153)	(4 801 418)
Profit for the year	**2 737 604**	**4 605 050**
Statement of financial position		
Total assets	**23 612 789**	**15 945 105**
Total liabilities	11 742 752	9 158 018
Equity	11 870 037	6 787 087
Total equity and liabilities	**23 612 789**	**15 945 105**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

The investment is accounted for as an associate due to significant influence arising from having three members out of seven on its Board of Directors representing the Group's interests. The Group owns 31.14% (2015: 34%) through GetSure Life Assurance (Private) Limited which owns 18.39% (2015: nil) and 12.75% (2015: 34%) being held by Brainworks Capital Management (Private) Limited.

	GROUP	
All figures in US$	**2016**	**2015**
Commitments and contingent liabilities in respect of associate		
Share of contingent liabilities incurred jointly with other investors of the associate contingent liabilities relating to liabilities of the associate for which the Group is severally liable.	-	-

10.1 Acquisition of Coporeti Support Services (Private) Limited t/a GetCash

During the year ended 31 December 2016, an initial investment of US$0.5 million was made by Brainworks Capital Management (Private) Limited to acquire a 49% equity interest in GetCash, resulting in GetCash becoming an associate of the Group. The Group then acquired the remaining 51% equity interest on 31 October 2016 resulting in the Group owning 100% of the total voting interest in GetCash. However, control was not obtained for reasons detailed in note 4(g). The primary reason for the acquisition of GetCash was to augment the financial services platform that already consisted of two other brands, GetBucks Financial Services Limited, a microbank and GetSure Life Assurance (Private) Limited, a life insurance company. GetCash focuses on bringing financial services products to underbanked individuals via their mobile phones as well as comprehensive mobile banking solutions to deliver a unique experience to the customer.

The total cash consideration paid was US$0.97 million, relative to the net fair value of the net liabilities acquired of US$1.6 million, resulting in the recognition of goodwill of US$2.3 million.

Identifiable assets acquired and liabilities assumed on 31 October 2016
The following is a summary of the recognised amounts of assets acquired and liabilities assumed at the date of 100% equity interest in GetCash was acquired:

All figures in US$	**GetCash**
Property and equipment	740 700
Intangible assets (software)	181 701
Trade and other receivables	379 618
Inventory	367 707
Deferred tax assets	807 304
Cash and cash equivalents	541 014
Borrowings	(3 191 415)
Trade and other payables	(1 465 580)
Total identifiable net assets acquired	**(1 638 951)**
Consideration	**724 388**
Cost of acquiring initial investment	550 000
Share of losses from associate up to 31 October 2016	(320 612)
Consideration paid to acquire remaining shareholding	495 000
	2 363 339
Fair value gain recognised on existing intangible asset (software)	(464 464)
Deferred tax liability recognised on acquisition	119 599
Goodwill*	**2 018 474**

* Goodwill is recognised in the carrying amount of investment associates and not separately.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

10.1 Acquisition of Coporeti Support Services (Private) Limited t/a GetCash (continued)

10.1.1 Summarised financial information for GetCash:

Statement of financial position

All figures in US$	31 December 2016
Assets	
Non-current assets	
Vehicles and equipment	702 088
Intangible assets	224 527
Deferred tax asset	807 303
	1 733 918
Current assets	
Inventory	262 898
Other receivables	201 074
Cash and cash equivalents	710 377
	1 174 349
Total assets	**2 908 267**
Equity and liabilities	
Equity	
Share capital	100
Share premium	4 327 745
Accumulated losses	(6 641 128)
	(2 313 283)
Liabilities	
Non-current liabilities	
Borrowings	2 678 804
Current liabilities	
Borrowings	786 130
Trade and other payables	1 756 616
Total current liabilities	**2 542 746**
Total liabilities	**5 221 550**
Total equity and liabilities	**2 908 267**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

10 INVESTMENTS IN ASSOCIATES (CONTINUED)

10.1 Acquisition of Coporeti Support Services (Private) Limited t/a GetCash (continued)

10.1.1 Summarised financial information for GetCash (continued):

All figures in US$	1 January to 30 June 2016 Unrelated	1 July to 31 October 2016 Associate	1 November to 31 December 2016 Associate	Year ended 31 December 2016 Associate
Equity accounted for	**-**	**49%**	**100%**	**Blended**
Statement of comprehensive income				
Revenue	357 831	537 913	174 876	**1 070 620**
Cost of sales	(190 580)	(359 533)	(115 883)	**(665 996)**
Gross profit	**167 251**	**178 380**	**58 993**	**404 624**
Selling and administrative costs	(813 734)	(757 025)	(632 321)	**(2 203 080)**
Operating loss	**(646 483)**	**(578 645)**	**(573 328)**	**(1 798 456)**
Net finance costs	(235 637)	(86 088)	(51 308)	**(373 031)**
Other income and other gains or losses	(4 895)	10 422	2 549	**8 076**
Loss before income tax	**(887 015)**	**(654 311)**	**(622 087)**	**(2 163 411)**
Income tax expense	-	-	-	**-**
Loss for the year	**(887 015)**	**(654 311)**	**(622 087)**	**(2 163 411)**
Other comprehensive income	-	-	-	**-**
Total comprehensive loss for the year	**(887 015)**	**(654 311)**	**(622 087)**	**(2 163 411)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Balance at beginning of year	3 499 950	1 250 113	3 499 950	1 250 113
Purchases	116 797	-	-	-
Fair value gains	1 276 215	2 249 837	1 237 232	2 249 837
Balance at end of year	**4 892 962**	**3 499 950**	**4 737 182**	**3 499 950**
Financial assets at fair value through profit or loss comprise of the following:				
Shares in MyBucks SA	4 737 232	3 499 950	4 737 182	3 499 950
Treasury bills	155 730	-	-	-
	4 892 962	**3 499 950**	**4 737 182**	**3 499 950**

Investee company	**Country of incorporation**	**% Holding 2016**	**Market Value 2016**	**% Holding 2015**	**Market Value 2015**
MyBucks S.A	Luxemburg	2.50%	4 737 232	2.50%	**

**MyBucks S.A listed on the Frankfurt Stock Exchange on 23 June 2016. During the year ended 31 December 2016, the Group recognised a fair value gain of US$1 276 215 (2015: US$2 249 837).

Purchases amounting to US$116 797 recognised during the year relates to acquisition of treasury bills ("TBs") by Getsure Life Assurance (Private) Limited. The TBs are held for trading and have been classified as non-current assets as they mature in 2018. Fair value gain of US$38 933 was recognised in the statement of comprehensive income in relation to these TBs (2015: US$nil).

12 DEFERRED TAX ASSETS

	GROUP			
All figures in US$	**31 December 2016**	**Recognised in profit/(loss)**	**31 December 2015**	**Recognised in profit/(loss)**
The movement on the deferred tax account is shown below:				
Fair value on listed investments	-	(17 743)	17 743	-
Fair value on unlisted investments	267 632	826 989	(559 357)	-
Allowance for credit losses	2 625	(84 542)	87 167	-
Leasehold improvements	-	563	(563)	-
Provisions	11 311	11 311	-	-
Property and equipment	(103 842)	54 342	(158 184)	(76 654)
Prepayments	-	11 199	(11 199)	(3 503)
Assessable tax losses	636 258	(984 647)	1 620 905	187 206
Deferred tax asset	**813 984**	**(182 528)**	**996 512**	**107 049**

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.

No deferred tax asset has been recognised in the Company's financial statements in respect of the assesseable losses amounting to US$90 694 because it is not probable that the Company will generate taxable income against which the losses will be utilised in the future.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

13 INVENTORIES

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Current assets			-	-
Food and beverage	589 148	686 040	-	-
Shop merchandise	33 775	51 403	-	-
Consumable stocks	625 834	533 794	-	-
Maintenance stocks	335 066	367 841	-	-
Property under construction (note 13.1)	3 186 989	883 125	-	-
Stationery and other office consumables	22 952	16 414	-	-
	4 793 764	**2 538 617**	**-**	**-**

The cost of inventories recognised as expenses and included in cost of sales amounted to US$4 110 350 (2015: US$6 520 017). There were no items of inventory impaired during the year (2015: US$52 225).

13.1 Property under construction

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Land value (transferred from property and equipment, note 7)	400 000	400 000	-	-
Construction expenses incurred to date	2 786 989	483 125	-	-
	3 186 989	**883 125**	**-**	**-**

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.

14 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Trade receivables	4 807 759	6 450 148	-	-
Less: allowance for impairment (note 14.2)	(542 830)	(3 828 391)	-	-
	4 264 929	**2 621 757**	**-**	**-**
Other receivables	5 261 320	1 123 824	70 011	70 012
Prepayments	3 262 089	2 586 814	-	-
Staff receivables	1 110 748	1 760 362	-	-
Receivables from related parties	1 798 456	540 628	10 305 555	-
	15 697 542	**8 633 385**	**10 375 566**	**70 012**
14.1 Analysis of trade and other receivables				
Current receivables	15 315 019	8 167 900	10 375 566	70 012
Non-current receivables	382 523	465 485	-	-
	15 697 542	**8 633 385**	**10 375 566**	**70 012**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

14.1 Analysis of trade and other receivables (continued)

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% (2015: 7%) per annum and are secured by the houses and the cars that would have been financed.

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:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
United States of America dollars	15 519 685	7 818 190	10 375 566	70 012
South African rand	177 857	169 245	-	-
Botswana pula	-	77 116	-	-
Ghanaian cedi	-	568 834	-	-
	15 697 542	**8 633 385**	**10 375 566**	**70 012**

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
14.2 Ageing of trade receivables				
As at 31 December 2016, trade receivables of US$1 890 113 (2015: US$2 868 451) were fully performing. The ageing of these trade receivables is as follows:				
Up to 30 days	**1 890 113**	**2 868 451**	**-**	**-**
As at 31 December 2016 trade receivables of US$2 421 792 (2015: US$2 705 860) 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:				
30 to 60 days	1 105 554	555 306	-	-
Over 60 days	1 316 238	2 150 554	-	-
Over 30 to 60 days	**2 421 792**	**2 705 860**	**-**	**-**
As at 31 December 2016, trade receivables of US$495 854 (2015 US$875 837) were impaired and 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	495 854	875 837	-	-
Total	**4 807 759**	**6 450 148**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

14 TRADE AND OTHER RECEIVABLES (CONTINUED)

14.2 Ageing of trade receivables (continued)

Movements on the Group's allowance for impairment of trade receivables are as follows:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
As at 1 January	**3 828 391**	**401 768**	**-**	**-**
Allowance for receivables impairment (net of amounts	(2 979 738)	3 426 623	-	-
recovered) (note 21)	(263 139)	3 426 623	-	-
Reversal of impairment	(2 716 599)	-	-	-
Receivables written off during the period as uncollectible	(305 823)	-	-	-
As at 31 December	**542 830**	**3 828 391**	**-**	**-**

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$363 000 (2015:US$324 720) were pledged as security to a short-term loan of US$891 146 (2015: US$1 390 308).

14.3 Insurance contract receivables

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Insurance contract receivables	**40 904**	**12 818**	**-**	**-**
Ageing of contract receivables As at 31 December 2016, contract receivables of US$40 904 (2015: US$12 818) were fully performing. The ageing of these trade receivables is as follows:				
Up to 30 days	**40 904**	**12 818**	**-**	**-**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

15 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Current assets				
Cash at bank and on hand	5 593 010	4 961 342	415	7 150
Short term money market investments	-	1 005 749	-	-
	5 593 010	**5 967 091**	**415**	**7 150**
The net exposure to foreign currency balances was:				
United States of America dollars	5 293 265	5 539 031	415	7 150
South African rand	275 580	402 971	-	-
Botswana pula	2 917	4 104	-	-
Euro	20 699	12 424	-	-
Australian dollars	56	57	-	-
British pound	493	1 954	-	-
Ghanaian cedi'	-	6 550	-	-
	5 593 010	**5 967 091**	**415**	**7 150**

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.

Cash at bank includes a restricted balance of US$nil (2015: US$104 602) held in an offshore account by Africa Export-Import Bank as part of the security to a loan. This was 8% of the outstanding loan balance. The cash is available to the extent that the balance is equal to or more than 8% of the loan outstanding. This restricted cash was cleared on payment of the last instalment in the current year.

15.1 The cash and cash equivalents reconcile to the amount of cash shown in the statements of cash flows at the end of the financial year as follows:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Cash and cash equivalents				
Cash and bank balances	5 593 010	5 967 091	415	7 150
Bank overdraft	-	(512 177)	-	-
Cash and cash equivalents	**5 593 010**	**5 454 914**	**415**	**7 150**

16 BORROWINGS

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Facilities				
Bank loans	16 629 863	14 045 407	-	-
Private financier loans	13 585 077	5 475 797	10 077 500	-
Finance lease liability	3 766	34 949	-	-
Amounts due to related parties	2 651 853	1 163 687	311 981	202 255
Other Institutions	2 108 649	1 643 365	-	51 795
Total	**34 979 208**	**22 363 205**	**10 389 481**	**254 050**
Current	19 349 309	15 098 609	10 389 481	254 050
Non Current	15 629 899	7 264 596	-	-
	34 979 208	**22 363 205**	**10 389 481**	**254 050**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

16 BORROWINGS (CONTINUED)

All figures in US$	Note	GROUP 2016	GROUP 2015	COMPANY 2016	COMPANY 2015
16.1 Analysis of facilities by funder					
African Century Limited	16.1.1	3 766	34 949	-	-
African Export-Import Bank Limited	16.1.2	-	1 250 490	-	-
Carcharias Holdings Limited	16.1.3	-	51 795	-	51 795
CBZ Bank Limited	16.1.4	5 952 898	-	-	-
Comarton Group of Pension Funds	16.1.5	2 108 649	1 643 365	-	-
Ever Prosperous Worldwide Limited	16.1.6	13 585 077	5 424 002	10 077 500	-
Ecobank Ghana Limited	16.1.7	-	1 826 448	-	-
Ecobank Zimbabwe Limited	16.1.8	6 029 573	6 571 112	-	-
FBC Bank Limited	16.1.9	1 749 988	2 322 093	-	-
GetBucks Financial Services Limited	16.1.10	2 339 872	961 432	-	-
MBCA Bank Limited	16.1.11	891 146	1 390 308	-	-
MyBucks S.A	16.1.12	311 981	202 255	311 981	202 255
NMB Bank Limited	16.1.13	2 006 258	684 956	-	-
		34 979 208	**22 363 205**	**10 389 481**	**254 050**

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

16.1.1 African Century Limited availed a finance lease facility to African Sun Limited. It attracts interest at 15% (2015: 15%) per annum. The facility is secured by the motor vehicles financed. The facility matured and was repaid on 31 January 2017.

16.1.2 The African Export-Import Bank Limited facility was held by African Sun Limited. It attracted interest at 7.5% (2015: 7.5%) per annum. The facility was secured by a bank guarantee from FBC Bank Limited. The facility matured and was paid on 18 May 2016.

16.1.3 The Carcharias Holdings Limited facility was unsecured and payable on demand. It attracted interest at 10% (2015: 10%) per annum.

16.1.4 The Group has three facilities with CBZ Bank Limited held by the following entities:

Brainworks Capital Management (Private) Limited
The CBZ Bank Limited facility attracts interest at 10% 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 2016 is US$3.8 million and matures on 28 February 2018.

African Sun Limited
The CBZ Bank Limited facility attracts interest at 10% per annum and is secured by a fixed property valued at US$3.99 million owned by Dawn Properties Limited. Subsequent to year end the facility is now secured by a Notarial General Covering Bond. The balance on this facility as at 31 December 2016 is US$1.9 million and matures on 31 October 2020.

Dawn Properties Limited
Dawn Properties Limited has an outstanding loan balance with CBZ Bank Limited which arose from a five year mortgage loan of US$222 000, 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 2016 was US$0.2 million and matures on 31 August 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

16 BORROWINGS (CONTINUED)

16.1 Analysis of facilities by funder (continued)

16.1.5 Comarton Managed Pension Funds Consortium availed a loan facility to FML Logistics (Private) Limited, and attracts interest at 15% (2015:15%) per annum. The loan is secured by 106 400 000 shares held by Brainworks Capital Management (Private) Limited in GetBucks Financial Services Limited. The balance at 31 December 2016 was US$2.1 million and matures on 31 May 2019.

16.1.6 The Group has two facilities with Everprosperous World Wide Limited held by the following entities:

Brainworks Limited

The facility attracts interest at 10% per annum (2015: 30%) and is secured by 77 750 000 shares held by Brainworks Capital Management (Private) Limited ("Brainworks") and 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 matures on 17 October 2017. The balance was US$10 million as at the reporting date (2015 and 2014: US$nil).

African Sun Limited

The facility attracts interest at 10% per annum and is unsecured. The balance on this facility as at 31 December 2016 is US$3.5 million with repayments of US$250 000 per month. The facility matures on 30 September 2019.

16.1.7 The Ecobank Ghana facility was held by Amber Accra Hotel in Ghana. The hotel was disposed by African Sun Limited in 2016. The facility attracted interest at 12.5% (2015:12.5%). The loan had a maturity date of 31 August 2018 and was secured by a bank guarantee from Ecobank Zimbabwe Limited. After the exit of African Sun Limited from Ghana, Ecobank Ghana called its guarantee. As a result, the loan was replaced with a loan with Ecobank Zimbabwe.

16.1.8 The Group has two facilities with Ecobank Zimbabwe Limited held by the following entities:

Brainworks Capital Management (Private) Limited

The Ecobank Zimbabwe Limited facility held by Brainworks Capital Management (Private) Limited, attracts interest at 8% (2015: 8%) per annum and is secured by 360 900 000 Dawn Property Limited shares, 146 299 461 shares in African Sun and 26 099 050 shares in GetBucks Financial Services Limited. The balance on this facility as at 31 December 2016 is US$5.8 million and matures on 30 August 2019.

African Sun Limited

The Ecobank Zimbabwe Limited facility held by African Sun Limited, attracts interest at 13% (2015: 13%) per annum and is unsecured. The facility matured and was repaid on 31 January 2017. The balance on this facility as at 31 December 2016 is US$0.2 million.

16.1.9 African Sun Limited has a loan facility with FBC Bank Limited which is unsecured and attracts interest at 9.5% per annum (2015: 15%). The balance on this facility as at 31 December 2016 is US$1.7 million and matures on 30 July 2020.

16.1.10 The GetBucks Financial Services Limited loan is held by Brainworks Capital Management (Private) Limited and attracts interest at 18% per annum. The loan is secured by 227 645 661 African Sun Limited shares held by Brainworks Capital Management (Private) Limited. The balance on this facility as at 31 December 2016 was US$2.4 million and matures on 30 September 2017.

16.1.11 The MBCA Bank Limited facility held by African Sun Limited, attracts interest at 11% (2015: 14%) per annum and is secured by a Notarial General Covering Bond. The balance on this facility as at 31 December 2016 is US$0.9 million and matures on 31 August 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

16 BORROWINGS (CONTINUED)

16.1 Analysis of facilities by funder (continued)

16.1.12 The outstanding loan from MyBucks SA bears interest at 30% (2015: 30%) per annum. The principal and accrued interest are both payable on 31 December of 2016. The loan is unsecured.

16.1.13 The Group has two facilities with NMB Bank Limited held by the following entities:

FML Logistics (Private) Limited
FML Logistics (Private) Limited has a US$1 million loan facility with NMB Bank Limited, which attracts 15% (2015: 14%) interest per annum. The facility is secured by 32.2 million African Sun Limited shares, 45 million shares in Dawn Properties Limited, stand 19 211 Harare Township measuring 8 700 m2, property number 25 Rhodesville Avenue Harare and an unlimited guarantee by Brainworks Capital Management (Private) Limited. The balance on this facility as at 31 December 2016 was US$0.3 million and matures on 31 October 2017.

Dawn Properties Limited
Dawn Properties Limited has a five year US$5 million facility with NMB Bank Limited. The facility, bears interest at 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 an unlimited guarantee by Brainworks Capital Management (Private) Limited. The balance on this facility as at 31 December 2016 was US$1.7 million and matures on 31 October 2020.

17 DEFERRED TAX LIABILITY

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
The movement on the deferred tax liability account is shown below:				
Accelerated depreciation	7 501 160	36 150	7 465 010	822 132
Life business (schedule 8 Income Tax Act (Chapter 23:06))	1 111	1 111	-	-
Fair value gains or losses	-	(1 137 964)	1 137 964	-
Provisions	-	295 261	(295 261)	-
Assessable tax losses	30 549	30 549	-	1 886 851
Other items	154 748	1 091 975	(937 227)	-
Deferred tax liability	**7 687 568**	**317 082**	**7 370 486**	**2 708 983**
The analysis of deferred tax liabilities is as follows:				
-Deferred tax liabilities to be recovered after more than 12 months	7 025 366	6 455 578	-	-
-Deferred tax liabilities to be recovered within 12 months	662 202	914 908	-	-
	7 687 568	**7 370 486**	**-**	**-**

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 (CONTINUED)

for the year ended 31 December 2016

18 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Trade payables	4 277 040	4 313 049	-	-
Bank overdraft	-	512 177	-	-
Amounts due to Brainworks Capital Management (Private) Limited	-	-	1 817 715	672 627
Payroll accruals	770 540	1 201 113	-	-
Other payables	3 109 431	3 428 120	295 416	30 550
Provisions for other liabilities (note 18.1)	1 499 126	1 759 438	-	-
Accruals and Guest deposits	2 927 920	2 792 520	-	-
Statutory liabilities	3 996 409	7 339 019	93 938	-
	16 580 466	**21 345 435**	**2 207 069**	**703 177**
Category				
Current	14 850 318	20 180 198	2 207 069	703 177
Non current - statutory liabilities payment plan	1 730 148	1 165 237	-	-
	16 580 466	**21 345 435**	**2 207 069**	**703 177**

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

The non-current potion of statutory liabilities which is payable monthly on a fixed monthly instalment plan relate to African Sun Limited. This was renegotiated in 2016 to being payable over the next 64 months (2015: 46 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.

18.1 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:

	GROUP			
All figures in US$	**Balance as at January 2015**	**Additional provisions**	**Utilised/ reversed provisions**	**Balance as at 31 December 2015**
Year ended 31 December 2015				
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	-	**60 000**
	-	**1 759 438**	**-**	**1 759 438**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

18 TRADE AND OTHER PAYABLES (CONTINUED)

18.1 Provision for other liabilities (continued)

	GROUP			
All figures in US$	**Balance as at January 2016**	**Additional provisions**	**Utilised/ reversed provisions**	**Balance as at 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.

(c) Restructuring costs

This is a provision for retrenchment for all closed entities, including foreign operations.

The Company did not have provisions at the reporting date (2015:nil)

18.2 Insurance contract liabilities

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Unearned premiums	271 382	142 753	-	-
Life insurance contract liabilities	112 446	-	-	-
Unallocated premiums	8 284	-	-	-
Claims reported but not paid	1 220	-	-	-
Claims incurred but not reported	70 068	2 363	-	-
Total insurance liabilities - gross	**463 400**	**145 116**	**-**	**-**
Recoverable from reinsurers	-	-	-	-
Total insurance liabilities - net	**463 400**	**145 116**	**-**	**-**

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 (CONTINUED)

for the year 31 December 2016

18 TRADE AND OTHER PAYABLES (CONTINUED)

18.2 Insurance contract liabilities (continued)

Movement in insurance contract liabilities

	COMPANY					
All figures in US$	**Unearned premiums**	**Life insurance contract liabilities**	**Unallocat-ed premiums**	**Claims reported but not paid**	**Claims incurred but not reported**	**Total**
Year ended 31 December 2015						
Balance at the beginning of the year	**-**	**-**	**-**	**-**	**-**	**-**
Increase in liabilities						
- Arising from prior year claims	-	-	-	-	2 363	**2 363**
- Arising from current year gross						**-**
premiums	142 753	-	-	-	-	**142 753**
Balance at the end of the year	**142 753**		**-**	**-**	**2 363**	**145 116**
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**

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
18.3 Investment contract liabilities				
Savings plan liability	292 308	12 487	-	-

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 tenure between 5 and 20 years and a guaranteed bonus of 5% of amounts saved.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

19 SHARE CAPITAL

19.1 Issued and paid up share capital

All figures in US$	Number of shares	Ordinary share capital	Share premium	Total
Year ended 31 December 2015				
At the beginning of the year	**481 924 869**	**48 193**	**-**	**48 193**
Issue of new shares	381 137 079	38 114	66 224 201	**66 262 315**
Share capital recognised on the Company statement of financial position as at 31 December 2015	**863 061 948**	**86 307**	**66 224 201**	**66 310 508**
Recognition of treasury shares (note 30.1)	(77 750 000)	(7 775)	(7 767 225)	**(7 775 000)**
Share capital recognised on the Group statement of financial position as at 31 December 2015	**785 311 948**	**78 532**	**58 456 976**	**58 535 508**
Year ended 31 December 2016				
At the beginning of the year	**863 061 948**	**86 307**	**66 224 201**	**66 310 508**
Changes during the year	-	-	-	**-**
Share capital recognised on the Company statement of financial position as at 31 December 2016	**863 061 948**	**86 307**	**66 224 201**	**66 310 508**
Treasury shares	(77 750 000)	(7 775)	(7 767 225)	**(7 775 000)**
Share capital recognised on the Group statement of financial position as at 31 December 2016	**785 311 948**	**78 532**	**58 456 976**	**58 535 508**

All issued shares are fully paid with a 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.

		GROUP		COMPANY	
	All figures in US$	**2016**	**2015**	**2016**	**2015**
19.2	**Earnings per share**				
19.2.1	**Basic earnings/(loss) per share: cents**				
	From continuing operations	0.14	1.90	(0.01)	0.85
	From discontinued operations	(0.01)	(0.20)	-	-
	Total basic earnings/(loss) attributable to owners of parent	**0.13**	**1.70**	**(0.01)**	**0.85**
19.2.2	**Diluted earnings/(loss) per share: cents**				
	From continuing operations	0.14	1.90	(0.01)	0.85
	From discontinued operations	(0.01)	(0.20)	-	-
	Total diluted earnings/(loss) attributable to owners of parent	**0.13**	**1.70**	**(0.01)**	**0.85**
19.2.3	**Headline earnings per share: cents**				
	Headline (loss) / earnings	(0.10)	(1.82)	(0.01)	0.85
	Diluted headline (loss) / earnings	(0.01)	(0.20)	-	-
	Total headline earnings/(loss) attributable to owners of parent	**(0.11)**	**(2.02)**	**(0.01)**	**0.85**
	Diluted headline (loss)/earnings per share	**(0.11)**	**(2.02)**	**(0.01)**	**0.85**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

19 SHARE CAPITAL(CONTINUED)

19.2 Earnings per share (continued)

19.2.4 Reconciliations of earnings used in calculating earnings per share

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Profit attributable to owners of the parent arising from:				
From continuing operations	1 131 921	13 472 499	(83 503)	6 536 389
From discontinued operations	(74 646)	(1 436 722)	-	-
Total basic earnings/(loss) attributable to owners of parent	**1 057 275**	**12 035 778**	**(83 503)**	**6 536 389**
Profit from disposal of subsidiary (note 22)	(1 176 165)	-	-	-
Fair value (loss)/gain on investment property (note 22)	(886 893)	200 000	-	-
Gain on bargain purchase (note 22)	-	(29 433 967)	-	-
Recycled foreign currency translation reserve (note 22)	(755 651)	-	-	-
Fair value gain on equity securities (note 22)	-	(3 301 393)	-	-
Profit from disposal of property and equipment (note 23)	(281 992)	157 096	-	-
Impairment of non-current assets held for sale	-	129 661	-	-
Impairment of property and equipment (note 6)	103 037	2 722 387	-	-
Fair value loss on previously held investment on step up acquisition (note 22.1)	-	1 161 166	-	-
Loss from disposal of associate (note 22.2)	-	3 935 005		
Tax effect of headline earnings adjustments	201 843	(752 515)	-	-
Total non-controlling effect of adjustments	839 683	(1 217 325)	-	-
Headline earnings/(loss) attributable to owners of the parent	**(898 863)**	**(14 364 107)**	**(83 503)**	**6 536 389**

19.2.5 Weighted average number of shares used as the denominator

	GROUP		COMPANY	
Number	**2016**	**2015**	**2016**	**2015**
Shares in issue at the beginning of the year	863 061 948	481 924 869	863 061 948	481 924 869
Shares issued during the year (note 19.2.6)	-	285 852 809	-	285 852 809
Shares repurchased during the year (19.2.7)	(77 750 000)	(58 312 500)	-	-
	785 311 948	**709 465 178**	**863 061 948**	**767 777 768**
Weighted average number of shares in issue for basic earnings/(loss) per share	785 311 948	709 565 178	863 061 948	767 777 678
Weighted average number of shares in issue for diluted earnings/ (loss) per share	785 311 948	709 565 178	863 061 948	767 777 678

19.2.6 The Company issued 381 137 079 shares on 1 April 2015. These shares where issued as a consequence of a group re-organisation exercise which resulted in shareholders swapping their shares previously held in Brainworks Capital Management (Private) Limited for shares in Brainworks Limited, which was now the ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

19 SHARE CAPITAL(CONTINUED)

19.2 Earnings per share (continued)

19.2.7 On 8 July 2015, the Company issued 77 750 000 ordinary shares of US$0.0001 each to Brainworks Capital Management (Private) Limited, its wholly owned subsidiary as part of a Group re-organisation scheme. These shares have been accounted for as treasury shares in the Group statement of financial position. The Group re-organisation scheme is more fully disclosed in note 30.1.

Weighted average number of shares used as the denominator

19.2.8 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 2016 and 31 December 2015, there were no potentially dilutive share options or other potentially dilutive financial instruments.

19.3 Net asset value per share (cents)

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Net assets (excluding NCI)	65 305 912	64 601 349	58 039 983	58 123 486
Number of ordinary shares	785 311 948	709 465 178	863 061 948	767 777 678
Net asset value per share	**8.32**	**9.11**	**6.72**	**7.57**
19.4 Net tangible assets per share (cents)				
Net tangible assets	55 877 576	55 343 786	58 039 983	58 123 486
Number of ordinary shares	785 311 948	709 465 178	863 061 948	767 777 678
Net asset value per share	**7.12**	**7.80**	**6.72**	**7.57**
Reconciliation of net asset to net tangible assets				
Net assets excluding non-controlling interests	65 305 912	64 601 349	58 039 983	58 123 486
Non-tangible assets	(9 428 336)	(9 257 562)	-	-
Deferred tax asset	(813 984)	(996 512)	-	-
Notional goodwill on acquisition of Coporeti Support Services (Private) Limited t/a GetCash (note 19.5)	(67 816)	-	-	-
Intangible assets (note 8)	(8 546 536)	(8 261 050)	-	-
Net tangible assets	**55 877 576**	**55 343 786**	**58 039 983**	**58 123 486**

19.5 Although the goodwill realised on the acquisition of GetCash was US$2 018 474 in note 10.1, the notional goodwill recognised here has been limited to US$67 816 which was the carrying amount of the investment in GetCash as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

20 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:

	GROUP		GROUP	
All figures in US$	**31 December 2016**		**31 December 2015**	
	Dawn Properties	**African Sun**	**Dawn Properties**	**African Sun**
Summarised statement of financial position				
Current assets	7 777 276	12 002 055	3 251 686	8 851 239
Current liabilities	(4 908 102)	(18 595 148)	(1 525 116)	(23 849 222)
Current net assets	**2 869 174**	**(6 593 093)**	**1 726 570**	**(14 997 983)**
Non-current assets	87 236 182	21 614 759	85 563 755	24 534 052
Non-current liabilities	(5 567 694)	(8 361 869)	(3 787 498)	(7 071 908)
Non current net assets	**81 668 487**	**13 252 890**	**81 776 257**	**17 462 144**
Net assets	**84 537 661**	**6 659 797**	**83 502 827**	**2 464 161**
Accumulated NCI	**27 789 003**	**3 296 240**	**27 449 370**	**1 522 335**
Summarised statement of comprehensive income				
Revenue	4 348 771	43 600 924	3 436 892	34 370 494
Profit/(loss) for the year	1 034 835	4 806 710	(3 843 926)	(8 503 471)
Other comprehensive income	-	(611 074)	-	106 243
Total comprehensive income	**1 034 835**	**4 195 636**	**(3 843 926)**	**(8 397 228)**
Summarised statement of cashflows				
Cash flows from operating activities	(2 884 858)	2 172 853	(780 380)	2 285 000
Cash flows from investing activities	(1 932 120)	(911 997)	(442 174)	(1 135 131)
Cash flows from financing activities	4 195 061	1 149 353	-	(1 510 754)
Net (decrease)/increase in cash and cash equivalents	**(621 917)**	**2 410 209**	**(1 222 554)**	**(360 885)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

21 OPERATING EXPENSES

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Staff costs	10 388 485	8 899 316	540 000	307 500
Pension contribution	713 566	707 463	-	-
Retrenchment and separation costs	1 359	1 081 194	-	-
Tax penalty provision	-	168 198	-	-
Operating lease expenses - offices	266 325	278 447	-	-
Operating lease expenses - hotels	2 953 765	4 605 481	8 750	-
Administration costs	6 087 339	6 689 606	228 805	115 058
Directors fees	327 649	362 030	101 500	37 000
Transaction costs	360 751	224 203	-	-
Audit and legal fees	642 278	751 314	21 390	10 350
Depreciation	4 021 323	6 419 344	-	-
Armotisation of intangible assets	11 048	-	-	
Repairs and maintenance costs	2 447 771	2 228 700	-	-
Electricity, rates and water	2 571 574	2 211 503	-	-
Sales and marketing costs	1 516 957	1 005 839	-	-
Listing expenses	379 063	-	379 063	-
Consulting fees	559 329	154 165	23 900	-
Franchising fees	618 457	1 301 578	-	-
Travel	217 988	310 620	-	-
Impairment of trade and other receivables (note 14.2)	(2 979 738)	3 426 623	-	-
Trade and other receivables written off	-	2 428 913	-	-
Impairment of investments	56 235	1 446 972	-	-
	31 161 524	**44 701 509**	**1 303 408**	**469 908**

Included in the current year allowance for impairment is a reversal of US$2 750 000 relating to an amount that was due to Brainworks Capital Management (Private) Limited which had been written off in full during the year ended 31 December 2015 as management had concluded that recovery of the full amount was in significant doubt. The amount was due from Kestrel International Corporation (Private) Limited. As at 31 December 2016, negotiations were at an advanced stage between Brainworks Capital Management (Private) Limited and Mr. G Manyere (former CEO of Brainworks Limited) wherein Brainworks Capital Management (Private) Limited was going to cede its rights over the receivable to the latter. In January 2017, an agreement was reached whereby Mr. G Manyere acquired from the Group the receivable from Kestrel International Corporation (Private) Limited, in exchange for 29 055 555 shares he indirectly held in Brainworks Limited. These shares in Brainworks Limited were considered to have effectively been repurchased by the Company and would be accounted for as Treasury shares in 2017.

Based on consideration of this development subsequent to the reporting date, the Group concluded that the receivable was no longer impaired and thus reversed the previously recognised impairment.

21.1 Distribution of operating expenses across the Group companies

Administration costs are distributed as follows amongst all companies in the Group: African Sun Limited (81%), Brainworks Capital Management (Private) Limited (4%), Dawn Properties Limited (7%), FML Logistics (Private) Limited (3%), GetSure Life Assurance (Private) Limited (3%) and Coporeti Support Services (Private) Limited t/a GetCash (1)%. A significant portion of African Sun Limited's administration costs pertain to hotel rates, repairs and maintenance, lighting and water expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

22 OTHER GAINS/(LOSSES)

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Fair value adjustment on investment property (note 7)	886 893	(200 000)	-	-
Fair value of gain on Getbucks Financial Services Limited equity securities (note 10)	-	3 301 393	-	-
Profit from disposal of subsidiary (note 9.2)	1 176 165	-	-	-
Loss from disposal of associate (note 22.2)	-	(3 935 005)	-	-
Recycle foreign currency translation reserve	755 651	-	-	-
Gain from bargain purchase (note 9.1.2)	-	29 433 967	-	-
Fair value loss on previously held investment on step up acquisition (note 22.1)	-	(1 161 166)	-	-
	2 818 709	**27 439 189**	**-**	**-**

22.1 Fair value loss on previously held investment on step up acquisition

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Fair value of previously held interest in:				
- African Sun Limited (note 9.1.1)	-	11 014 509	-	-
-Dawn Properties Limited (note 9.1.2)	-	15 741 620	-	-
	-	26 756 129		
Carrying amount transferred from investment in associates	-	(27 917 295)	-	-
- African Sun Limited	-	(10 637 623)	-	-
- Dawn Properties Limited	-	(17 279 672)	-	-
Fair value loss on previously held investment on step up acquisition	**-**	**(1 161 166)**	**-**	**-**

22.2 Loss from disposal of associate

The 29% interest held in Ecobank Zimbabwe Limited was disposed of on 30 June 2015. The investment was sold for US$12.5 million relative to the carrying amount of US$16.4 million as at the disposal date. As a result, a loss on disposal of US$3.9 million was recognised.

22.3 Gain from bargain purchase

The gain on bargain purchase arose on acquisition of a controlling interest in Dawn Properties Limited in 2015. Additional disclosures on the gain on bargain purchase are on note 9.1.2.

23 SUNDRY INCOME

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Dividends received (note 23.1)	-	30 387	-	5 250 303
Unwinding of interest of staff debtors	44 725	264 870	-	-
Profit/(loss) from disposal of property and equipment	281 992	(157 096)	-	-
Insurance claim recoveries	225 000	-	-	-
RBZ export incentive	278 889	-	-	-
Management fee income	139 107	-	-	-
Other income	198 082	32 968	-	100 784
	1 167 796	**171 129**	**-**	**5 351 087**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

23 SUNDRY INCOME (CONTINUED)

23.1 During the year ended 31 December 2015, Brainworks Capital Management (Private) Limited ("Brainworks") declared a dividend of US$5 250 303 to the Company. The dividend was settled by way of a cash payment of US$450 000 and a dividend in-specie consisting of 109 373 999 shares in GetBucks Financial Services Limited previously owned by Brainworks.

The Company then declared a dividend of US$4 740 759 during the year ended 31 December 2015. US$4 320 273 of the dividend was settled through transfer of 109 373 999 Getbucks Financial Services Limited shares previously held by Brainworks Capital Management (Private) Limited to the shareholders of Brainworks Limited. The balance of US$420 486 was settled in cash.

24 FINANCE COSTS AND INCOME

		GROUP		COMPANY	
	All figures in US$	**2016**	**2015**	**2016**	**2015**
24.1	**Finance income**				
	Interest income on bank deposits	5 133	4 554	205 555	-
	Interest on short term investments	272 976	127 141	-	-
		278 109	**131 695**	**205 555**	**-**
24.2	**Finance costs**				
	Interest costs on bank borrowings	(4 050 656)	(2 188 896)	(222 882)	(47 544)
	Interest reversal / (cost) on statutory liabilities	353 491	(452 455)	-	-
		(3 697 165)	**(2 641 351)**	**(222 882)**	**(47 544)**
	Net finance costs for the period	**(3 419 056)**	**(2 509 656)**	**(17 327)**	**(47 544)**

25 INCOME TAX

The Company is subject to income tax in Mauritius under the Income Tax Act 1995 at the rate of 15% (2015: 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.

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Current year charge	378 751	1 077 430	-	37 547
Withholding tax	135 087	509 536	-	509 536
Deferred tax	299 804	2 228 269		-
	813 642	**3 815 235**	**-**	**547 083**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

25 INCOME TAX (CONTINUED)

A reconciliation of the income tax expense based on accounting profit and the actual income tax expense is as follows:

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Profit/(loss) before income tax	**4 372 142**	**13 470 452**	**(83 503)**	**7 083 472**
Tax at applicable rates	903 062	3 082 560	(12 525)	1 062 521
Non-taxable income	-	(1 039 644)	5 209	-
Non deductible losses	-	-	56 859	-
Deferred tax asset not recognised	282 771	2 056 799	-	-
Prior year income tax under-provision (note 25.1)	370 423	928 808	-	-
Foreign tax credit	(607 583)	(194 626)	-	(194 626)
Witholding tax	135 087	509 536	-	-
Unutilised tax losses	-	-	136 042	-
Other deductible items	(270 118)	(1 528 198)	(185 585)	(320 812)
	813 642	**3 815 235**	**-**	**547 083**

The applicable tax rates in the different counties for the year were; South Africa 28% (2015: 28%), Zimbabwe 25.75% (2015: 25.75%) and Mauritius 15% (2015: 15%).

25.1 Prior year income tax under provision

Dawn Properties Limited ("Dawn") which is one of the Company's subsidiaries had a long oustanding tax dispute which was before the courts in which Dawn and the Zimbabwe Revenue Authority ("ZIMRA") were not in agreement relating to the quantum of annual capital allowances claimable in terms of the Zimbabwe Income Tax Act (Chapter 23: 06) on its hotel properties. The capital allowances are deductible from taxable income on an annual basis.

The High Court of Zimbabwe ("the High Court") passed a judgement on the tax case on 25 September 2015. Where Dawn had previously claimed capital allowances of US$2 609 850 per annum, application of the principles established by the High Court ruling effectively reduced the previous annual estimate of the capital allowances to US$801 405 with effect from the 2009 financial year end, resulting in the recognition of an income tax liability of U$928 808 in the 2015 financial statements.

The change in the annual capital allowances was accounted for as a change in an accounting estimate.

26 DISCONTINUED OPERATIONS

26.1 Zimbabwe

African Sun Limited ceased operations of the Beitbridge Express Hotel on 31 January 2016. This was following approval by the African Sun Limited Board on 19 November 2015. The rationale for discontinuing was as a result of prolonged losses by the Hotel which was eroding the Group's equity. Beitbridge Express reported a loss of US$129 325 for the year ended 31 December 2016 (2015: US$336 311).

26.2 Ghana

The Group also closed the Amber Accra Hotel in Ghana on 31 August 2015. Included in the loss from discontinued operations for the year ended 31 December 2015 is a loss of US$2.29 million from this hotel.

26.3 Analysis of the loss for the year from discontinued operations

The combined results of the discontinued operations included in the profit for the period are set out as below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

26 DISCONTINUED OPERATIONS (CONTINUED)

26.3 Analysis of the loss for the year from discontinued operations (continued)

Statement of comprehensive income

All figures in US$	2016	2015
Revenue		
-Amber Accra Hotel	-	4 444 363
-Beitbridge Express Hotel	45 415	-
	45 415	**4 444 363**
Cost of sales		
-Amber Accra Hotel	-	(891 109)
-Beitbridge Express Hotel	(21 169)	-
	(21 169)	**(891 109)**
Gross profit		
-Amber Accra Hotel	-	3 553 254
-Beitbridge Express Hotel	24 246	-
	24 246	**3 553 254**
Operating expenses		
-Amber Accra Hotel	-	(3 830 713)
-Beitbridge Express Hotel	(82 564)	-
	(82 564)	**(3 830 713)**
Other expenses		
-Amber Accra Hotel	-	(387 750)
-Beitbridge Express Hotel	-	-
	-	**(387 750)**
Impairment		
-Amber Accra Hotel	-	(311 511)
-Beitbridge Express Hotel	(71 007)	-
	(71 007)	**(311 511)**
Finance costs		
-Amber Accra Hotel	-	(460 074)
-Beitbridge Express Hotel	-	-
	-	**(460 074)**
Loss before income tax		
-Amber Accra Hotel	-	(1 436 794)
-Beitbridge Express Hotel	(129 325)	-
	(129 325)	**(1 436 794)**
Income tax (charge) / credit		
-Amber Accra Hotel	-	(709 652)
-Beitbridge Express Hotel	-	-
	-	**(709 652)**
Loss after income tax		
-Amber Accra Hotel	-	(2 146 446)
-Beitbridge Express Hotel	(129 325)	-
	(129 325)	**(2 146 446)**
Loss from sale of assets after tax		
-Amber Accra Hotel	-	(342 677)
-Beitbridge Express Hotel	-	-
	-	**(342 677)**
Loss from discontinued operations		
-Amber Accra Hotel	-	(2 489 123)
-Beitbridge Express Hotel	(129 325)	-
	(129 325)	**(2 489 123)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

26 DISCONTINUED OPERATIONS (CONTINUED)

	All figures in US$	2016	2015
26.4	**Other comprehensive income from discontinued operations**		
	Exchange differences on translation of discontinued operations		
	-Amber Accra Hotel	-	(473 531)
	-Beitbridge Express Hotel	-	-
		-	**(473 531)**
	Other comprehensive income from discontinued operations		
	-Amber Accra Hotel	-	(527 357)
	-Beitbridge Express Hotel	-	-
		-	**(527 357)**
26.5	**Analysis of cash flows from discontinued operations**		
	Net cash flow from operating activities		
	-Amber Accra Hotel	-	(787 913)
	-Beitbridge Express Hotel	(11 864)	-
		(11 864)	**(787 913)**
	Net cash outflow from investing activities		
	-Amber Accra Hotel	-	(107 387)
	-Beitbridge Express Hotel	-	-
		-	**(107 387)**
	Net cash outflow from financing activities		
	-Amber Accra Hotel	-	(815 680)
	-Beitbridge Express Hotel	-	-
		-	**(815 680)**
	Net cash used in discontinued operations		
	-Amber Accra Hotel	-	(1 710 980)
	-Beitbridge Express Hotel	(11 864)	-
		(11 864)	**(1 710 980)**
	Analysis of loss on the disposal of operating assets		
	Consideration receivable		
	-Amber Accra Hotel	-	754 928
	-Beitbridge Express Hotel	-	-
		-	**754 928**
	Carrying amount of operating assets sold		
	Property and equipment		
	-Amber Accra Hotel	-	(1 060 560)
	-Beitbridge Express Hotel	-	-
		-	**(1 060 560)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

26 DISCONTINUED OPERATIONS (CONTINUED)

26.5 Analysis of cash flows from discontinued operations (continued)

All figures in US$	2016	2015
Inventory		
-Amber Accra Hotel	-	(37 045)
-Beitbridge Express Hotel	-	-
	-	**(37 045)**
Loss from sale of operating assets		
-Amber Accra Hotel	-	(342 677)
-Beitbridge Express Hotel	-	-
	-	**(342 677)**

27 CAPITAL COMMITMENTS

All figures in US$	2016	2015
Group		
Authorised and contracted for	-	2 356 571
Authorised and not contracted for	6 262 291	14 565 782
	6 262 291	**16 922 353**

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.

28 RELATED PARTY TRANSACTIONS

28.1 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, the Head of Treasury, the Head of Advisory and the Head of Corporate Development and Investor Relations.

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

	GROUP		COMPANY	
All figures in US$	**2016**	**2015**	**2016**	**2015**
Short-term employee benefits	2 855 386	3 077 290	540 000	307 500
Non-executive directors' fees	327 649	362 030	101 500	37 000
	3 183 035	**3 439 320**	**641 500**	**344 500**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

28 RELATED PARTY TRANSACTIONS (CONTINUED)

28.1 Directors and key management remuneration (continued)

The Executive Directors' emoluments paid by Brainworks Limited are as follows:

All figures in US$	2016				2015			
Executive directors	**Basic salary**	**Pension**	**Medical aid**	**Total**	**Basic salary**	**Pension**	**Medical aid**	**Total**
G Manyere	360 000	3 000	13 193	**376 193**	240 000	3 000	11 400	**254 400**
W Kambwanji	330 000	3 000	14 739	**347 739**	225 120	3 000	12 432	**240 552**
Total	**690 000**	**6 000**	**27 932**	**723 932**	**465 120**	**6 000**	**23 832**	**494 952**

All figures in US$	2016				2015			
Non executive directors	**Retainer**	**Sitting Fees**	**Other fees**	**Total**	**Retainer**	**Sitting Fees**	**Other fees**	**Total**
S Village	9 000	6 000	-	**15 000**	-	-	-	**-**
M Wood	4 500	3 000	-	**7 500**	-	-	-	**-**
R Muirimi	15 000	9 000	-	**24 000**	7 500	4 500	-	**12 000**
G Bennett	4 500	3 000	-	**7 500**	-	-	-	**-**
R Charrington	4 500	3 000	-	**7 500**	-	-	-	**-**
A Mothupi	4 500	3 000	-	**7 500**	-	-	-	**-**
B Childs	4 500	3 000	-	**7 500**	4 500	3 000	-	**7 500**
A Scholtz	4 500	3 000	-	**7 500**	4 500	3 000	-	**7 500**
C Vermaak	4 500	3 000	-	**7 500**	2 500	2 500	-	**5 000**
P Prayag	2 500	2 500	-	**5 000**	2 500	2 500	-	**5 000**
K Gulab	2 500	2 500	-	**5 000**	-	-	-	**-**
	60 500	**41 000**	**-**	**101 500**	**21 500**	**15 500**	**-**	**37 000**

28.2 Other related party transactions and balances

The details of other related party transactions were as follows:

GROUP				
Related party	**Nature of relationship**	**Nature of transaction**	**2016 US$**	**2015 US$**
GetBucks Financial Services Limited	Associate	Finance cost	519 357	32 205
GetCash#	Associate	Rental income	10 000	-
GetCash#	Associate	Finance income	61 197	-
Ecobank Transnational Incorporated	Parent of Ecobank**	Finance cost	-	46 754
Ecobank Zimbabwe Limited	Associate	Finance cost	-	94 874
GetCash#	Associate	Receivable	1 153 995	-
GetCash#	Associate	Receivable	644 461	-
Meikles Limited	Joint control	Receivable	-	242 221
Brainworks Capital Equity Managers (Private) Limited	Management	Receivables	-	298 407
MyBucks S.A.	Parent of GetBucks*	Borrowings	311 981	202 255
GetBucks Financial Services Limited	Associate	Borrowings	2 339 872	961 432
Staff loans	Management	Receivables	1 110 748	1 760 362
Ecobank Zimbabwe Limited	Associate	Borrowings	-	6 571 112

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

28 RELATED PARTY TRANSACTIONS (CONTINUED)

28.2 Other related party transactions and balances (continued)

* GetBucks refers to GetBucks Financial Services Limited.
# GetCash refers to Coporeti Support Services (Private) Limited t/a GetCash.
** Ecobank refers to Ecobank Zimbabwe Limited. The Group sold its equity investment in Ecobank Zimbabwe during the year ended 31 December 2015.

Loans from MyBucks SA

The outstanding loan from MyBucks SA bears interest at 30% (2015: 30%) per annum. The principal and accrued interest are both payable on 31 December of 2016. The loan is unsecured.

Loan from GetBucks Financial Services Limited

The loan from GetBucks Financial Services Limited attracts interest of 18% per annum (2015 : 18%) and is secured by 227 645 661 African Sun Limited shares held by Brainworks Capital Management (Private) Limited. The loan matures on 30 September 2017.

Amounts due from GetCash

The US$1 153 995 due from GetCash arose from interest free amounts that were advanced by group companies during the year for working capital purposes. US$1 145 080 of the balance which is due to Brainworks Capital Management (Private) Limited ("BCM"), would be converted by GetCash into equity as part of a plan to recapitalise GetCash agreed between BCM and MyBucks SA Limited subsequent to the reporting date.

The US$644 461 arose from short term investments, bearing interest at an average rate of 17% per annum that were made by GetSure Life Assurance Company (Private) Limited during the year. US$330 958 of the outstanding amount would be converted into equity as part of a GetCash recapitalisation plan indicated above. The balance of US$313 503 would be converted into a promissory note bearing interest at 5% per annum and repayable after a period of 5 years.

Staff loans

Included in staff loans is a balance of US$0.15 million (2015:US$1.2 million) payable by the executive management of Brainworks Limited. The 2016 loan balances bear interest at 7% per annum (2015: 7%) and is repayable over a period of 60 months. The current year loans arose from loans advanced to management under the Brainworks motor vehicle scheme whereby the Company avails loans at concessionary rates to staff for the acquisition of motor vehicles. The motor vehicles financed secure the loans.

The December 2015 loans were assumed upon the Group's disposal of its shareholding in Ecobank Zimbabwe Limited and were settled in 2016. The staff loans also include loans awaited to staff at concessionary interest rates as part of the Group's staff incentive schemes.

COMPANY				
Related transactions for the year	**Nature of relationship**	**Nature of transaction**	**2016 US$**	**2015 US$**
Brainworks Capital Management (Private) Limited	Subsidiary	Dividend income	-	5 250 303
Brainworks Capital Management (Private) Limited	Subsidiary	Finance income	205 555	47 544
MyBucks S.A.	Parent of GetBucks*	Finance cost	34 726	-
Balances at year end:				
Brainworks Capital Management (Private) Limited	Subsidiary	Loan receivable	10 305 555	-
MyBucks S.A.	Parent of GetBucks*	Investment	4 737 182	3 499 950
MyBucks S.A.	Parent of GetBucks*	Borrowings	311 981	202 255
Brainworks Capital Management (Private) Limited	Subsidiary	Other payable	1 817 715	672 627

* GetBucks refers to GetBucks Financial Services Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

28 RELATED PARTY TRANSACTIONS (CONTINUED)

28.2 Other related party transactions and balances (continued)

Amounts due from Brainworks Capital Management (Private) Limited

The US$10 077 500 arose from a loan that was advanced to Brainworks Capital Management (Private) Limited ("BCM") by the Company during the year. The loan, which bears interest at 11% per annum, is unsecured and is repayable in full on 31 October 2017.

Amounts due to Brainworks Capital Management (Private) Limited

The US$1 817 715 due to Brainworks Capital Management (Private) Limited ("BCM") is non-interest bearing and does not have fixed repayment terms. The amount arose from monies advanced to the Company by BCM for working capital purposes.

29 CONTINGENCIES

29.1 African Sun Limited ("African Sun")

African Sun has contingencies relating to value added tax on food and beverages sold to foreign guests before the introduction of Value Added Tax ("VAT") on all foreign guests revenues and withholding tax on foreign tour operators for which, in the opinion of management and its legal counsel, the risk of loss is not probable. Therefore, no provisions have been recorded. The tax matter involves inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties and governmental actions, and as a consequence management cannot at this stage estimate the likely timing of resolution of these matters. The revenue authority is claiming US$1.57 million on VAT and US$0.29 million on withholding taxes including interest and penalty.

29.2 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.

29.3 Brainworks Capital Management (Private) Limited

A claim by the Zimbabwe Revenue Authority ("ZIMRA") against Brainworks Capital Management ("Brainworks Capital Management") for VAT in respect of certain invoices issued by Brainworks Capital Management in relation to advisory services allegedly provided as part of the proposed indigenisation programme for the mining sector. The mandate was grounded on a success fee, performance of which was not accepted by the principals and proforma invoices issued by Brainworks Capital Management were never paid (and were in fact cancelled). Brainworks Capital Management has obtained legal advice that it is not liable for the VAT claim. The matter is currently sub judice and management remains in contact with the tax authorities regarding this matter. If the claim is successful, this may result in Brainworks Capital Management being required to pay principal VAT amount of US$3.8 million, together with a penalty of US$0.8 million and interest of US$1.7 million to ZIMRA. The claim is being defended.

30 CORRECTION OF PRIOR PERIOD ERRORS

During the year, the Group identified a number of accounting errors that had been made in 2015. These errors related to:

a. How treasury shares had been accounted for;
b. Application of IFRS 3 - 'Business Combinations' on accounting for the acquisition of African Sun Limited;
c. Oversight on elimination of intra group dividends;
d. Erroneous classification of investment property as property, plant and equipment;
e. Omission of depreciation on items reclassified from investment property to property, plant and equipment in the consolidated financial statements;
f. Overstatement of the goodwill impaired from investment in African Sun Limited;
g. Accounting for the Group re-organisation;
h. Errors in relation to amounts recognised pertaining to investments in associates;
i. Errors arising from use of preliminary numbers for consolidation purposes;
j. Errors pertaining to non-controlling interests, non distributable reserves and foreign currency translation reserve; and
k. Reclassification of share of other comprehensive loss from non-distributable reserve to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

30 CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

30.1 Error in relation to accounting for treasury shares

During the year ended 31 December 2015, a Group re-organisation exercise was implemented which culminated in Brainworks Limited being the ultimate holding company, owning all the issued shares of Brainworks Capital Management (Private) Limited ("Brainworks Capital"). Prior to the Group re-organisation, Brainworks Capital was the parent company, holding all the issued shares of Brainworks Limited.

To achieve the Group re-organisation, the shareholders of Brainworks Capital gave up their shares in Brainworks Capital to Brainworks Limited as consideration, for which in return they received an equivalent number of shares with the same rights in Brainworks Limited.

30.1 Error in relation to accounting for Treasury shares (continued)

At the time of the Group re-organisation, Brainworks Capital had 77 750 000 of its own ordinary shares held as treasury shares, which shares were given up to Brainworks Limited. As consideration, Brainworks Capital was issued with 77 750 000 ordinary shares with a par value of US$0.0001 each in Brainworks Limited, which shares Brainworks Capital held through a nominee called Adcone Holdings SA as at 31 December 2015. The shares were issued at US$0.10 each.

In the Group statement of financial position as at 31 December 2015, the US$7 775 000 worth of the shares held by Brainworks Capital in Brainworks Limited had been recognised as a receivable from Adcone. In substance, these should have been accounted for as treasury shares as these are held by a subsidiary.

The error was corrected through reversal of the recognised receivable and elimination of the equivalent nominal value and share premium amounts of US$7 775 and US$7 767 225 respectively in the Group statement of financial position as at 31 December 2015. However, no impact has been recorded on the share capital of Brainworks Limited in its separate financial statements as the 77 750 000 shares are still in issue as at the same date.

30.2 Application of IFRS 3 - 'Business Combinations' on accounting for the acquisition of African Sun Limited

On 30 April 2015, Brainworks Capital Management (Private) Limited ("Brainworks") increased its equity interest in African Sun Limited ("African Sun") from 43.31% to 56.14%, resulting in Brainworks Capital gaining control of African Sun. This transaction is more fully disclosed in note 9.1.1 to these consolidated financial statements. African Sun had previously been accounted for as an associate and equity accounted for.

An error was made on the fair valuation of the previously held equity interest which resulted in recognition of fair value losses of US$1 427 185 on that date, instead of a fair value gain of US$376 886. The original cost of the investment in associate of US$12 230 512 was used in the determination of the fair value loss of the previously held equity interest, instead of the equity accounted carrying amount of the investment of US$10 440 796; amount which also included the Group's share of losses of the associate investment up to 30 April 2017.

The error has been corrected through reversal of the US$1 427 185 from the statement of comprehensive income and recognition of fair value gain on the previously held interest of US$376 886 in the Group statement of statement of comprehensive income for the year ended 31 December 2015.

30.3 Oversight on elimination of intra-group dividends

During the year ended 31 December 2015, Brainworks Capital Management (Private) Limited declared and paid a dividend of US$5 250 303 to its parent company - Brainworks Limited. The dividend was however erroneously not eliminated from the Group statement of comprehensive income for the year ended 31 December 2015.

30.4 Erroneous classification of investment property as property plant and equipment

The Group erroneously classified investment property amounting to US$14 828 712 as property, plant and equipment as at 31 December 2015. The investment property is owned by one of the subsidiaries namely Dawn Properties Limited. Such investment property was neither owner occupied nor leased out to any of the Group companies as at that date, hence it should have been classified as investment property. Depreciation had however not been correctly recognised on these assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

30 CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

30.5 Omission of depreciation on items reclassified from investment property to property plant and equipment in the consolidated financial statements

Investment property in the form of hotel properties with an aggregate depreciable amount of US$43 556 000 leased out by Dawn Properties Limited ("Dawn Properties") to African Sun Limited ("African Sun") had correctly been classified as owner occupied property and accordingly recognised as property, plant and equipment on the statement of financial position as at 31 December 2015. Dawn Properties and African Sun are both subsidiaries of Brainworks Limited. However, depreciation was not recognised on these assets in the statement of comprehensive income for the period ended 31 December 2015. An amount of US$483 955 has been recognised in the statement of comprehensive income for the year ended 31 December 2015.

30.6 Overstatement of the goodwill impaired from investment in African Sun Limited

On 30 April 2015, Brainworks Capital Management (Private) Limited, acquired a controlling equity stake in African Sun Limited. Goodwill amounting to US$8 261 050 was recognised in respect of this acquisition. This transaction is more fully disclosed in note 9.1.1 to the financial statements.

The goodwill of US$8 261 050 was written off in full in the Group statement of comprehensive income for the year ended 31 December 2015. However, after a proper assessment of whether the goodwill had been impaired based on the applicable IFRS principles, the Group concluded that the IFRS principles when applied on circumstances that obtained as at 31 December 2015, did not support the impairment of goodwill as at that date. As a result, goodwill amounting to US$8 261 050 previously written off has been reinstated in full on the statement of financial position as at 31 December 2015.

30.7 Accounting for the 2015 Group reorganisation

During the year ended 31 December 2015, the Group was re-organized by way of a share swap between Brainworks Limited ("the Company"); incorporated and domiciled in Mauritius and Brainworks Capital Management (Private) Limited ("BCM"); a company incorporated and domiciled in Zimbabwe. The share swap was concluded at the ratio of 1:1 (one Company share for every one BCM share previously held).

Prior to the reorganization, the Company was a subsidiary of Brainworks Capital Management (Private) Limited and post the reorganization, the Company became the holding company of BCM.

In the financial statements for the year ended 31 December 2015, the transaction was incorrectly accounted for as a business combination under common control using the book value method of accounting. As a result, the Group restated the prior year financial information to reflect the combination as if it had occurred from the beginning of the earliest period presented in the 2015. The difference between the equity instruments that were issued as purchase consideration and the equity of BCM was recognized as a merger reserve of US$60 609 311 on initial recognition of the merger reserve.

The negative merger reserve subsequently reduced to US$53 109 311 as at 31 December 2014 as a result of share issue entries that were being offset against the merger reserve. The reorganization should have instead been accounted for as a capital reorganization using guidance in International Accounting Standard ("IAS"), '27 Separate financial statements" because the following criteria in IAS 27 had been met:

- the new parent obtained control of the original parent by issuing equity instruments in exchange for existing equity instruments of the original parent;
- the assets and liabilities of the new group and the original group were the same immediately before and after the reorganisation;
- the owners of the original parent before the reorganisation had the same absolute and relative interests in the net assets of the original group and the new group immediately before and after the re-organisation, and
- the new parent accounted for its investment in the original parent at cost in its separate financial statements.

At the Group level, the error was corrected through elimination of the negative merger reserve of US$53 109 311 against the share premium and at the Company level, the error was corrected through elimination of the same amount from the share premium and investment in subsidiary.

In addition, an error was made due to the fact that the investment in BCM by the Company was recognised at fair value, which at the time was estimated as being US$86.3 million, instead of the same being recognised at the net asset value of BCM at the time of re-organisation which was US$55.5 million in accordance with the IAS 27 guidance above. The 863 061 948 shares that were issued to the previous shareholders of BCM as part of the re-organisation were issued at US$0.10 per share, resulting in the recognition of share capital and share premium of US$86 306 and US$86 219 889 respectively, instead of an effective US$0.06 per share had the net asset value of US$55.5 million been considered.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

30 CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

30.7 Accounting for the 2015 Group reorganisation (continued)

After the elimination of the merger reserve against the share premium and investment in subsidiaries indicated above, the investment in subsidiary in the Company's statement of financial position would be US$66.3 million. In-order to recognise the investment in subsidiary at US$55.5 million as at the date of the Group reorganisation in accordance with the provisions of IAS 27, a further US$10.7 million downward adjustment has been recognised against investment in subsidiary, with the corresponding entry recognised in non-distributable reserve on the Company's statement of financial position. The US$10.7 million is eliminated against investment in subsidiary on consolidation, hence it does not appear in the Group financial statements.

30.8 Errors in relation to amounts recognised pertaining to investments in associates

On 31 March 2015 and 30 April 2015, the Group acquired control of Dawn Properties Limited ("Dawn") and African Sun Limited ("African Sun") respectively, through a step acquisition. These transactions are disclosed in note 9 to these financial statements. The investments in Dawn and African Sun had hitherto been accounted for as investments in associates. The Group however did not recognise its share of profits and losses from these associates from the beginning of the year up to the respective dates of acquiring control of these entities.

The share of losses from Dawn was US$249 708 and share of profits from African Sun was US$24 702. In addition, the Group had also omitted to recognise its share of other comprehensive loss of US$145 356 from African Sun.

Furthermore, differences were noted between the amounts that had been recorded as dividend paid in specie, transfer to investment in subsidiary and additions to investments in associates. The aggregate impact of these difference was an overstatement of investment in associates by US$209 330.

30.9 Errors arising from use of preliminary numbers for consolidation purposes

The 2016 Group financial statements were prepared using preliminary figures for African Sun Limited ("African Sun"). However if the final figures for African Sun were used the following effect on the Statement of comprehensive income would arise :-

Income tax expense would increase by US$39 908; loss from discontinued operations increases by US$199 280; exchange gains from translation of discontinued foreign operations recognised in other comprehensive income increases by US$170 467 and trade payables would also increase by US$68 720.

The aggregate effect of the adjustments above on the consolidated statement of comprehensive income is that profit for the year will decrease by US$239 188, with US$138 059 and US$101 128 being attributable to owners of parent and non-controlling interests respectively.

In addition, total comprehensive income for the year will decrease by US$68 720, with US$39 665 and US$29 055 thereof being attributable to owners of parent and non-controlling interests respectively.

30.10 Errors pertaining to non-controlling interests, non distributable reserves and foreign currency translation reserve

As a result of using corrected figures on acquisition of African Sun Limited documented in note 30.2 above, a difference of US$353 915 was noted between initially recognised non-controlling interest amount and the corrected amount. In addition, an aggregate understatement of US$167 050 was noted on the gain recognised on the change in degree of control of African Sun and Dawn Properties Limited when the Group acquired control of these two entities.

The error has been corrected through adjustments to the non-controlling interests and non-distributable reserves.

Furthermore, in the previous financial statements for the year ended at 31 December 2015, an amount of US$16 465 was included erroneously as part of the foreign currency translation reserve ("FCTR") acquired from subsidiaries. This has been corrected by eliminating the amount from the FCTR and written off against retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

30 CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

30.11 Reclassification of share of other comprehensive loss from non-distributable reserve to retained earnings

An amount of US$410 765 being the Group's share of other comprehensive losses of associates was incorrectly debited to non-distributable reserve instead of the same being debited to retained earnings. The error has been corrected through reclassification of other comprehensive loss of US$410 765 from non-distributable reserve to retained earnings.

The errors have been corrected by restating each of the affected 2015 financial statement line items as follows:

	GROUP		
All figures in US$	**31 December 2015 Previously stated**	**Increase/ (decrease)**	**31 December 2015 Restated**
STATEMENT OF COMPHERENSIVE INCOME (extract)			
Other gains/(losses)	25 635 118	1 804 071	27 439 189
Sundry income	5 421 432	(5 250 303)	171 129
Share of net profit/(losses) of associates accounted for using equity method	2 475 471	(225 006)	2 250 465
Operating expenses	(52 829 034)	8 127 525	(44 701 509)
Impact on (loss)/profit before income tax	**(19 297 013)**	**4 456 287**	**(14 840 726)**
Income tax expense	(3 775 326)	(39 909)	(3 815 235)
Impact on profit from continuing operations	**(23 072 339)**	**4 416 378**	**(18 655 961)**
Discontinued operations	(2 289 843)	(199 280)	(2 489 123)
Impact on profit for the year	**(25 362 182)**	**4 217 098**	**(21 145 084)**
Other comprehensive loss			
Share of other comprehensive loss from associates	-	(145 356)	(145 356)
Exchange translation	-	170 468	170 468
	-	**25 112**	**25 112**
Impact on total comprehensive income for the year	**(25 362 182)**	**4 242 210**	**(21 119 972)**
STATEMENT OF FINANCIAL POSITION (extract)			
Property, plant and equipment	113 926 848	(15 306 490)	98 620 358
Investment in associates	3 110 554	(579 692)	2 530 862
Investment property	-	14 828 712	14 828 712
Intangible assets	-	8 261 050	8 261 050
Trade and other receivables	15 942 900	(7 775 000)	8 167 900
Net assets	**132 980 302**	**(571 420)**	**132 408 882**
Share capital	(86 307)	7 775	(78 532)
Share premium	(86 219 889)	27 762 913	(58 456 976)
Merger reserve	19 995 688	(19 995 688)	-
Foreign currency translation reserve	(53 535)	114 859	61 324
Non-distributable reserve	(476 378)	(167 050)	(643 428)
Non-controlling interests	28 479 795	491 910	28 971 705
(Accumulated losses)/retained profits	(46 760)	6 694 705	6 647 945
Total equity	**(38 407 386)**	**14 909 424**	**(23 497 962)**
	94 572 916	**14 338 004**	**108 910 920**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

30 CORRECTION OF PRIOR PERIOD ERRORS (CONTINUED)

The impact of the prior period errors on the Company's financial statements is as follows:

	COMPANY		
All figures in US$	31 December 2015 Previously stated	Increase/ (decrease)	31 December 2015 Restated
STATEMENT OF FINANCIAL POSITION (extract)			
Investment in subsidiary	86 306 196	(30 765 310)	55 540 886
Net assets	**86 306 196**	**(30 765 310)**	**55 540 886**
Share capital	(86 307)	-	(86 307)
Share premium	(86 219 889)	19 995 688	(66 224 201)
Non-distributable reserve	-	10 769 622	10 769 622
Total equity	**(86 306 196)**	**30 765 310**	**(55 540 886)**
	-	**-**	**-**

Basic and headline earnings per share for the year ended 31 December 2015 have also been restated. None of the prior year errors above had an impact on the Company's statement of comprehensive income.

IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" requires that if an error occurred before the earliest prior period presented, the Company should restate the opening statement of financial position for the earliest prior period presented. A third statement of financial position has not been presented for the Company as none of the prior period errors affect the Company's statement of financial position as at 31 December 2014.

31 SUBSEQUENT EVENTS

31.1 Key employees' resignations

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.

31.2 Dawn Properties Limited ("Dawn Properties")

Subsequent to the reporting date, Dawn Properties successfully arranged a drawdown of US$2.3 million on the NMB Bank ("the Bank") facility. The additional loan from the Bank still has the same terms and conditions as those disclosed under note 16 and is covered under the existing security arrangements with the Bank, as disclosed under the same note. Repayments commenced on 31 August 2017, that is, after a grace period of six months from the drawdown date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2016

31 SUBSEQUENT EVENTS (CONTINUED)

31.3 Coporeti Support Services (Private) Limited t/a GetCash

Subsequent to the reporting date, Brainworks Capital Management (Private) Limited ("Brainworks Capital") concluded an agreement with MyBucks S.A in terms of which the latter would inject US$1.5 million in cash into GetCash. In return for the equity injection, MyBucks SA would acquire 51% of the issued shares in Getcash and Brainworks Capital's shareholding would be reduced from 100% to 49% and the investment would continue to be accounted for as an associate.

In addition, as part of the agreement, Brainworks would convert the US$1.14 million that was as at the reporting date due from GetCash into equity. US$330 958 of the amount that was due to GetSure Life Assurance (Private) Limited would also be converted into equity and the balance of US$313 503 would converted into a 5 year promissory note bearing interest at 5% per annum.

31.4 Value added tax claim against African Sun Limited by the Zimbabwe Revenue Authority ("ZIMRA")

The Minister of Finance and Economic Development indicated that the Value Added Tax claim for all hotel operations has been waived. However, the pronouncement will need to be issued through a statutory instrument to have legal effect.

31.5 Consolidation of the issued shares of the Company

On 1 June 2017 the Company's Board approved the conversion and consolidation of the 863 061 948 fully paid ordinary shares into 86 306 195 fully paid ordinary shares of no par value.

IMARA
INVESTING
IN AFRICA

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 2016.

BRAINWORKS LIMITED
The Common Seal of

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

Registered office:

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

Date: 01st September 2017

NOTES

BRAINWORKS LIMITED
Level 2, Alexander House, Silicon Avenue, Ebène Cybercity, 72201
Republic of Mauritius
Tel +230 464 8452
Fax +230 468 1267
Email enquiry@brainworkscapital.com
Website www.brainworkscapital.com