BRAINWORKS

Reviewed Condensed Consolidated Financial Statements

for the year ended 31 December 2017

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

CONTENTS

CORPORATE INFORMATION

NON-EXECUTIVE DIRECTORS
Simon F.W VILLAGE (Chairman)
Martin J. WOOD
Richard G. MUIRIMI
George S.J. BENNETT
Audrey M. MOTHUPI
Richard N. CHARRINGTON

EXECUTIVE DIRECTORS
Brett I. CHILDS (Chief Executive Officer)
Peter SAUNGWEME (Chief Finance Officer)

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Harare, Zimbabwe

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COMPANY SECRETARY
Imara Trust Company (Mauritius) Limited
Level 2 Alexander House, Silicone Avenue,
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REGISTERED OFFICE:
C/o Imara Trust Company (Mauritius) Limited
Level 2 Alexander House, Silicone Avenue,
Ebène Cybercity,
Republic of Mauritius
Registration number: 115883 C1/GBL
JSE Share code: BWZ
ISIN: MU0548S00000

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Ebène,
Republic of Mauritius

COMMENTARY

INTRODUCTION

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

ECONOMIC AND POLITICAL REVIEW

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

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

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

OVERVIEW OF THE TOURISM AND HOSPITALITY INDUSTRY

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

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

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

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

COMMENTARY (CONTINUED)

PERFORMANCE REVIEW

Revenues

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

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

The Group maintained its average daily rate ("ADR") at US$93 in line with the prior year as focus was on driving occupancies. Occupancy growth spurred a 17% growth in revenue per available room ("RevPAR") from US$41 recorded last year to US$48, with total revenue per available room ("Total RevPAR") also increasing by 18% to US$86 from US$73 recorded in 2016.

Operating expenses

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

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

Finance charges

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

Profitability

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

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

SIGNFICANT TRANSACTIONS

a. Placement of Treasury shares

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

COMMENTARY (CONTINUED)

SIGNFICANT TRANSACTION (CONTINUED)

b. Disposal of equity investment in GetBucks Microfinance Bank Limited

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

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

The Transaction is part of the Group's plan to exit its financial services investment portfolio and balance sheet restructuring initiatives.

SECONDARY LISTING UPDATE

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

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

OUTLOOK

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

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

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

FOR AND ON BEHALF OF THE BOARD

P. SAUNGWEME
Chief Finance Officer

B.I. CHILDS
Chief Executive Officer

6 April 2018

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Brainworks Limited

Introduction

We have reviewed the condensed consolidated financial statements of Brainworks Limited, set out on pages 6 to 17 of the provisional report, which comprise the condensed consolidated statement of financial position as at 31 December 2017 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 2 to the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Brainworks Limited for the year ended 31 December 2017 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 2 to the financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor
Johannesburg

6 April 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

All figures in US$	Notes	REVIEWED 2017	AUDITED 2016
ASSETS			
Non current assets			
Property and equipment		88 438 821	89 469 927
Investment property		22 254 000	24 176 235
Goodwill		8 261 050	8 261 050
Investments in associates		4 370 066	3 276 024
Deferred tax asset		1 343 037	813 984
Trade and other non current assets		655 788	833 147
		125 322 762	**126 830 367**
Current assets			
Financial assets held at fair value through profit or loss		3 139 091	4 892 962
Inventory		7 151 702	4 793 764
Trade and other receivables		10 626 429	15 355 922
Cash and cash equivalents		10 544 319	5 593 010
		31 461 541	**30 635 658**
Total assets		**156 784 303**	**157 466 025**
EQUITY AND LIABILITIES			
Equity			
Stated capital	6.6	55 785 508	-
Share capital and premium	6.6	-	58 535 508
Other reserves		(916 141)	(934 816)
(Accumulated losses)/retained earnings		(3 394 300)	7 705 220
		51 475 067	**65 305 912**
Non controlling interests		34 151 255	31 085 243
Total equity		**85 626 322**	**96 391 155**
Non current liabilities			
Borrowings		9 935 373	15 629 899
Deferred tax liabilities		9 113 735	7 687 568
Trade payables		1 334 185	1 730 148
		20 383 293	**25 047 615**
Current liabilities			
Borrowings		28 388 655	19 349 309
Trade and other payables		19 014 783	14 850 320
Insurance contract liabilities		1 397 443	463 400
Investment contract liabilities		943 112	292 308
Income tax		1 030 695	1 071 918
		50 774 688	**36 027 255**
Total liabilities		**71 157 981**	**61 074 870**
Total equity and liabilities		**156 784 303**	**157 466 025**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

All figures in US$	Notes	REVIEWED 2017	AUDITED 2016
Revenue	5	58 586 714	48 063 843
Cost of sales and other direct costs	5	(19 131 121)	(14 307 988)
Gross profit		**39 455 593**	**33 755 855**
(Loss)/gain from financial assets at fair value through profit or loss		(2 189 551)	1 276 215
Operating expenses	5	(40 256 440)	(31 161 524)
Other income		1 340 365	3 986 505
		(41 105 626)	**(25 898 804)**
Operating (loss)/profit before finance cost		**(1 650 033)**	**7 857 051**
Net finance expense		**(4 242 066)**	**(3 419 056)**
Finance income		172 001	278 109
Finance expense		(4 414 067)	(3 697 165)
Share of loss of associates	5	(112 732)	(65 853)
(Loss)/profit before income tax		**(6 004 831)**	**4 372 142**
Income tax expense		(2 042 401)	(813 642)
(Loss)/profit from continuing operations		**(8 047 232)**	**3 558 500**
Loss from discontinued operations		-	(129 325)
(Loss)/profit for the year		**(8 047 232)**	**3 429 175**
Other comprehensive income			
Exchange differences on translation of foreign operations		32 399	(611 074)
Total comprehensive (loss)/income for the year		**(8 014 833)**	**2 818 101**
(Loss)/profit attributable to:			
Owners of the parent		(11 099 520)	1 057 275
Non-controlling interests		3 052 288	2 371 900
		(8 047 232)	**3 429 175**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(11 080 845)	704 563
Non-controlling interests		3 066 012	2 113 538
		(8 014 833)	**2 818 101**
(Loss)/earnings per share (cents)			
Basic and diluted	6.1	(14.68)	0.13
Number of shares in issue	6.6	75 625 640	785 311 948
Weighted average number of shares in issue	6.6	75 625 640	785 311 948

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENED 31 DECEMBER 2017

		ATTRIBUTABLE TO OWNERS OF THE COMPANY						
All figures in US$	**Note**	**Stated Capital**	**Share capital and premium**	**Other reserves**	**(Accumulated losses)/ retained earnings**	**Total**	**Non-controlling interests**	**Total**
YEAR ENDED 31 DECEMBER 2016								
Balance as at 1 January 2016		**-**	**58 535 508**	**(582 104)**	**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 loss		-	-	(352 712)	-	**(352 712)**	(258 362)	**(611 074)**
Total comprehensive income for the year		**-**	**-**	**(352 712)**	**1 057 275**	**704 563**	**2 113 538**	**2 818 101**
Transactions with owners in their capacity as owners:		-	-	-	-	**-**	-	**-**
Balance as at 31 December 2016		**-**	**58 535 508**	**(934 816)**	**7 705 220**	**65 305 912**	**31 085 243**	**96 391 155**
YEAR ENDED 31 DECEMBER 2017								
Balance as at 1 January 2017		**-**	**58 535 508**	**(934 816)**	**7 705 220**	**65 305 912**	**31 085 243**	**96 391 155**
Total comprehensive income:								
(Loss)/profit for the year		-	-	-	(11 099 520)	**(11 099 520)**	3 052 288	**(8 047 232)**
Other comprehensive income		-	-	18 675	-	**18 675**	13 724	**32 399**
Total comprehensive (loss)/income for the year		**-**	**-**	**18 675**	**(11 099 520)**	**(11 080 845)**	**3 066 012**	**(8 014 833)**
Transactions with owners in their capacity as owners:								
Conversion of shares to shares of no par value	6.6	58 535 508	(58 535 508)	-	-	**-**	-	**-**
Acquisition of treasury shares	6.6	(2 750 000)	-	-	-	**(2 750 000)**	-	**(2 750 000)**
		55 785 508	**(58 535 508)**	**-**	**-**	**(2 750 000)**	-	**(2 750 000)**
Balance as at 31 December 2017		**55 785 508**	**-**	**(916 141)**	**(3 394 300)**	**51 475 067**	**34 151 255**	**85 626 322**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENED 31 DECEMBER 2017

All figures in US$	Notes	REVIEWED 2017	AUDITED 2016
Operating cashflows before working capital changes		**6 337 178**	**4 777 951**
Working capital changes			
Increase in inventory		(2 357 938)	(2 255 147)
Increase/(decrease) in trade and other payables		5 512 109	(3 782 320)
Decrease in trade and other receivables		(685 391)	(4 112 505)
Cash generated from/(utilised in) operations		**8 805 958**	**(5 372 021)**
Interest received		172 001	278 109
Interest paid		(3 660 408)	(3 697 165)
Dividends received		283 178	233 985
Income tax paid		(581 123)	(835 648)
Net cash generated from/(utilised in) operating activities		**5 019 606**	**(9 392 740)**
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		(435 680)	-
Acquisition and additional investment in an associate		-	(1 045 000)
Proceeds from disposal of investments		90 000	45 468
Purchase of property and equipment		(3 276 078)	(3 070 558)
Purchases and improvements to investment property		(62 267)	(807 449)
Proceeds from disposal of property and equipment		983 315	803 744
Net cash utilised in investing activities		**(2 700 710)**	**(4 073 795)**
Cash flows from financing activities			
Deposit released from debt service reserve account		-	104 601
Proceeds from borrowings		19 125 974	25 738 629
Repayment of borrowings		(16 508 398)	(12 250 796)
Net cash generated from financing activities		**2 617 576**	**13 592 434**
Net increase in cash and cash equivalents		**4 936 472**	**125 899**
Exchange gains on cash and cash equivalents		14 837	12 197
Cash and cash equivalents at beginning of the year		5 593 010	5 454 914
Cash and cash equivalents at end of the year		**10 544 319**	**5 593 010**

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

Brainworks Limited ("Brainworks" or " the Company") through its subsidiaries and associates has a diversified portfolio of business interests in hospitality, real estate, financial services, and energy logistics sectors in Zimbabwe.

Brainworks was incorporated in the Republic of Mauritius on 22 April 2013. The Company is domiciled in the Republic of Mauritius and has its registered office at c/o Imara Trust Company (Mauritius) Limited, Level 2 Silicone Avenue, Alexander House, 35 Ebène, Cybercity, Republic of Mauritius. The Company was listed on the Johannesburg Stock Exchange ("the JSE") on 13 October 2017.

The Company is a holder of a Category 1 Global Licence under the Mauritius Companies Act 2001 and the Financial Services Act 2007.

2 BASIS OF PREPARATION

The condensed consolidated financial statements for the year ended 31 December 2017 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the preparation and disclosure requirements of IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council ("FRSC").

Chief Finance Officer, Peter Saungweme CA(Z), supervised the preparation of the condensed consolidated financial statements. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements as at 31 December 2016 other than as described in note 3. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRS.

These condensed consolidated financial statements for the year ended 31 December 2017 have been reviewed by PricewaterhouseCoopers Inc., and their unmodified review conclusion is included on page 5.

The condensed financial statements are expressed in the United States of America dollar ("US$") and are prepared under the historical cost convention as modified by the fair valuation of financial assets at fair value through profit or loss and investment property.

3. ACCOUNTING POLICIES

The accounting policies adopted are prepared in accordance with IFRSs and are consistent with those adopted in the preparation of the financial statements in the prior year.

New and amended standards adopted by the Group

A number of new or amended became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

IFRS 9, 'Financial instruments', amended and effective 1 January 2018 - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

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

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.

The standard is not expected to change the timing of revenue recognition for the Group.

4. ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 31 December 2016.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

5 SEGMENT INFORMATION

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

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

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

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

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

Description of segments and principal activities

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

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

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

5 SEGMENT INFORMATION (CONTINUED)

Summarised segment information

	REVIEWED							
All figures in US$	**Hospitality**	**Real estate**	**Financial services**	**Other**	**Eliminations**	**Continuing operations**	**Discont-inued operations**	**Group**
Year ended 31 December 2017								
Revenue								
- external customers	51 827 232	2 161 573	1 880 963	2 716 946	-	**58 586 714**	-	**58 586 714**
- internal customers	-	2 970 210	-	-	(2 970 210)	**-**	-	**-**
	51 827 232	**5 131 783**	**1 880 963**	**2 716 946**	**(2 970 210)**	**58 586 714**	**-**	**58 586 714**
Cost of sales and other direct costs	(15 444 453)	-	(2 343 465)	(1 343 203)	-	**(19 131 121)**	-	**(19 131 121)**
Gross profit/(loss)	**36 382 779**	**5 131 783**	**(462 502)**	**1 373 743**	**(2 970 210)**	**39 455 593**	**-**	**39 455 593**
Operating expenses	(31 022 450)	(2 919 369)	(1 118 175)	(7 437 786)	2 241 340	**(40 256 440)**	-	**(40 256 440)**
Operating profit/(loss)	6 905 535	4 228 147	(1 388 913)	(11 786 329)	391 527	**(1 650 033)**	-	**(1 650 033)**
Share of profit/(loss) of associates	-	-	829 745	615 289	(1 557 766)	**(112 732)**	-	**(112 732)**
Net finance (costs)/income	(1 046 123)	(327 280)	128 998	(3 165 296)	167 635	**(4 242 066)**	-	**(4 242 066)**
Profit/(loss) before income tax	5 859 412	3 900 867	(430 170)	(14 336 336)	(998 604)	**(6 004 831)**	**-**	**(6 004 831)**
Total assets as at 31 December 2017	**39 226 663**	**97 987 352**	**5 926 758**	**78 456 611**	**(64 813 081)**	**156 784 303**	**-**	**156 784 303**
Total assets include:								
Property and equipment	21 284 122	63 326 245	144 583	4 063 741	(379 870)	**88 438 821**	-	**88 438 821**
Goodwill	8 261 050	-	-	-	-	**8 261 050**	-	**8 261 050**
	29 545 172	**63 326 245**	**144 583**	**4 063 741**	**(379 870)**	**96 699 871**		**96 699 871**
Total liabilities as at 31 December 2017	**27 717 942**	**10 400 553**	**2 778 061**	**46 118 311**	**(15 856 886)**	**71 157 981**	**-**	**71 157 981**

	AUDITED							
Year ended 31 December 2016								
Revenue								
- external customers	43 646 340	2 098 396	1 072 105	1 292 417	-	**48 109 258**	(45 415)	**48 063 843**
- internal customers	-	2 250 375	-		(2 250 375)	**-**	-	**-**
	43 646 340	**4 348 771**	**1 072 105**	**1 292 417**	**(2 250 375)**	**48 109 258**	**(45 415)**	**48 063 843**
Cost of sales and other direct costs	(13 014 777)	-	(748 907)	(565 473)	21 169	**(14 307 988)**	-	**(14 307 988)**
Gross profit	**30 631 563**	**4 348 771**	**323 198**	**726 944**	**(2 229 206)**	**33 801 270**	**(45 415)**	**33 755 855**
Operating expenses	(28 265 630)	(2 693 265)	(1 143 025)	(4 293 137)	5 179 349	**(31 215 708)**	54 184	**(31 161 524)**
Operating profit/(loss)	5 588 619	1 728 038	(619 606)	964 820	195 180	**7 857 051**	(129 325)	**7 727 726**
Share of loss of associates	-	-	-	-	(65 853)	**(65 853)**	-	**(65 853)**
Net finance (costs)/income	(753 174)	(53 871)	156 344	(2 768 355)	-	**(3 419 056)**	-	**(3 419 056)**
Profit/(loss) before income tax	4 835 445	1 674 167	(463 262)	(1 803 535)	129 327	**4 372 142**	**(129 325)**	**4 242 817**
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**
Property and equipment	21 270 729	63 776 106	235 406	4 187 686	-	**89 469 927**	-	**89 469 927**
Goodwill	8 261 050	-	-	-	-	**8 261 050**	-	**8 261 050**
	29 531 779	**63 776 106**	**235 406**	**4 187 686**	**-**	**97 730 977**	**-**	**97 730 977**
Total liabilities as at 31 December 2016	**26 957 017**	**10 486 129**	**1 364 353**	**28 390 883**	**(6 123 512)**	**61 074 870**	**-**	**61 074 870**

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

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

6 EARNINGS PER SHARE

	All figures in US$	REVIEWED 2017	AUDITED 2016
6.1	**Basic (loss)/earnings per share**		
	From continuing operations (cents)	(14.68)	0.14
	From discontinued operations (cents)	-	(0.01)
		(14.68)	**0.13**
6.2	**Diluted (loss)/earnings per share (cents)**		
	From continuing operations (cents)	(14.68)	0.14
	From discontinued operations (cents)	-	(0.01)
		(14.68)	**0.13**
6.3	**Headline loss per share**		
	From continuing operations (cents)	(14.22)	(0.10)
	From discontinued operations (cents)	-	(0.01)
		(14.22)	**(0.11)**
6.4	**Diluted headline loss per share**		
	From continuing operations (cents)	(14.22)	(0.10)
	From discontinued operations (cents)	-	(0.01)
		(14.22)	**(0.11)**
6.5	**Reconciliation of earnings used in calculating earnings per share**		
	Earnings attributable to owners of parent arising from:		
	Continuing operations	(11 099 520)	1 131 921
	Discontinued operations	-	(74 646)
	Total (loss)/earnings attributable to owners of parent	**(11 099 520)**	**1 057 275**
	Adjusted to headline earnings as follows:		
	Profit from disposal of subsidiary	-	(1 176 165)
	Fair value loss/(gain) on investment property	384 502	(886 893)
	Recycled foreign currency translation reserve	-	(755 651)
	Loss/(profit) from disposal of property and equipment	203 751	(281 992)
	Impairment of property and equipment	44 400	103 037
	Tax effect of headline earnings adjustments	(110 442)	201 843
	Total non-controlling effect of adjustments	(175 457)	839 683
	Headline loss attributable to owners of parent	**(10 752 766)**	**(898 863)**
6.6	**Weighted average number of shares in issue**		
	Shares at the beginning of the year	**863 061 948**	**863 061 948**
	Share consolidation*	(776 755 752)	-
	Treasury shares (post consolidation)#	(10 680 556)	(77 750 000)
	Shares at the end of the year	**75 625 640**	**785 311 948**
	Weighted average number of shares for basic earnings per share	75 625 640	785 311 948
	Weighted average number of shares for diluted earnings per share	75 625 640	785 311 948

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

6 EARNINGS PER SHARE (CONTINUED)

* - In preparation for Company's listing on the JSE, the Directors resolved to consolidate the number of shares in issue on the basis of 1 new share for every 10 previously held.

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

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

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

2 905 556 of the treasury shares were acquired by BCM in January 2017 from the former Chief Executive Officer, in exchange for a receivable of US$2 750 000 which was due to BCM, which receivable BCM had impaired in full during the 2015 financial reporting year as prospects of recovery were in significant doubt. The amount was due from Kestrel International Corporation (Private) Limited.

7 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 condensed 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'.

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

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

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

7 FAIR VALUE MEASUREMENTS (CONTINUED)

7.1 Fair value hierarchy (continued)

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

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

	GROUP			
All figures in US$	**Level 1**	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements as at 31 December 2017				
Financial assets				
Financial assets at fair value through profit or loss:				
- Frankfurt Stock Exchange listed equity securities	2 459 224	-	-	2 459 224
- Treasury bills	-	-	679 867	679 867
Total	**2 459 224**	**-**	**679 867**	**3 139 091**
Recurring fair value measurements as at 31 December 2016				
Financial assets				
Financial assets at fair value through profit or loss:				
- Frankfurt Stock Exchange listed equity securities	4 737 232	-	-	4 737 232
- Treasury bills	-	-	155 730	155 730
Total	**4 737 232**	**-**	**155 730**	**4 892 962**

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

The value of the investment was based on the price quoted on the Frankfurt Stock Exchange.

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

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

All figures in US$	**REVIEWED 2017**	**AUDITED 2016**
Balance as at 1 January	155 730	3 499 950
Transfer to level 1	-	(3 499 950)
Treasury bills - purchased during the year	435 630	116 797
Fair value gain recognised on treasury bills	88 507	38 933
Balance as at 31 December	**679 867**	**155 730**

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

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

8 COMMITMENTS

	All figures in US$	REVIEWED 2017	AUDITED 2016
8.1	**Capital commitments**		
	Authorised and contracted for	191 540	-
	Authorised and not contracted for	6 130 272	6 262 291
		6 321 812	**6 262 291**

Capital commitments relate to acquisition of hotel equipment, as well as property development. These expenditures are expected to be financed through a combination of debt and internally generated cashflows.

8.2 Operating lease commitments

The Group leases some of its hotels in Zimbabwe under operating lease agreements. The lease terms are between 5 and 15 years, and all the lease agreements are renewable at the end of the lease period at market rates. The estimated undiscounted future minimum lease payments under the operating leases based on fixed monthly lease payments is as follows:

	REVIEWED 2017	AUDITED 2016
Not later than 1 year	1 461 564	1 573 992
Later than 1 year and not later than 5 years	5 846 256	6 295 968
Later than 5 years	1 461 564	3 147 984
	8 769 384	**11 017 944**

9 MATERIAL RELATED PARTY TRANSCATIONS

9.1 Disposal of equity investment in GetBucks MicroFinance Bank Limited to former executive directors

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

Pending approval by the shareholders' of the Transaction, the Buyers advanced the consideration of US$5.5 million through a loan bearing interest at 9% per annum to BCM. The loan is included in the current portion of the borrowings. The principal amount together with the accrued interest thereon would be settled through delivery of the GetBucks shares on approval of the Transaction by the shareholders, otherwise this would be repaid in cash by the 11th of June 2018.

The process of obtaining the shareholders' approvals is still underway and these are expected to have been obtained by the end of the second quarter of 2018.

9.2 Loan from a shareholder

Included in the current portion of the borrowings as at the reporting date is an amount of US$2.5 million (2016: nil) due to Mr Christopher Rokos which was advanced to the Company in December 2017. The loan, which is unsecured, bears interest at 15% per annum and is repayable quarterly in arrears with the first payment due on 28 February 2018.

Mr Rokos has an indirect beneficial shareholding in the Company.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

10 CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2017.

11 EVENTS AFTER THE REPORTING DATE

11.1 Disposal of investment in MyBucks

During January 2018, the Group entered into an agreement to dispose of its entire shareholding of 249 050 listed shares in MyBucks to parties unrelated to the Group. The disposal is part of the Group's strategy restructure the statement of financial position through exit of the financial services sector.

11.2 Non-executive directors' resignations

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

12 GOING CONCERN

The condensed financial statements reflect that as at 31 December 2017, the Group had negative working capital amounting to US$19.9 million, a position which reflects a deterioration from the prior year negative working capital position of US$5.4 million. The current year working capital deficit was mainly driven by the increase in debt due within 12 months from the reporting date from US$19.3 million in the prior year to US$28.4 million as at the reporting date. The major component of the debt that is due to be settled in the ensuing year relates to Brainworks Capital Management (Private) Limited and Brainworks Limited which in aggregate amounts to US$23.9 million as at the reporting date.

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

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

b. Raising liquidity through disposal of its financial assets as the Group seeks to exit the financial services sector. In that regard, the Group entered into a transaction in terms of which it sold a total of 163 769 297 of its shares in GetBucks and realised gross proceeds of US$5.5 million ("the Transaction"). In terms of the JSE rules, the Transaction is subject to shareholders' approval and processes to secure the said approval were still underway as at the reporting date.

   The shareholders' approvals are expected to be secured within the first half of the 2018 financial year. Conclusion of the Transaction is expected to result in an immediate reduction of the short term debt by approximately US$5.5 million within the first half of 2018. The Group would actively seek opportunities to dispose of the remaining 176 819 203 GetBucks shares in order to raise liquidity.

   The disposal of the investment in MyBucks as reported under note 11.1 is expected to generate additional liquidity that would be deployed towards meeting debt commitments as they become due.

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

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

13 DIVIDEND

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