BRAINWORKS

Brainworks Limited

(Incorporated in the Republic of Mauritius)
(Registration number 115883 C1/GBL)
(Share Code: BWZ ISIN: MU0548S00000)
("**Brainworks**" or "**the Company**")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply throughout this document, including this front cover.

This document does not contain an invitation to the general public to subscribe for or purchase Shares in the Company.

This Pre-listing Statement is issued in compliance with the JSE Listings Requirements:

- for the purpose of providing information regarding the Company pursuant to the Offer;
- as an invitation to Qualifying Investors to subscribe for, or purchase, Shares at the Offer Price, being R11.50 per Share (equal to US$0.90 at the Exchange Rate), for the purpose of raising approximately R317 million (equal to US$24.8 million at the Exchange Rate) in aggregate, which would result in i) the issue of approximately 16 843 396 Shares and ii) the placement of a maximum of 10 680 555 Treasury Shares; and
- the subsequent Listing of all the issued Shares of the Company in the "Equity Investment Instruments" sector of the Main Board of the JSE.

Important dates and times:[#]

	2017
Opening date of the Offer at 09:00 on	Thursday, 28 September
Closing date of the Offer at 12:00 on	Monday, 9 October
Results of the Offer released on SENS on	Wednesday, 11 October
Proposed Listing Date from the commencement of trade at 09:00 on	Friday, 13 October

[#] *All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS. Investors must advise their CSDP or Broker of their acceptance of the Shares in a manner and by the cut-off time stipulated by their CSDP or Broker.*

The Offer has not been underwritten. The Listing is conditional upon the Company achieving by or on the Listing Date the requisite spread of public Shareholders required by the JSE. The proceeds of the Offer will be used by Brainworks to settle interest bearing debt, which will strengthen the Group's balance sheet and position it for growth going forward, and will be invested in its current investee assets to enhance future revenue generation and profitability, as well as the payment of listing expenses.

Applications in terms of the Offer must be for a minimum of R1 000 000.

Immediately prior to the Offer and the Listing:

- The authorised Share capital of the Company is unlimited.
- The issued Share capital of the Company comprises 86 560 021 Shares (including Treasury Shares).
- The Company had 10 680 555 Treasury Shares in issue.

Assuming that the Offer is fully taken up on the indicative basis set out above and that no additional Shares are issued pursuant to the Directors' discretion to do so, immediately subsequent to the Offer and the Listing:

- The authorised Share capital of the Company will remain unlimited.
- The issued Share capital of the Company will comprise approximately 103 403 417 Shares, which includes 16 843 396 Shares issued pursuant to the Offer and the placement of 10 680 555 Treasury Shares (assuming (i) that the Board does not elect to issue additional Shares in the event of an over-subscription; and (ii) Applications are received in respect of all the Shares which are the subject of the Offer.

- The Company will have no Treasury Shares in issue, assuming all the Treasury Shares are placed pursuant to the Offer.

At the Listing Date, assuming the Offer is fully taken up and that no additional Shares are issued pursuant to the Directors' discretion to do so, the anticipated market capitalisation of the Company will be approximately R1 189 million.

The Shares to be issued and placed pursuant to the Offer will rank *pari passu* with each other in all respects and with the Shares currently in issue, including in respect of voting rights and dividends. There are no convertibility or redemption provisions relating to any of the Shares offered or issued. There will be no fractions of Shares offered or issued in terms of the Offer. The Company is authorised pursuant to the Shareholders resolutions adopted on 1 June 2017 to issue up to 50 000 000 Shares, and to sell 10 680 555 Treasury Shares.

The Shares to be issued will be issued in Dematerialised form. However, Shareholders who wish to hold Shares in Certificated Form may contact their CSDP or Broker and request that the Shares be rematerialised into Certificated Form.

The JSE has granted Brainworks a listing of all its issued no par value Shares in the "Equity Investment Instruments" sector of the Main Board of the JSE, under the abbreviated name: "Brainwrks", JSE share code: BWZ and ISIN: MU0548S00000, with effect from the commencement of trade on Friday, 13 October 2017, subject to the Company achieving, by or on the Listing Date, the requisite spread of public Shareholders required by the JSE (being public Shareholders holding not less than 20% of the issued share capital of the Company to ensure reasonable liquidity).

The Directors, whose names are set out in the Corporate Information section of this Pre-listing Statement, collectively and individually accept full responsibility for the accuracy of the information contained in this Pre-listing Statement and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

The advisors and experts whose names appear in the Corporate Information section of this Pre-Listing Statement, have consented in writing, and have not, prior to publication of this Pre-listing Statement, withdrawn their written consents, to the inclusion of their names, the capacities stated and, where applicable, to their reports, being included in this Pre-listing Statement.

An abridged version of this Pre-listing Statement will be released on SENS on Thursday, 28 September 2017 and will be published in the press on Friday, 29 September 2017.

Corporate Advisor, Bookrunner and Sponsor

questco
CORPORATE ADVISORY

Independent Reporting Accountants and Auditors

pwc

Legal Advisors Mauritius

EVERSHEDS SUTHERLAND

Legal Advisors SA

BOWMANS

Independent Property Valuers

PROPVAL
Property Valuations

Date of issue: 28 September 2017

This Pre-listing Statement is only available in English. Copies of this Pre-listing Statement may be obtained during normal business hours from the registered office of Brainworks and the office of Questco, at their respective addresses set out in the "Corporate Information" section of this Pre-listing Statement from the date of issue hereof until Listing Date, and on the Brainworks' website, www.brainworkscapital.com *from the date of issue hereof.*

CORPORATE INFORMATION OF BRAINWORKS

Directors of Brainworks

SFW Village *(Chairman)*[2]
MJ Wood *(Deputy Chairman and Lead Independent Director)*[1]
BI Childs (*Chief Executive Officer*)
P Saungweme (*Chief Finance Officer)*
AM Mothupi[1]
GSJ Bennett[1]
RN Charrington[1]
G Manyere[2]
RG Muirimi[2]
WT Kambwanji[2]

[1] *Independent non-executive*
[2] *Non-executive*

Date and place of incorporation of Brainworks

Incorporated in the Republic of Mauritius on 22 April 2013

Company Secretary

Imara Trust Company (Mauritius) Limited
(Registration number 080589)
Level 2, Alexander House
Silicon Avenue, Ebène Cybercity
72201, Republic of Mauritius

Corporate Advisor, Bookrunner and Sponsor

Questco Proprietary Limited
(Registration number 2002/005616/07)
First floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston, 2191

Legal advisors – South Africa

Bowman Gilfillan Inc.
(Registration number 1998/021409/21)
11 Alice Lane
Sandton, 2196
(PO Box 785812, Sandton, 2146)

Legal advisors – Mauritius

Eversheds – Sutherland
(Registration number C123828)
Suite 310, 3rd Floor Barkly Wharf
Le Caudan Waterfront
Port Louis, 11306
Republic of Mauritius

Independent Property Valuers

Brian Donovan van Vuuren
Propval Property Valuation Services Proprietary Limited
(Registration number 2015/293086/07)
13 Asgaai Avenue, Rand Park Ridge, 2169
(PO Box 881, Randpark Ridge, 2156)

Registered address

Level 2, Alexander House
Silicon Avenue, Ebène Cybercity
72201, Republic of Mauritius
Telephone: +263 4 782 849/855
Email: investorrelations@brainworkscapital.com

South African address for receipt of notices

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
2nd Floor, Rosebank Tower
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Independent Reporting Accountants and JSE Auditors

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
2 Eglin Road
Sunninghill, 2157
(Private Bag X36, Sunninghill, 2157)

Statutory Auditors

PricewaterhouseCoopers Mauritius
(Registration number F07000530)
18 CyberCity
Ebène, Réduit, 72201
Republic of Mauritius

Bankers

Standard Bank (Mauritius) Limited
(Registration number C07027404)
Level 9, Tower A, 1 Cybercity
Republic of Mauritius

SPECIAL NOTE REGARDING THE OFFER AND FORWARD-LOOKING STATEMENTS

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply throughout this document, including this Special Notice regarding the Offer and forward-looking statements.

Special note with regard to the Offer

Notwithstanding that this document constitutes a Pre-listing Statement, it is not an offer to the general public and only constitutes an Offer for the subscription and/or sale of Shares to Qualifying Investors. This document is only addressed to persons to whom it may lawfully be made. The distribution of this Pre-listing Statement and the making of the Offer may be restricted by law in certain jurisdictions. It is the responsibility of any person into whose possession this Pre-listing Statement comes to inform them about and observe any such restrictions. Any failure to comply with any of those restrictions may constitute a violation of the laws of any such jurisdiction. This Pre-listing Statement does not constitute an offer of, or an invitation to subscribe for, or purchase, any of the Shares in any jurisdiction in which such offer, subscription, or purchase would be unlawful.

To the extent that this Pre-listing Statement is provided to persons outside South Africa the following is noted: None of the U.S. Securities and Exchange Commission (the "SEC"), any other U.S. federal or state securities commission or any U.S. regulatory authority has approved or disapproved of the Shares nor have such authorities reviewed or passed upon the accuracy or adequacy of this Pre-listing Statement. Any representation to the contrary is a criminal offence in the United States.

Applicants are must retain their own legal and tax advice on the Offer and the holding of Shares in the Company.

Forward-looking statements

This Pre-listing Statement includes forward-looking statements. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position of the Group, profits, cash flows and its future prospects. Forward-looking statements are based on estimates and assumptions regarding the Group, and although the Board believes them to be reasonable, such estimates, assumptions, or statements may not eventuate and are not guarantees of future performance.

All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, but not limited to Brainworks' expectations, beliefs, prospects, plans, objectives, future events or performance. These statements are often, but not always, made through the use of words or phrases such as "will," "will likely result," "are expected to," "will continue," "believe," "is anticipated," "estimated," "intends," "expects," "plans," "seek," "projection" and "outlook". These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the assumptions made and factors discussed throughout this Pre-listing Statement.

Additional Group risk factors, are set out in **Annexure 18**.

Because the risk factors referred to in this Pre-listing Statement could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Pre-listing Statement by Brainworks or on Brainworks' behalf, undue reliance should not be placed on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and Brainworks undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for Brainworks to predict such factors. In addition, Brainworks cannot assess the effect of each factor on Brainworks' business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

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SALIENT FEATURES

The information set out in this section of the Pre-listing Statement is only an overview and is not intended to be comprehensive and should be read in conjunction with the information contained in the Pre-listing Statement as a whole.

The definitions and interpretations commencing on page 13 of this Pre-listing Statement apply throughout this document, including this Salient Features section.

1. OVERVIEW OF THE GROUP

1.1 Overview of Brainworks

1.1.1 Brainworks is a Mauritian registered investment holding company, with its investment base focused on the Zimbabwean hospitality, real estate, financial services and logistics sectors.

1.1.2 Investments include:

1.1.2.1 a 57.67% investment in African Sun, a hospitality management company listed on the ZSE, with seven resort hotels, four city hotels and two casinos under its management, the majority of which are owned by Dawn Properties;

1.1.2.2 a 66.81% investment in Dawn Properties, a real-estate investment holding, development and property consulting services company listed on the ZSE, with a property portfolio valued in excess of US$89.6 million (gross), consisting primarily of hospitality assets, land under development and land held for development;

1.1.2.3 a 31.14% investment in GetBucks, a technology driven deposit-taking and money-lending micro-finance institution;

1.1.2.4 49% in GetCash, a mobile money transfer platform whereby each customer's cell-phone functions as a bank account, creating a "mobile wallet";

1.1.2.5 a 100% investment in GetSure, a licensed insurance company offering life insurance, funeral cover and other accident and savings insurance products;

1.1.2.6 a 2.5% investment in MyBucks, a FinTech company listed on the Frankfurt Stock Exchange, with operations in Africa and Europe;

1.1.2.7 a 100% investment in Skyclear, which holds 0.87ha undeveloped land, earmarked for commercial property development; and

1.1.2.8 a 100% investment in FML Logistics, a petroleum transport company operating in Zimbabwe, Zambia and the Democratic Republic of Congo.

1.1.3 Hospitality

1.1.3.1 African Sun is a hospitality management group listed on the ZSE with a market capitalisation of US$17.24 million as at the Last Practicable Date.

1.1.3.2 African Sun dominates many of Zimbabwe's premier tourist destinations, as well as the four major cities in Zimbabwe, with seven resort hotels, four city hotels, and two casinos under its management, the majority of which are owned by Dawn Properties.

1.1.3.3 Hotels are operated under four brand categories:

1.1.3.3.1 Legacy Hotels – five of the African Sun hotels are managed by Legacy, an internationally acclaimed hotel manager;

1.1.3.3.2 IHG Hotels – three hotels operate under the IHG brand, a world leading hotel company which franchises the Holiday Inn brand in Zimbabwe;

1.1.3.3.3 Owner-managed Hotels – two African Sun hotels are operated under their own name, without an international franchise brand association; and

1.1.3.3.4 The Victoria Falls Hotel – an affiliate of the Leading Hotels of the World and operated in partnership with Meikles.

1.1.3.4 As at 31 December 2016, African Sun had a total net asset value of US$6.66 million and had reported a total profit before income tax of US$4.84 million for the year ended 31 December 2016.

1.1.3.5 Further information on African Sun is set out in paragraph 6.2.1 of this Pre-listing Statement.

1.1.4 Real estate investment holding and development

1.1.4.1 ***Investment in Dawn Properties***

1.1.4.1.1 Dawn Properties is a ZSE listed real estate investment, development and consulting company, which had a market capitalisation of US$51.60 million as at the Last Practicable Date.

1.1.4.1.2 Revenue is generated by Dawn Properties from three main sources, described below.

1.1.4.1.2.1 **Rental income from investment property segment**

1.1.4.1.2.1.1 Dawn Properties owns seven operational hotel properties, two timeshare unit complexes, and the Kariba Marine Land which together is valued at US$67.60 million. Details of the Property Portfolio are contained in **Annexure 4**.

1.1.4.1.2.1.2 Operating hotels are leased to African Sun under long term operating leases.

1.1.4.1.2.1.3 Rental revenue earned for the 2016 financial period totalled US$2.4 million. The investment property segment contributed US$1.12 million to total profit before income tax, being 67% of Dawn Properties' profit before income tax.

1.1.4.1.2.1.4 No income was generated from the sale of time share units in the preceding financial period.

1.1.4.1.2.2 **Profits from development of vacant land**

1.1.4.1.2.2.1 Dawn Properties owns approximately 583 ha. of land under development and undeveloped land, including two non-operational hotel buildings, valued at US$19.56 million by the Independent Property Valuer.

1.1.4.1.2.2.2 The land is currently earmarked mainly for residential development with some commercial developments expected in the future.

1.1.4.1.2.2.3 No development profits were reported in the preceding financial period.

1.1.4.1.2.2.4 One development is currently underway, being a residential complex with 58 units. A further development is planned to commence in 2018 being a large scale residential development, comprising 539 mainly residential stands, measuring 2,000m^2 in extent.

1.1.4.1.2.2.5 **Property consulting fees**

1.1.4.1.2.2.6 Consulting services offered by Dawn Properties, through DPC, a wholly owned subsidiary of Dawn Properties, include property valuations, property management services, project management and agency services.

1.1.4.1.2.2.7 Revenue earned from consulting fees during the 2016 financial year equalled US$1.92 million. The property consulting segment contributed US$556k to total profit before income tax, being 33% of Dawn Properties' total profit before income tax.

1.1.4.1.3 As at 31 December 2016, Dawn Properties had a total net asset value of US$84.50 million and reported a total profit before income tax of US$1.67 million for the year ended 31 December 2016.

1.1.4.1.4 Further information on Dawn Properties is set out in paragraph 6.2.2 of this Pre-listing Statement.

1.1.4.2 ***Investment in Skyclear***

1.1.4.2.1 Skyclear owns a piece of undeveloped commercial land in Borrowdale, Harare, which is one of Harare's prime locations and fast developing commercial office precinct.

1.1.4.2.2 The land, measured at 0.87 ha. has been earmarked for the development of an office park.

1.1.4.2.3 Currently, the Board has not set plans for the development of the land internally by the Group, and may consider its disposal instead of development. The land is valued at US$1.50 million by the Independent Property Valuer.

1.1.4.2.4 Further information on Skyclear is set out in paragraph 6.2.3 of this Pre-listing Statement.

1.1.5 Financial Services

1.1.5.1 The GetGroup is a FinTech group offering financial services in Zimbabwe. Brainworks owns 31.14% of GetBucks, 49% of GetCash and 100% of GetSure, the majority shareholder of the first two being MyBucks, a FinTech entity listed on the Frankfurt Stock Exchange, which focuses on distributing financial products through online platforms.

1.1.5.1.1 GetBucks

1.1.5.1.1.1 GetBucks is a technology driven micro-finance bank, operational for the past four years, and was listed on the ZSE in January 2016.

1.1.5.1.1.2 The GetBucks vision is to achieve financial inclusion in all its markets by breaking the paradigm of clients having to visit a bank branch to access services. The ultimate goal is to deliver a basket of financial products that meet most of the financial needs of customers across geographies.

1.1.5.1.1.3 Current services offered range from micro-finance loans, a mortgage product, SME banking products and saving and money market accounts.

1.1.5.1.1.4 As at 31 December 2016, GetBucks had disbursed over 67 322 loans, amounting to over US$37 164 million, since its inception in 2011, with an average year-on-year growth rate of 60%.

1.1.5.1.1.5 GetBucks operates in 14 locations across Zimbabwe and employs 65 employees, with a further 173 agents stationed across Zimbabwe.

1.1.5.1.1.6 GetBucks reported a total revenue of US$13 million, and a profit before income tax of US$4.21 million for the financial year ended 30 June 2016, and profit before income tax of US$2.36 million for the half year ended 31 December 2016.

1.1.5.1.2 GetCash

1.1.5.1.2.1 GetCash is a mobile money transfer platform whereby each customer's cell-phone functions as a bank account, creating a "mobile wallet".

1.1.5.1.2.2 GetCash is aimed at addressing liquidity constraints in Zimbabwe by removing the need for cash transactions at merchants throughout Zimbabwe. Agents stationed throughout cities in Zimbabwe enable customers to deposit cash in exchange for credit in their mobile wallets.

1.1.5.1.2.3 Services offered by GetCash include peer-to-peer services, remittances, bill and merchant payments, bulk payments and the sale of prepaid electricity vouchers.

1.1.5.1.2.4 GetCash commenced operations in August 2012, under the brand NettCash. Brainworks increased its interest in GetCash to 100% in October 2016, following which it was rebranded to GetCash. Post the last reporting date, MyBucks acquired a controlling interest of 51% pursuant to the GetCash Restructure, diluting Brainworks' interest to 49%.

1.1.5.1.3 GetSure

1.1.5.1.3.1 GetSure is a licensed life assurance company, offering life insurance, funeral cover and accident and savings insurance products.

1.1.5.1.3.2 GetSure was granted its operating licence in December 2014 and commenced operations in August 2015.

1.1.5.1.3.3 In the year ended 31 December 2016, GetSure's first twelve-month trading period, revenue equalled US$1.06 million and the claims ratio was 6.6%.

1.1.5.2 The GetBucks, GetCash and GetSure products offered to customers are complementary and therefore provide a platform for cross selling of products across all three entities.

1.1.5.3 Further information on the GetGroup is set out in paragraph 6.2.4 of this Pre-listing Statement.

1.1.6 Logistics

1.1.6.1 Brainworks holds 100% of FML Logistics, a petroleum products transportation company with 30 trucks, operating in Zimbabwe and delivering fuel from Beira, Mozambique to Zimbabwe, Zambia and the Democratic Republic of Congo ("DRC").

1.1.6.2 As at 31 December 2016, FML Logistics had a total net asset value of US$1.27 million and reported a loss before income tax of US$655k for the 2016 financial year.

1.1.6.3 Further information on FML Logistics is set out in paragraph 6.2.5 of this Pre-listing Statement.

1.2 Brainworks investment case

1.2.1 The Board believes that the Brainworks Group offers an attractive investment opportunity for investors, given that:

1.2.1.1 the Group's strategic direction and growth is driven by a highly experienced and skilled Board of Directors, together with a highly capable in-country management team;

1.2.1.2 it offers a diversified portfolio, aimed at sectors with high growth potential;

1.2.1.3 investments are in businesses that operate primarily in Zimbabwe, providing prospective investors with an opportunity to invest in an emerging market that potentially offers higher returns than developed markets;

1.2.1.4 the potential recovery of the economic and political climate in Zimbabwe would substantially enhance the prospects of the Group;

1.2.1.5 approximately 38% of revenue is generated from international sources, through African Sun;

1.2.1.6 the Group has partnered with well-established international players that add value to operations;

1.2.1.7 existing investments have been restructured to be profit generating and sustainable despite abnormally low levels of economic activity; and

1.2.1.8 a pipeline of opportunities has been identified to ensure organic growth and growth through future acquisitions for the Group. The board will continuously assess these opportunities on a value-add basis.

1.3 Investment mandate

1.3.1 Brainworks' aim is to grow the business both organically and through future acquisitions. The Company's investment model focuses on:

1.3.1.1 the acquisition of either a controlling interest or a strategic equity stake in attractive investee companies with proven business models;

1.3.1.2 investment into sustainable, consumer-facing, cash-generative businesses; and

1.3.1.3 investment into operations where reputable international partners can be attracted.

1.3.2 Investments will remain focused on the current investment portfolio and other Zimbabwean opportunities, but the Board may consider expanding the current investment base beyond Zimbabwe should the right opportunity arise.

1.3.3 As and when value-accretive opportunities are identified by the Board, Brainworks will aim to undertake debt and/or equity capital raising exercises in order to fund such opportunities.

1.4 Overall financial indicators

1.4.1 Brainworks has consolidated gross assets of US$157.46 million and a total net asset value of US$65.3 million (excluding non-controlling interest) as at 31 December 2016.

1.4.2 For the year ended 31 December 2016, the Group reported total revenue of US$48.1 million and profit before income tax from continuing operations of US$4.4 million. A segment analysis is contained in note 5 of the report on historical financial information contained in **Annexure 12.**

1.4.3 The Group's interim results for the period ended 30 June 2017 will be made available on the Company's website and on SENS in the week following its Listing Date.

1.4.4 The Board expects Group revenue to increase by between 20% and 25% for the six month period ended 30 June 2017, when compared to the six month period ended 30 June 2016, resulting in revenue of between USD23.6 million and USD24.6 million. However, the Board expects a loss before tax of between USD4.7 million and USD4.9 million, which will be higher when compared to the prior year interim period loss of USD2.2 million.

1.4.5 Historically, the Group incurs losses in the first half of the year as the business cycle is such that the peak season of the Group's principal business activity is in the second half of the year. Accordingly as in previous years, the Group therefore expects an improvement in the second half of the year.

1.4.6 In addition to dynamics on the business cycle highlighted above, the Group also recognised non-recurring expenses and fair value losses that significantly contributed to the estimated pre-tax losses for the interim period.

1.4.7 In the medium term the Group is focused on availing itself of the investment opportunities arising in Zimbabwe and consequently will consider distributions to its shareholders' dependent on the investment landscape at that time. However, it is the Company's intention to distribute to its Shareholders at least 25% of all dividends that are declared and paid to it by its investee companies, subject to Board approval.

1.5 Risk factors

An overview of the Group risk factors is set out in **Annexure 18.**

2. DETAILS OF THE OFFER

2.1 Qualifying Investors are invited to subscribe for, or purchase, Shares at the Offer Price, being R11.50 per Share, for the purpose of raising approximately R317 million (equal to US$24.8 million at the Exchange Rate), which would result in i) the issue of approximately 16.84 million Shares and ii) the placement of up to 10.68 million Treasury Shares, provided that the Board may, in its sole discretion, elect to issue such additional number of Shares as it may determine appropriate, subject to the shareholder approvals obtained as detailed in **Annexure 17**.

2.2 The salient dates and times applicable to the Offer and Listing are set out below.

	2017
Opening date of the Offer at 09:00 on	Thursday, 28 September
Closing date of the Offer at 12:00 on	Monday, 9 October
Expected listing date on the JSE from the commencement of trade at 09:00 on	Friday,13 October

2.3 The Company is authorised pursuant to the Shareholder's resolutions adopted on 1 June 2017 to issue up to 50 million Shares, and to sell 10 680 555 Treasury Shares.

2.4 The Offer is not underwritten and is conditional upon the Company achieving by or on the Listing Date the requisite spread of public Shareholders required by the JSE.

2.5 The capital to be raised will be used to settle interest bearing debt, which will strengthen the Group's balance sheet and position it for growth, and will be invested in its current investee assets to enhance future revenue generation and profitability. A portion of the proceeds will be used to settle the listing expenses, which are set out in paragraph 31.

3. STATEMENT AS TO LISTING ON THE JSE

3.1 The JSE has granted the Company a Listing of all of its issued Shares in the "Equity Investment Instruments" sector of the Main Board of the JSE with effect from the commencement of trade on Friday, 13 October 2017, under the following share name, code and number:

- Abbreviated name: "Brainwrks"
- JSE share code: BWZ
- ISIN: MU0548S00000

3.2 The JSE has granted the Company a listing subject to the Company achieving, by or on the Listing Date, the requisite spread of public shareholders required by the JSE, being 20% public shareholders. As at the date of this Pre-listing Statement, prior to the Offer, the Company had a public spread of 20.74%.

3.3 The Company currently intends to undertake a secondary listing on the ZSE within 12 months following the Listing Date.

4. ACTION REQUIRED

4.1 Applications for Shares must be made in accordance with paragraph 5.6 of this Pre-listing Statement and by completing the Application Form (*blue*) which accompanies this Pre-listing Statement.

4.2 Applications for Shares can only be made for Dematerialised Shares and must be submitted through a CSDP or Broker in accordance with the agreement governing the relationship between the Applicant and the CSDP or Broker.

4.3 If investors wish to hold their Shares in Certificated Form, they will be required, at their own cost, to rematerialise their Shares following the Listing and should contact their CSDP or Broker in order to achieve this.

4.4 Applications pursuant to the Offer must be for a minimum of R1 000 000.

4.5 If you are in any doubt as to what action to take, you should consult your CSDP, Broker, attorney or other professional advisor immediately.

5. FURTHER COPIES OF THIS PRE-LISTING STATEMENT

5.1 Copies of the Pre-listing Statement may be obtained from the Company's website (www.brainworkscapital.com) or between 08:30 and 17:00 on Business Days from the date of its publication up to the date of Listing, from the Company and Questco, whose addresses and contact details are set out in the "Corporate Information" section of this Pre-listing Statement.

5.2 An abridged version of this Pre-listing Statement will be released on SENS and made available on the Company's website on Thursday, 28 September 2017, and published in the press on Friday, 29 September 2017.

5.3 Any person completing an Application Form (*blue*) attached to this Pre-listing Statement will be deemed to have received and read the Pre-listing Statement in its entirety.

SALIENT DATES AND TIMES RELATING TO THE LISTING AND THE OFFER

The definitions and interpretations commencing on page 18 of this Pre-listing Statement apply throughout this document, including this Salient Dates and Times relating to the Listing and the Offer.

Salient dates and times for the Listing and the Offer are set out below:[1]

	2017
Abridged Pre-listing Statement released on SENS on	Thursday, 28 September
Abridged Pre-listing Statement to be published in press on	Friday, 29 September
Opening date of the Offer at 09:00 on	Thursday, 28 September
Closing date of the Offer at 12:00 on[2]	Monday, 9 October
Successful Applicants will be advised of their allotment on	Wednesday, 11 October
Results of the Offer released on SENS on	Wednesday, 11 October
Accounts at CSDP or broker updated and debited in respect of dematerialised shareholders on[3]	Friday, 13 October
Listing of Brainworks shares on the JSE from the commencement of trade at 09:00 on	Friday, 13 October

1. *All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS.*
2. *Investors must advise their CSDP or Broker of their acceptance of the Shares in the manner and cut-off time stipulated by their CSDP or Broker.*
3. *CSDPs effect payment on a delivery-versus-payment basis.*

DEFINITIONS AND INTERPRETATIONS

In this Pre-listing Statement, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

"**Adcone Holdings**"	Adcone Holdings S.A (registration number 119959), a company incorporated in the Republic of Seychelles as an International Business Company and holder of the Treasury Shares in a nominee capacity for Brainworks Capital Management;
"**African Sun**"	African Sun Limited (registration number 643/71), a public company registered in Zimbabwe and listed on the ZSE (under ISIN ZW0009012080), which operates in the tourism and hospitality sector in Zimbabwe, being a subsidiary of the Company;
"**African Sun Advisory Agreement**"	the service level agreement between Brainworks and African Sun entered into on 22 April 2016, details of which are summarised in **Annexure 15**;
"**Application Form**" or "**Applications**"	the application form in respect of the Offer (*blue*) which is attached to, and forms part of this Pre-listing Statement and which must be completed by all prospective Qualifying Investors;
"**Bankers**"	Standard Bank, details of which are set out in the Corporate Information section of this Pre-listing Statement;
"**Blue Swallows Timeshare Units**"	24 timeshare units situated adjacent to the Troutbeck Hotel, Nyanga, owned by Dawn Properties;
"**Board**" or "**Directors**"	the board of directors of Brainworks as at the Last Practicable Date, as set out in the Corporate Information section of this Pre-listing Statement;
"**Brainworks**" or "**the Company**"	Brainworks Limited (registration number 115883 C1/GBL), a public company registered in Mauritius with a Category 1 Global Business license which operates as an investment holding company;
"**Brainworks Capital Management**"	Brainworks Capital Management (Private) Limited (registration number 523/2011), a private company registered in Zimbabwe, and a wholly owned subsidiary of the Company;
"**Broker**"	any person registered as a "broking member (equities)" in terms of the Rules of the JSE made in accordance with the provisions of the FMA;
"**Business Day**"	any day other than a Saturday, Sunday or day on which (i) banks located in Mauritius are required or authorised by law to remain closed; or (ii) the JSE is closed;
"**Certificated Form**"	the format of ownership of a Share, which is evidenced by physical Documents of Title;
"**Certificated Share**"	a Share which is not Dematerialised and is held in Certificated Form;
"**Certificated Shareholders**"	Shareholders who hold Certificated Shares;
"**Common Monetary Area**"	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
"**Companies Act**"	the Mauritius Companies Act, No. 15 of 2001, as amended from time to time;

"**Company Advisors**"	collectively, Questco, the Legal Advisors and the Independent Reporting Accountants and JSE Auditors;
"**Convertible Loan**"	a loan payable by GetCash, acquired by MyBucks from Everprosperous Worldwide Limited, with a balance of US$603k at 31 December 2016, entitling MyBucks to convert the outstanding loan balance to ordinary shares in GetCash equal to 51% of the issued share capital in GetCash, after the issue of shares pursuant to the conversion of the loan;
"**Constitution**"	the constitutional document of Brainworks, as adopted by shareholders on 1 June 2017;
"**CSDP**"	Central Securities Depository Participant as defined in Section 1 of the FMA appointed by an individual shareholder for the purposes of, and with regard to the Dematerialisation of documents of title for the purposes of incorporation into Strate;
"**Dawn Properties**"	Dawn Properties Limited (registration number 9363/2003), a public company registered in Zimbabwe and listed on the ZSE (under ISIN ZW0009012239), which operates as a property holding and consulting company, being a subsidiary of the Company;
"**Dawn Properties Advisory Agreement**"	the advisory agreement concluded between Brainworks and Dawn Properties on 1 January 2016, details of which are summarised in **Annexure 15**;
"**Delta**"	Delta Corporation Limited (registration number 226/68/48), a public company registered in Zimbabwe and listed on the ZSE (under ISIN ZW0009011199);
"**Dematerialise**" or "**Dematerialisation**"	the process by which Certificated Shares are converted into electronic format as Dematerialised Shares and recorded in the uncertificated securities register administered by a CSDP;
"**Dematerialised Shareholders**"	Shareholders who hold Dematerialised Shares;
"**Dematerialised Shares**"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"**Documents of Title**"	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the Board;
"**DPC**"	Dawn Property Consultancy (Private) Limited (registration number 1877/2003), a private company registered in Zimbabwe, which operates as a property consulting and management company, and a wholly owned subsidiary of Dawn Properties;
"**Elizabeth Windsor Gardens Project**"	the development of 58 residential units on stand number 3204 Marlborough, Township, Harare, by Dawn Properties, pursuant to a building contract entered into on 14 April 2016 between Gold Coast and Nabless Construction (Private) Limited, a building contractor;
"**Emerged Railway Properties**"	Emerged Railway Properties (Private) Limited (registration number 7797/96), a private company registered in Zimbabwe, which operates as a joint venture between the National Railways of Zimbabwe and Zambia Railways, and the owner of the Victoria Falls Hotel property;
"**Empowerment Corporation**"	Empowerment Corporation (Private) Limited (registration number 475/97), a private company registered in Zimbabwe;
"**Exchange Control Regulations**"	the Exchange Control Regulations, 1961, as amended from time to time, issued in terms of section 9 of the South African Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;

"**Exchange Rate**"	the US$ to Rand exchange rate of US$1:R12.78;
"**FICA**"	the South African Financial Intelligence Centre Act, No. 38 of 2001, as amended from time to time;
"**FinTech**"	financial technology, a line of business based on using software and technology to provide financial services;
"**FY**"	financial year;
"**FMA**"	the South African Financial Markets Act, No. 19 of 2012, as amended;
"**FML Logistics**"	FML Logistics (Private) Limited (registration number 14611/2003), a private company registered in Zimbabwe, which operates as a fuel logistics company, and a wholly owned subsidiary of the Company;
"**GBL1**"	a Category 1 Global Business License issued under Mauritian Financial Services Act, No. 14 of 2007, as amended;
"**GetCash**"	Coporeti Support Services (Private) Limited t/a GetCash (registration number 166/2005), a private company registered in Zimbabwe, which operates as electronic payment solution provider licenced by the Reserve Bank of Zimbabwe to provide mobile banking products with NMB Bank Limited as the settlement bank;
"**GetCash Option**"	the option granted in favour of MyBucks pursuant to the Convertible Loan, entitling MyBucks to 51% of the issued share capital in GetCash, after the issue of shares pursuant to the conversion of the Convertible Loan;
"**GetCash Restructure**"	the ownership and funding restructure, of GetCash, implemented on 1 July 2017, and in terms of which, *inter alia*: • Brainworks' interest in GetCash is diluted from 100% to 49% following the conversion by MyBucks of the Convertible Loan, entitling MyBucks to 51% of the issued share capital of GetCash; • the settlement by Brainworks Capital Management of a portion of the loan due by GetCash to GetSure, equal to US$331k; • the further pro-rata equity injection by Brainworks Capital Management and MyBucks into GetCash through a cash injection by MyBucks equalling US$721k and the conversion by Brainworks Capital Management of its loan receivable (including the portion settled to GetSure), equal to US$1 476k; • amounts owed by GetCash to GetSure, equal to US$314k at 31 December 2016, being converted into promissory notes with i) a five-year term; ii) attracting interest at 5% per annum; iii) repayable in equal monthly instalments of capital and interest from the 25th month subsequent to conversion; and • GetCash will endeavour to repay its outstanding obligations towards Dawn Properties and African Sun, equal to US$22k.
"**GetGroup**"	collectively, GetBucks, GetSure and GetCash;
"**GetBucks**"	GetBucks Microfinance Bank Limited (previously GetBucks Financial Services Limited) (registration number 322/2012), a public company registered in Zimbabwe and listed on the ZSE (under ISIN ZW0009012270) and licensed by the Reserve Bank of Zimbabwe, which operates as a deposit taking and money lending microfinance institution, an associate of the Company;

"**GetSure**"	GetSure Life Assurance (Private) Limited (registration number 525/2011), a private company registered in Zimbabwe, which operates as a life assurance company, and a wholly owned subsidiary of the Company;
"**Gold Coast**"	Gold Coast Properties (Private) Limited (registration number 9410/2003), a private company registered in Zimbabwe, and a wholly owned subsidiary of Dawn Properties;
"**Group**" or "**Brainworks Group**"	collectively, Brainworks and its Subsidiaries;
"**ha.**"	hectares;
"**IASB**"	the International Accounting Standards Board;
"**IEE Act**"	the Zimbabwean Indigenisation and Economic Empowerment Act, No. 14 of 2007 and its regulations, as amended from time to time;
"**IFRS**"	International Financial Reporting Standards, as issued by the IASB;
"**IHG**"	the InterContinental Hotels Group, a multinational hotel company headquartered in the United Kingdom, and the franchisor for three of the hotels under management of African Sun;
"**Independent Property Valuer**"	Propval Property Valuer Services Proprietary Limited (registration number 2015/293086/07), a private company registered in South Africa, represented by Brian Donavan van Vuuren, an independent professional associated valuer registered under the Property Valuers Profession Act, 2000, as amended;
"**Independent Reporting Accountants and JSE Auditors**"	PricewaterhouseCoopers Inc. (registration number 1998/012055/21), a private company registered in South Africa, which operates as an auditing and advisory company, full details of which are set out in the Corporate Information section of this Pre-listing Statement;
"**JSE**"	the exchange, licensed under the FMA, operated by the JSE Limited (registration number 2005/022939/06), a public company registered in South Africa, which operates as a stock exchange;
"**JSE Listings Requirements**"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"**Kingfisher Cabanas Timeshare Units**"	11 timeshare units situated on the Caribbea Bay Resort, owned by Dawn Properties;
"**Last Practicable Date**"	31 August 2017, being the last practicable date prior to the finalisation of this Pre-listing Statement;
"**Legacy**"	Legacy Hospitality Management Services Limited (registration number CO74116/C1/CBL), a public company incorporated in Mauritius, an international hotel management company, and the manager of five of the hotels leased to African Sun, and having the following address: Legacy Hospitality Management Services Limited C/o Kross Border Trust Services Limited St Louis Hotel Business Centre, Cornder Desrouches & St Louis Streets, Port Louis Mauritius;
"**Legal Advisors**"	collectively Bowman Gilfillan Inc. (registration number 1998/021409/21), a company incorporated in South Africa, which operates as a law firm in South Africa, and Eversheds Sutherland (registration number C123328 a company incorporated in Mauritius and which operates as a law firm in Mauritius, full details of which are set out in the Corporate Information section of this Pre-listing Statement;

"**Listing**"	the listing of all the Shares on the Main Board on the Listing Date;
"**Listing Date**"	the date of the Listing, expected to occur as at commencement of trading on the JSE on Friday, 13 October 2017;
"**Major Subsidiaries**"	a subsidiary that represents 25% or more of total assets or revenue of the Group, based on the 31 December 2016 consolidated financial results for the Group, being Brainworks Capital Management, African Sun and Dawn Properties;
"**m**^{2}"	square metres;
"**MyBucks**"	MyBucks S.A (registration number B199543), a public company registered in Luxembourg, which is listed on the Frankfurt Stock Exchange and operates as the holding company for micro-lending operations in 9 countries primarily in Africa;
"**Meikles**"	Meikles Hospitality (Private) Limited (registration number 3899/96), a private company registered in Zimbabwe, which is African Sun's partner in the Victoria Falls Hotel Partnership and operates as a hospitality group in Zimbabwe;
"**NAV**"	net asset value;
"**Offer**"	the invitation to Qualifying Investors to subscribe for, or purchase, Shares at the Offer Price, for the purpose of raising approximately R317 million (equal to US$24.8 million at the Exchange Rate), which would result in i) the issue of approximately 16.84 million Shares; and (ii) the placement of up to 10.68 million Treasury Shares;
"**Offer Price**"	the price at which prospective investors can subscribe for or acquire Shares, being R11.50 per Share (equal to US$0.9 per Share at the Exchange Rate);
"**Property Portfolio**"	the portfolio of properties owned by Dawn Properties and Skyclear, as set out in **Annexure 4**;
"**Post Balance Sheet Events**"	collectively, the Share Conversion, the Share Repurchase, the Share Consolidation, the GetCash Restructure and the Pre-listing Issue;
"**Pre-listing Issue**"	the issue by Brainworks of 253 826 new ordinary shares, at a price of US$0.90 cents per Share, in order to raise US$228k from non-South African investors prior to the Listing of the Company on the JSE, but after the latest financial year end of the Group;
"**Pre-listing Statement**"	this bound document inclusive of all annexures and the accompanying specimen Application Form (*blue*), dated Thursday, 28 September 2017, prepared in compliance with the JSE Listings Requirements;
"***Pro-Forma* Financial Information**"	the *pro-forma* financial effects, as set out in paragraph 13, *pro-forma* statement of comprehensive income and *pro-forma* statement of financial position, which illustrate the impact of the Post Balance Sheet Events, the capital raised pursuant to the Offer and the Listing of the Group, the detail of which is set out in **Annexure 10**;
"**Qualifying Investors**" or "**Applicants**"	invited investors to whom the Offer is addressed;
"**Questco**"	Questco Proprietary Limited (registration number 2002/005616/07), a private company registered in South Africa, which is the Corporate Advisor, Bookrunner and Sponsor to Brainworks, full details of which are set out in the Corporate Information section of this Pre-listing Statement;

“**R**” or “**Rand**”	South African Rand, the official currency of South Africa;
“**Register**”	collectively, the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
“**RevPAR**”	revenue per available room;
“**Scheme of Reconstruction**”	a share swap completed on 18 June 2015, whereby Brainworks obtained 100% of the shares in Brainworks Capital Management in exchange for issuing shares in Brainworks, to the shareholders of Brainworks Capital Management at the time, with the result that Brainworks became the ultimate holding company of Brainworks Capital Management;
“**SENS**”	the Stock Exchange News Service of the JSE;
“**Settlement Date**”	the date on which the Shares will be issued and delivered to successful Applicants pursuant to the Offer, expected to be on Thursday, 12 October 2017;
“**Share**”	an ordinary no par value share in the share capital of the Company;
“**Share Consolidation**”	the consolidation of the total Shares in issue on a 10 for 1 basis, implemented by Brainworks on 1 June 2017;
“**Share Conversion**”	the conversion of the Company’s shares from par value to no par value pursuant to the adoption of its new Constitution;
“**Shareholder**”	a registered holder of a Share;
“**Share Repurchase**”	the purchase by Brainworks Capital Management, in terms of the Share Repurchase Agreement, of: • 29 055 555 Shares from G Manyere, with effect from Wednesday, 1 February 2017; and • a potential further 1 500 000 Shares from G Manyere, to be effective on Thursday, 1 February 2018, in consideration for selling its right, title and interest in the Share Repurchase Receivable to G Manyere, including any rights under the original transaction agreements that gave rise to the Share Repurchase Receivable;
“**Share Repurchase Agreement**”	the agreement entered into by Brainworks Capital Management and G Manyere on Wednesday, 1 February 2017 giving effect to the Share Repurchase;
“**Share Repurchase Receivable**”	a receivable due to Brainworks Capital Management from Empowerment Corporation and its shareholders, equaling US$2.75 million, pursuant to a payment made by Brainworks Capital Management to Empowerment Corporation and its shareholders for a transaction that was subsequently terminated, resulting in the initial payment being repayable to Brainworks Capital Management;
“**Skyclear**”	Skyclear Investments (Private) Limited (registration number 15578/2004), a private company registered in Zimbabwe, which operates as a commercial property holding company, and a wholly owned subsidiary of the Group;
“**South Africa**”	the Republic of South Africa;

"**Statutory Auditors**"	PricewaterhouseCoopers Inc. Mauritius (registration number F07000530), a private company registered in Mauritius, which operates as an auditing and advisory company, full details of which are set out in the Corporate Information section of this Pre-listing Statement;
"**Statutory Instrument 64**"	the Statutory Instrument 64 of 2016 (SI 64/2014) is an amendment notice issued by Zimbabwe's Minister of Industry and Commerce which legally adds a list of imported goods to the already existing schedule of restricted imports, as contained in notice SI 08 of 1996, which seeks to control the importation of certain goods, a notice permissible under the Control of Goods (Import and Export) (Commerce) Regulations of 1974.
"**Strate**"	Strate Proprietary Limited (registration number 1998/022242/07), a private company registered in South Africa, licensed as a CSD in terms of the FMA and which operates as South Africa's Central Securities Depository;
"**Subsidiaries**"	the subsidiaries of the Company, as set out in **Annexure 2**, or each of them as the context implies;
"**TNAV**"	tangible net asset value;
"**Transfer Secretaries**"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07) a private company registered in South Africa, full details of which are set out in the Corporate Information section of this Pre-listing Statement;
"**Treasury Shares**"	10 680 555 million Shares, held in trust by Adcone Holdings on behalf of Brainworks Capital Management;
"**US$**"	United States Dollar;
"**VAT**"	value added tax as defined in the South African Value-Added Tax Act No. 89 of 1991, as amended;
"**Victoria Falls Hotel Partnership**"	the joint venture established between African Sun and Meikles in terms of the Victoria Falls Hotel Partnership Agreement;
"**Victoria Falls Hotel Partnership Agreement**"	the agreement entered into between African Sun (under its previous name as ZimSun) and Meikles on 1 April 1998 in respect of the joint operation of the Victoria Falls Hotel, details of which are set out in **Annexure 15;**
"**ZimSun**"	Zimbabwe Sun Limited, now African Sun; and
"**ZSE**"	Zimbabwe Stock Exchange, constituted in terms of the Zimbabwe Securities and Exchange Act No. 17 of 2004.

Brainworks Limited

(Incorporated in the Republic of Mauritius)
(Registration number 115883 C1/GBL)
(Share Code: BWZ ISIN: MU0548S00000)
("**Brainworks**" or "**the Company**")

Directors

SFW Village *(Chairman)*[2]
MJ Wood *(Deputy Chairman)*[1]
BI Childs (*Chief Executive Officer*)
P Saungweme (*Chief Financial Officer)*
AM Mothupi[1]
GSJ Bennett[1]
RN Charrington[1]
G Manyere[2]
RG Muirimi[2]
WT Kambwanji[2]

[1] *Independent non-executive*
[2] *Non-executive*

PRE-LISTING STATEMENT

1. INTRODUCTION

1.1 Brainworks is a Mauritian registered investment holding company, with its investment base focused on the Zimbabwean hospitality, real estate, financial services and logistics sectors.

1.2 The Group was established in 2011 and has, as at the Last Practicable Date, accumulated the following investments:

1.2.1 a 57.67% investment in African Sun, a hospitality management company listed on the ZSE, with seven resort hotels, four city hotels, and two casinos under its management, the majority of which are owned by Dawn Properties;

1.2.2 a 66.76% investment in Dawn Properties, a real-estate investment holding, development and property consulting services company listed on the ZSE, with a property portfolio valued in excess of US$89.6 million (gross), consisting primarily of hospitality assets, land under development and land held for development;

1.2.3 a 31.14% investment in GetBucks, a technology driven deposit-taking and money-lending micro-finance institution,

1.2.4 49% in GetCash, a mobile money transfer platform whereby each customer's cell-phone functions as a bank account, creating a "mobile wallet";

1.2.5 100% in GetSure, a licensed life assurance company, offering life insurance, funeral cover and accident and savings insurance products;

1.2.6 a 2.50% investment in MyBucks, a FinTech company listed on the Frankfurt Stock Exchange, with operations in Africa and Europe;

1.2.7 a 100% investment in Skyclear, which holds 0.87ha undeveloped land, earmarked for commercial property development; and

1.2.8 a 100% investment in FML Logistics, a petroleum transport company operating in Zimbabwe, Zambia and the Democratic Republic of Congo.

1.3 Subject to the Company achieving, by the Listing Date, the requisite spread of public shareholders required by the JSE, Brainworks has been granted a listing by the JSE in the "Equity Investment Instruments" sector of the Main Board of the JSE from the Listing Date. The Company intends to raise approximately R317 million (Rand equivalent of US$24.8 million at the Exchange Rate) pursuant to the Offer, which will be applied towards reducing interest bearing debt, which will strengthen the Group's balance sheet and position it for growth going forward, and will be invested in its current investee assets to enhance future revenue generation and profitability. A portion of the proceeds will be utilized towards payment of listing expenses, which are set out in paragraph 31.

1.4 Debt facilities of US$15.05 million at the Last Practicable Date, and a weighted average interest rate of 11.25%, further details of which are set out in paragraph 5.2 will be repaid. Following the reduction in debt, the Group expects to decrease finance cost by approximately US$1.68 million per annum.

1.5 This Pre-listing Statement includes information in compliance with the JSE Listings Requirements and is provided for the purpose of providing Qualifying Investors with information regarding the Group, its history and its prospects.

2. COMPANY OVERVIEW

2.1 Incorporation

2.1.1 The Company was incorporated on 22 April 2013 as a GBL1 private company in accordance with the Mauritian Companies Act and the Mauritian Financial Services Act No. 14 of 2007, as amended, under the name Brainworks Capital Management Limited.

2.1.2 The Company changed its name to Brainworks Limited on 2 June 2015, and converted into a public company on 30 June 2015.

2.2 Nature of business

2.2.1 Brainworks is an investment holding company and its business strategy is to identify and acquire control or strategic equity interests in attractive companies with proven business models, primarily operating in Zimbabwe.

2.2.2 Brainworks' investment horizon is long term and it seeks to grow shareholder value through sustainable dividend pay-outs and consistent capital growth.

2.2.3 Since its establishment in 2011, the Group has built a strong portfolio of investments operating across a diverse range of sectors, which include hospitality and tourism, real estate, financial services and logistics.

2.2.4 Brainworks Capital Management is licensed by the Securities Exchange Commission of Zimbabwe has historically and provided advisory services on selected transactions, taking advantage of its proprietary deal experience and relationships.

2.2.5 The Group structure, indicating interests in subsidiaries, associates and investments, is set out in **Annexure 1.** Details of all subsidiaries, associates and investments held by the Company are set out in **Annexure 2.**

2.3 History

2.3.1 The Group was established in 2011, with Brainworks Capital Management as the holding company, which was incorporated in Zimbabwe on 26 January 2011.

2.3.2 On 30 June 2015, the Shareholders of Brainworks Capital Management embarked on the Scheme of Reconstruction which sought to move the Group's holding company structure (legal and operational) from Zimbabwe to Mauritius. Upon obtaining approvals from the regulatory authorities in Zimbabwe and effective 17 June 2015, the Scheme of Reconstruction was achieved through a share swap by Brainworks Capital Management shareholders of their Brainworks Capital Management shares for Brainworks Shares. This resulted in Brainworks becoming the 100% shareholder in Brainworks Capital Management and the new holding company for the Group.

2.3.3 The history of each of the Group's investments is set out below.

2.3.4 African Sun

2.3.4.1 Brainworks, through Brainworks Capital Management, acquired its initial investment of 32.82% in African Sun on 6 November 2013 and a further 10.32% at the end of its 2013 financial year. In April 2015, Brainworks increased its shareholding in African Sun from 43% to 57.67%, through a combination of a mandatory offer to minority shareholders and additional on-market purchases.

2.3.4.2 African Sun was originally established as ZimSun. In 2003, ZimSun de-merged its property portfolio, resulting in the creation of Dawn Properties. Following the de-merger, ZimSun changed its name to African Sun and became the operator of the properties owned by Dawn Properties under long term operating leases.

2.3.4.3 ZimSun was originally established in 1968 as a part of Delta, and listed on the ZSE in 1990 following its de-merger from Delta.

2.3.4.4 In 2015, African Sun underwent a restructure to return the company to profitability, involving the disposal of its loss-making operations outside of Zimbabwe, a reduction in operating costs and finance charges, as well as partnering with international operators. Prior to 2015, African Sun implemented of a refurbishment programme. As a result of these measures, the company returned to profitability in 2016.

2.3.5 Dawn Properties

2.3.5.1 An initial shareholding of 14.88% in Dawn Properties was acquired by Brainworks Capital Management in 2013. A controlling interest was acquired in March 2015 increasing its investment in Dawn Properties to 62.16% with a further 4.65% acquired later in the 2015 financial year, resulting in a total interest of 66.81%.

2.3.5.2 Dawn Properties was established and listed on the ZSE following the de-merger of the ZimSun property portfolio in 2003.

2.3.5.3 Historically, Dawn Properties focused on passive rental income. Since Brainworks' acquisition of a controlling interest, Dawn Properties has shifted its focus to property development in addition to receiving rental income. Growth in profitability in 2017 and 2018 is expected to be driven by the sales in the property development division and the sale of its timeshare units.

2.3.6 GetBucks, GetCash and GetSure

2.3.6.1 GetBucks was established in 2012 by Brainworks and MyBucks as a private company called GetBucks Financial Services Zimbabwe (Private) Limited with Brainworks owning 40% and MyBucks 60% respectively. The Group acquired a further 5% in 2013, increasing its shareholding to 45%. GetBucks converted to a public company on 4 November 2014 and changed its name to GetBucks Microfinance Bank Limited on 17 August 2016.

2.3.6.2 Brainworks' interest in GetBucks was reduced in December 2015 as a result of a dividend in specie by Brainworks to its shareholders, and again in January 2016, following the listing of GetBucks on the ZSE, to a 31.14% shareholding.

2.3.6.3 GetSure was founded by Brainworks in 2011 under the name Brainworks Capital Financial Services (Private) Limited. However, GetSure only commenced operations in August 2015. The name GetSure Life Assurance (Private) Limited was adopted on 14 May 2015. GetSure is 100% owned by the Company.

2.3.6.4 GetCash was acquired by the Company in 2016, through the acquisition of NettCash, which was subsequently rebranded to GetCash. In July 2017, MyBucks subscribed for new shares in GetCash, pursuant to the GetCash Restructure, resulting in a dilution of the Group's interest in GetCash to 49%.

2.3.7 MyBucks

2.3.7.1 The Company acquired a 2.5% interest in GetBucks Limited (Mauritius) in 2012, which was subsequently exchanged for a 2.5% interest in MyBucks.

2.3.7.2 MyBucks listed on the Frankfurt Stock Exchange in June 2016.

2.3.7.3 MyBucks holds, *inter alia,* a further 50.1% effective interest in GetBucks.

2.3.8 FML Logistics

2.3.8.1 Brainworks acquired its investment in FML Logistics in 2013.

2.3.8.2 At the time of acquisition, FML Logistics was a fuel retailer. As a result of a decrease in fuel prices in 2014, the operational focus of FML Logistics was shifted to petroleum transportation, commencing with a fleet of 10 trucks.

2.3.8.3 Currently, FML Logistics has a fleet of 30 trucks and a capacity to transport 4 – 5 million tonnes of fuel per month. FML Logistics is 100% owned by the Group.

2.4 STRATEGY AND INVESTMENT POLICY

2.4.1 Proprietary Investments

2.4.1.1 The Company's business strategy is to set up or selectively identify and acquire control or strategic equity stakes in attractive companies that are active in growth sectors with proven business models primarily in Zimbabwe.

2.4.1.2 The acquired businesses are required to demonstrate strong potential to generate cash, attain sustainable profitability and possess strong brands in order to attract reputable international operating partners who will invest alongside or partner with Brainworks to facilitate the unlocking of Shareholder value and enhance profitability.

2.4.1.3 The Company applies a private equity model to investing, focusing on board and managerial control and active shareholder participation in all investee companies. The Company's ethos is to retain its hold in investee companies which show strong and sustainable cash generation capacity and dividend pay-outs to shareholders for the long term.

2.4.1.4 In the execution of its business strategy, the Company applies the following critical processes and interventions in the investment process which lead to value extraction within investee companies:

2.4.1.4.1 frequent research of macro and micro developments in the selected markets and sectors. The Company's research is underpinned by robust analytics to all macro and micro data indicators with a view to identifying economic dislocations that present investment opportunities;

2.4.1.4.2 in-depth understanding of various economic sectors and their growth potential followed by the identification of various companies within attractive sectors;

2.4.1.4.3 determination of the most efficient manner to participate in the relevant sector by either the acquisition of an existing business or the establishment of a new company;

2.4.1.4.4 application of rigorous due diligence on targeted investments;

2.4.1.4.5 where the acquisition route is selected, aggressive execution of acquisition plans to acquire a minimum level of influence or control;

2.4.1.4.6 undertaking post investment operational due diligence within the first year of successfully attaining control or significant influence, aimed at identifying cost inefficiencies and weaknesses in revenue generation and implementing the necessary improvements;

2.4.1.4.7 from the second to third year of attaining control or significant influence, implementing measures aimed at addressing weaknesses highlighted by the due diligence. The Company continues to monitor performance of the business with a view of maintaining profitable growth, achieving positive cash generation, capital growth, attracting strong international operating partners and providing dividend pay-outs; and

2.4.1.4.8 continued monitoring of target investee companies which encompasses financial analysis, corporate governance, management of operating costs levels, revenue generation, market share and social responsibility.

2.4.1.5 It is the Company's intention to distribute to its Shareholders at least 25% of all dividends that are declared and paid to it by its investee companies, subject to Board approval.

3. MACRO ECONOMIC OVERVIEW OF ZIMBABWE

3.1 Over the past decade, Zimbabwe has experienced hyperinflation (pre-2008), deflation (post 2008), lack of liquidity, severe droughts and the aftermath of the government's land reform policy, resulting in a drop in domestic agricultural production. However, despite these set-backs, the Board believes that Zimbabwe has enormous potential for sustained growth and poverty reduction given its generous endowment of natural resources, existing stock of public infrastructure and comparatively skilled human resources.

3.2 In 2009, the country adopted a multicurrency regime where the US dollar was officially accepted as the legal tender of Zimbabwe. The Board believes that this ushered in macroeconomic stability and the prospects of positive economic growth, paving the way for growth in resilient industries such as financial services, tourism and hospitality and mining which are now positioned to grow even further on the back of the eventual recovery of the economy.

3.3 Key macro-economics are set out below:

Macro-Economic and Fiscal Frame National Accounts (Real Sector)	**Actual 2014**	**Actual 2015**	**Actual 2016**	**Forecast 2017**
Real GDP at market prices (million US$)	12 197	12328.8	12 398	12 605
Nominal GDP at market prices (million US$)	14 197	14 059	14 165	14 525
Real GDP Growth (%)	3.8	1.1	0.6	1.7
Inflation (Annual Average) %	(0.2)	(2.4)	(1.5)	1.1
Government Accounts				
Revenues & Grants (million US$)	3 770	3 737.0	3 528.0	3 700.00
% of GDP	26.6	26.6	24.9	25.5
Expenditures (million US$)	3 912	4 119.6	4 593.0	4 100.00
% of GDP	27.6	29.3	32.4	28.2
Recurrent Expenditures (million US$)	3 565	3 583.0	3 762.0	3 630.0
% of GDP	25.1	25.0	26.0	25.0
Current Operations (million US$)	325.3	329.9	497.1	394.4
% of GDP	2.3	2.3	3.3	2.7
Employment Costs (million US$)	2 583	2 574.9	3 137.9	3
% of GDP	18.2	18	22	20
Capital Expenditure @ Net lending (million US$)	310	536.8	831.5	520
% of GDP	2.2	4	6	4

Source: 2017 National Budget

3.4 Zimbabwe remains reliant on the export of various minerals such as coal, gold, platinum, nickel, and diamonds. Tobacco is also a major foreign currency earner. The country has a diverse base of precious minerals and leveraging of these resources will be critical in the growth and development of the economy.

3.5 Foreign direct investment flowing into the country has been in excess of US$1.2 billion over the past 3 years *(Source – World Development Indicators database)*.

3.6 The Zimbabwean business environment improved in 2016 according to the World Bank, with the country moving up 14 places out of 189 countries from 171 to 157. Zimbabwe's treasury expects economic growth to rise in 2017 on the back of improved agriculture production and higher commodity prices *(Source – World Bank – http://www.doingbusiness.org/data/exploreeconomies/zimbabwe)*.

3.7 Sector specific outlook *(Source: 2017 National Budget):*

3.7.1 The tourism industry is envisaged to grow by 0.8% in 2017 with tourism receipts expected to total US$3 billion by 2020, given government interventions to remove barriers to free movement of tourists into and within the country.

3.7.2 The financial services sector has remained generally resilient on the back of various measures being implemented to bolster confidence and promote the stability of the sector. During the first quarter of 2017, broad money recorded an annual growth of 20% to US$5 879.9 million from US$4 899.8 million recorded in the same period last year.

3.7.3 Mining output continued to improve with the sector expected to grow by 5.1% in 2017.

3.7.4 The agricultural sector also remains promising as the sector is projected to grow by 21.6% driven by higher output from major crops such as maize, cotton and tobacco.

3.7.5 Domestic production is expected to increase in the manufacturing sector by 0.1% due to the introduction of Statutory Instrument 64, a legal notice issued with the intention of limiting imported goods through licensing requirements.

4. INVESTMENT CASE

4.1 Investment into Zimbabwe

4.1.1 Investors are increasingly evaluating Africa as an investment destination to geographically diversify their portfolios and potentially earn the higher returns offered by emerging markets.

4.1.2 Zimbabwe's economy has continuously shown resilience in light of negative perception and the Board believes it has enormous potential for growth in light of the potential economic and political recovery of Zimbabwe.

4.1.3 Brainworks' investments are focussed on hospitality, real estate and financial services, which have not historically been subject to the same risks (political and otherwise) as, for example, the mining and farming industries in Zimbabwe.

4.2 Sustainability

Investments are consumer facing and cash generative, creating a sustainable investment base.

4.3 Organisational and tax structure

4.3.1 Brainworks was established in Mauritius in order to take advantage of Mauritius' business friendly infrastructure and financial stability. The Company allows a single point of entry on an international exchange and provides exposure to Zimbabwe-based assets, without the risks associated with direct investment into Zimbabwe.

4.3.2 Mauritius has double taxation avoidance agreements with 33 countries including Zimbabwe, Botswana, France, Germany, Italy, Luxembourg, Madagascar, Mozambique, Namibia, South Africa, Swaziland and the United Kingdom. The rate of corporate income tax in Mauritius is currently 15% on chargeable income, there is no withholding or capital gains tax and no estate duty or inheritance tax is payable on the inheritance of shares in a global business entity. Brainworks holds a Global Business Category 1 Licence which reduces its effective corporate income tax rate to 3%.

4.3.3 Applicants must retain their own legal and tax advice on the holding of Shares in the Company.

4.4 Growth opportunities

4.4.1 Brainworks' aim is to grow the business by the expansion of its current investments and it has active plans for the consolidation of its interests, specifically the Company may consider making an offer to buy out minority shareholders in African Sun and Dawn Properties if, in the opinion of the Board, the circumstances justify such an offer. The Board has no current plans for acquisitions outside of its current investment base, but will continuously assess future opportunities on an ad-hoc basis. Brainworks is, however, supporting its major subsidiaries who are exploring asset accretive opportunities.

4.4.2 In addition to acquisitive growth, the Board believes there is strong opportunity for organic growth given the potential upside in Zimbabwe's recovering economic and political climate.

4.5 Strong Board and management

Brainworks has a strong board and in-country management team that has demonstrated an ability to identify and execute acquisitions and create significant shareholder value.

4.6 Supportive shareholder base

Brainworks has raised over US$60 million in equity through a series of private placements, evidencing a supportive shareholder base.

4.7 International partners

The Group partners with strong international partners in the relevant markets players who provide a wealth of experience and knowledge to add value to the Group's operations.

4.8 Diversification

Since its incorporation, the Company has built a diversified portfolio of assets in the hospitality, real estate, financial services and logistics sectors in Zimbabwe, providing investors an opportunity for exposure to a number of sectors through one vehicle.

5. THE OFFER

5.1 Purpose of the offer and rationale for listing

5.1.1 The main purpose of the Offer and the Listing is to:

5.1.1.1 raise capital in order to reduce interest bearing debt, thereby strengthening the Group's balance sheet for growth going forward and expansion of current investments;

5.1.1.2 provide access to funding from the South African equity capital markets in order to facilitate and accelerate the Group's organic and acquisitive growth;

5.1.1.3 provides a gateway into Zimbabwe for international investors through an international listing;

5.1.1.4 raise the Group's profile with lending institutions;

5.1.1.5 access beneficial financing terms available to listed entities;

5.1.1.6 create awareness with prospective institutional and retail investors about the merits of investing in the Company; and

5.1.1.7 provide Shareholders with a liquid, tradable instrument within a regulated environment.

5.2 Use of proceeds

5.2.1 The proceeds raised pursuant to the Offer will be applied towards payment of the Listing expenses, settlement of interest bearing debt, investment into current investee assets and working capital requirements for the Group.

5.2.2 Details of the debt to be repaid are set out below.

Name of facility provider	Interest rate and terms of the facility	Balance as at 31 December 2016 to be settled (US$)	Balance as at Last Practicable Date to be settled (US$)
Ever Prosperous Worldwide Limited	Attracts interest at a rate of 9% per annum, excluding draw-down fees (effective interest rate of 10% per annum including draw-down fees). Interest is payable monthly, with the full capital repayment due on 17 October 2017.	10 077 500	10 0000 000
GetBucks Financial Services Limited	Attracts interest at a rate of 18% per annum. Interest is payable monthly, with the full capital repayment due on 30 September 2017.	2 339 872	2 554 448
CBZ Bank Limited*	Attracts interest at a rate of 10% per annum. Interest is payable monthly, with the full capital repayment due on 28 February 2018	2 500 000	2 500 000
		14 917 372	15 054 448

*Balance on the CBZ Bank Limited loan at 31 December 2016 is US$3.8 million, however only US$2.5 million will be settled from the proceeds of the Offer.

5.2.3 Capital raised will be allocated by the Board to the subsidiaries of the Group based on the Board's assessment of value-accretive opportunities identified, including the potential redevelopment of certain hotel assets.

5.3 Salient dates and times

The salient dates and times pertaining to the Offer and the Listing are set out on page 12 of this Pre-listing Statement.

5.4 Particulars of the offer

5.4.1 Brainworks intends to raise approximately R317 million (equal to US$24.8 million at the Exchange Rate), which would result in:

5.4.1.1 firstly, the placement of up to 10.68 million Treasury Shares; and

5.4.1.2 secondly, the issue of approximately 16.84 million Shares,

at the Offer Price.

5.4.2 The Offer Price is based on the Board's valuation of the Group.

5.4.3 The Company is authorised pursuant to the Shareholders resolutions adopted on 1 June 2017 to issue up to 50 million Shares, and to sell 10 680 555 Treasury Shares.

5.4.4 Applications in respect of the Offer must be for a minimum of R1 000 000.

5.4.5 There will be no fractions of Shares issued in terms of the Offer.

5.5 Conditions to the listing and minimum subscription

5.5.1 The Offer and the Listing is subject to the Company achieving a spread of public shareholders acceptable to the JSE at the time of Listing, being public Shareholders holding not less than 20% of the issued Share capital of the Company to ensure reasonable liquidity.

5.5.2 If this condition precedent fails, the Offer and any acceptance thereof and the Listing shall not be of any force or effect and no person shall have any claim whatsoever against the Company or any other person as a result of the failure of the condition.

5.5.3 As at the Last Practicable Date, the Company had a public spread of 20.74%.

5.6 Procedures for acceptance

5.6.1 Applicants must provide their CSDPs or Brokers with their completed Application Forms (*blue*) within the time period required by each CSDP or Broker to allow each CSDP or Broker sufficient time within which to submit the necessary application forms to Questco by the timelines provided. Applicants must contact their CSDPs or Brokers to confirm the time period within which the Application Forms (*blue*) must be submitted to ensure compliance with the abovementioned timing.

5.6.2 Applicants must make the necessary arrangements to enable their CSDPs or Brokers, as the case may be, to make payment for the allocated Shares on the Settlement Date. The allocated Shares will be transferred or issued, on a "delivery-versus-payment" basis, to successful Applicants on the Settlement Date.

5.6.3 The following parties may not participate in the Offer:

5.6.3.1 any person who may not lawfully participate in the Offer; and/or

5.6.3.2 any person acting on behalf of a minor or deceased estate.

5.6.4 No applications in respect of the Offer will be accepted after 12:00 on Monday, 9 October 2017.

5.6.5 Applications submitted by Qualifying Investors are irrevocable and may not be withdrawn once received by the CSDPs or Brokers.

5.6.6 Application Forms (*blue*) must be completed in accordance with the provisions of this Pre-listing Statement and the instructions contained in the Application Form.

5.6.7 Copies or reproductions of the Application Form (*blue*) will be accepted at the discretion of Questco and the Directors.

5.6.8 Any alterations on the Application Form (*blue*) must be authenticated by full signature.

5.6.9 Receipts will not be issued for Applications or supporting documents received.

5.6.10 Each Application will be regarded as a single application.

5.6.11 Other than as detailed in the Application Form (*blue*), no documentary evidence of capacity to apply needs to accompany the Application Form (*blue*), but the Company reserves the right to call upon any Applicant to submit such evidence for noting, which evidence will be held on file with the Company or the Transfer Secretaries or returned to the Applicant at the Applicant's risk.

5.6.12 The Directors reserve the right to accept or refuse any Applications, either in whole or in part, or to abate any or all Applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine, in circumstances where the Board believes that there is reputational risk involved with the issue of Shares to an Applicant, where the issue of Shares to an Applicant may be detrimental to the operations of the Group (such as in the case of a competitor of the Group applying for Shares) or having regard to the public spread requirements of the JSE.

5.6.13 In order to comply with section 33(2) of the FMA, the Shares may not be issued in Certificated Form and accordingly potential investors will need to open an account with a Broker or CSDP. If Applicants wish to hold their Shares in Certificated Form, they may, at their own cost, rematerialise their Shares following the Listing and should contact their CSDPs or Brokers in order to achieve this.

5.7 Issue, transfer and allocation of shares

5.7.1 Shares issued in terms of this Pre-listing Statement will be allotted and issued, and Treasury Shares placed in terms of this Pre-listing Statement will be transferred, subject to the provisions of the Constitution and will rank *pari passu* in all respects with the Shares currently in issue, including in respect of the receipt of dividends.

5.7.2 All Shares, subscribed for, or placed, in terms of this Pre-listing Statement will be issued or transferred, as applicable, at the expense of the Company.

5.7.3 It is intended that notice of the allocations will be given on or about Wednesday, 11 October 2017.

5.7.4 Successful Applicants' accounts with their CSDPs or Brokers will be credited with the allocated Shares on the Settlement Date, which is expected to be on Friday, 13 October 2017.

5.7.5 All shares issued or transferred will be in Dematerialised form.

5.7.6 The Board may, in its sole discretion, elect to allocate Shares to an Applicant, either by issuing new Shares, or by transferring Treasury Shares, to the Applicant.

5.8 Payment and delivery of shares

5.8.1 No payment should be submitted with an Application Form (*blue*) delivered to a Broker or CSDP, however Applicants should ensure that their accounts with their Broker or CSDP are credited with sufficient funds at the time of submission of their Application Form.

5.8.2 Each successful Applicant must, as soon as possible after being notified of an allocation of Shares by his CSDP or Broker, forward to his CSDP or Broker, all information required by the CSDP or Broker to effect payment as well as instruct the CSDP or Broker to pay, against delivery of the Applicant's allocation of Shares, the aggregate price for such Shares to the account designated by the Company. Such information and instructions must be confirmed to the Applicant's CSDP or Broker by no later than 12:00 on Thursday, 12 October 2017.

5.8.3 By no later than 12:00 on Thursday, 12 October 2017, each Applicant must place its funds with his CSDP or Broker or make other necessary arrangements to enable his CSDP or Broker to make payment for the allocated Shares on the Settlement Date, in accordance with each Applicant's agreement with its CSDP or Broker.

5.8.4 The Applicant's CSDP or Broker must commit in Strate to the receipt of the Applicant's allocation of Shares against payment by no later than 17:00 on Thursday, 12 October 2017.

5.8.5 The allocated Shares will be issued and transferred, on a "delivery-versus-payment" basis, to successful Applicants on the Settlement Date, which is expected to be on Thursday, 12 October 2017.

5.8.6 On the Settlement Date, the Applicant's allocation of Shares will be credited to the Applicant's CSDP or Broker against payment during the Strate settlement runs, prior to the opening of the market.

5.8.7 The CSDP or Broker concerned will receive and hold the Dematerialised Shares on the Applicant's behalf.

5.8.8 In the event that the Listing does not proceed, the Shares will not be issued to Applicants and no funds will be transferred to the Company.

5.8.9 The Company shall be entitled, in its discretion, to re-allocate any Shares which have been allocated but in respect of which payment is not capable of being effected on the Settlement Date.

5.9 Representation

5.9.1 Any Qualifying Investor applying for or accepting the Shares pursuant to the Offer shall be deemed to have represented to the Company that such Qualifying Investor was in possession of a copy of this Pre-listing Statement at that time.

5.9.2 Any party applying for or accepting Shares on behalf of another investor shall be deemed to have represented to Brainworks that they are duly authorised to do so and warrant that they and the purchaser for whom they are acting as agent is duly authorised to do so in accordance with all relevant laws and such agent guarantees the payment of the Offer Price and that a copy of this Pre-listing Statement was in the possession of such Qualifying Investor for whom they are acting as agent.

5.10 Applicable law

The Offer, Applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each Qualifying Investor will be deemed, by applying for Shares, to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the Offer.

5.11 Strate

5.11.1 Shares may only be traded on the JSE in electronic form (as Dematerialised Shares) and will be trading for electronic settlement in terms of Strate immediately following the Listing.

5.11.2 Strate is a system of "paperless" transfer of securities. If you have any doubt as to the mechanics of Strate please consult your Broker, CSDP or other appropriate adviser or refer to the Strate website (www.strate.co.za).

5.11.3 Some of the principal features of Strate are set out below.

5.11.3.1 Electronic records of ownership replace certificates and physical delivery of certificates.

5.11.3.2 Trades executed on the JSE must be settled within three business days.

5.11.3.3 All investors owning Dematerialised Shares or wishing to trade their securities on the JSE are required to appoint either a Broker or a CSDP to act on their behalf and to handle their settlement requirements.

5.11.3.4 For assistance in opening such an account with any CSDP or Broker, please visit the JSE's website (www.jse.co.za) or Strate's website (www.strate.co.za/aboutstrate/participants) which will provide all the names and contact numbers of the members of the JSE who can assist with the opening of such share accounts. It will be necessary to complete a custody mandate and provide FICA verification to the chosen CSDP/ Broker – a process similar to opening a bank account.

5.11.3.5 Unless investors owning Dematerialised Shares specifically request their CSDP to register them as an "own name" holder (which entails a fee), their respective CSDP's or Broker's nominee company holding Shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or Broker (or the CSDP's or Broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or Broker (or the CSDP's or Broker's nominee company), as to how it wishes to exercise the rights attaching to the Shares and/or to attend and vote at Shareholders' meetings.

5.12 Pre-commitments

As at the Last Practicable Date, there are no pre-commitments to subscribe for, or purchase, Shares.

5.13 Over-subscription

5.13.1 There is no maximum number of Shares per Applicant that may be subscribed for in terms of the Offer.

5.13.2 In the event that the Offer is fully taken up on the indicative basis set out herein, the Board may, in its sole discretion, elect to issue such additional number of Shares as they determine appropriate, subject to the Company's shareholder approval obtained, as set out in **Annexure 17.** The Board will determine an appropriate allocation mechanism, such that the Shares will be allocated on an equitable basis, as far as reasonably possible taking into account the spread requirements of the JSE, the liquidity of the Shares and considering the potential Shareholder base that the Board wishes to achieve and whether or not the Board considers it appropriate to grant preferential allocation to any selected Qualifying Investor or group of selected institutional and high net worth investors.

5.13.3 Depending upon the level of demand, Applicants may receive no Shares or fewer than the number of Shares applied for. Any dealing in Shares prior to delivery of the Shares is entirely at the Applicant's own risk.

5.14 Simultaneous issues

Other than the Pre-listing Issue, which will be implemented prior to the Listing, no other ordinary Shares will be issued or are to be issued simultaneously or almost simultaneously with the issue of Shares pursuant to the Offer.

The Company currently intends to undertake a secondary listing on the ZSE within 12 months following its listing on the JSE.

6. INFORMATION RELATING TO THE COMPANY

6.1 Company structure

6.1.1 The Company is an investment holding company registered in Mauritius. A diagram setting out the structure of the Company is set out in **Annexure 1**.

6.1.2 A list of the Company's subsidiaries and associates, their dates and places of incorporation, issued share capital and directors is set out in **Annexure 2.**

6.2 Information relating to investments

6.2.1 **African Sun (hospitality and tourism)**

6.2.1.1 **Corporate information**

6.2.1.1.1 African Sun was incorporated in Zimbabwe on 2 July 1971 (previously known as ZimSun) and has its head office at Bally House, Mount Pleasant Business Park, 870 Endeavour Crescent, Harare.

6.2.1.1.2 African Sun is listed on the ZSE under share code ASUN and ISIN ZW0009012080. African Sun operates through a number of wholly owned subsidiaries, details of which are set out in **Annexure 2.**

6.2.1.2 **Description of the business**

6.2.1.2.1 African Sun dominates many of Zimbabwe's major tourist destinations, with seven resort hotels, four city hotels and two casinos currently managed under long term leases, the majority of which are owned by Dawn Properties. Properties not owned by Dawn Properties are owned by the Emerged Railway Properties, Barclays Bank of Zimbabwe ("Barclays") and The National Railways of Zimbabwe ("NRZ") respectively.

6.2.1.2.2 The table below provides a summary of the hotel portfolio under management of African Sun.

Resorts	**Property owner**	**Number of rooms**	**Manager/ Franchisor**
The Victoria Falls Hotel	Emerged Railway Properties	161	Meikles
Elephant Hills Resort	Dawn Properties	276	Legacy
The Kingdom at Victoria Falls	Barclays	294	Legacy
Carribea Bay Sun	Dawn Properties	83	Stand alone
Great Zimbabwe Hotel	Dawn Properties	47	Stand alone
Troutbeck Resort	Dawn Properties	70	Legacy
Resort-Safari			
Hwange Safari Lodge	Dawn Properties	100	Legacy
City Hotels			
Holiday Inn Harare	NRZ	201	IHG
Holiday Inn Bulawayo	NRZ	157	IHG
Holiday Inn Mutare	Dawn Properties	96	IHG
Monomotapa Hotel	Dawn Properties	243	Legacy
Total Rooms		**1 748**	

6.2.1.2.3 The hotels and resorts are operated under different models as detailed below.

6.2.1.2.4 Legacy Managed Hotels

6.2.1.2.4.1 In October 2015, African Sun concluded a management agreement with Legacy, an internationally acclaimed hotel manager, for five of its hotels and resorts. The terms of the Legacy management agreement are set out in **Annexure 15.**

6.2.1.2.4.2 Legacy is a leader in the development, construction, operation and management of hotels, resorts and mixed-use properties in Africa. Legacy owns and manages some of the most outstanding properties on the African continent including the Michelangelo Hotel and Towers in Johannesburg, (South Africa), The Windhoek Country Club and Swakopmund Hotel in Windhoek and Swakopmund (Namibia), respectively, Labadi Beach Hotel in Accra (Ghana), Wheatbaker Hotel in Lagos (Nigeria) and Hotel Le Cristal Libreville (Gabon).

6.2.1.2.4.3 Legacy's experience in the development and management of some of Africa's most iconic real estate assets and its international marketing expertise is expected to benefit African Sun hotel assets managed by Legacy by increasing occupancies, room rates and raising the international profile of the assets as they are now part of the larger pool of Legacy managed assets.

6.2.1.2.4.4 Properties under management and branding of Legacy are set out below:

Hotel/ Resort name	**Location**	**Number of rooms**	**Average rate per room US$**
Elephant Hills Resort (Resort)	Victoria Falls	276	99
The Kingdom at Victoria Falls (Resort)	Victoria Falls	294	100
Hwange Safari Lodge (Resort)	Hwange	100	82
Troutbeck Resort (Resort)	Nyanga Mountains	70	75
Monomatapa (City Hotel)	Harare	243	82

6.2.1.2.4.5 Key operating performance metrics for the Legacy hotels are set out below.

	2016 (Actual)	**2015* (Actual)**	**2014 (Actual)**
Occupancy (%)	35%	41%	43%
Average room rate (US$)	91	91	95
RevPAR (US$)	32	37	41

* Legacy Managed only for 3 months from October 2015.

6.2.1.2.4.6 Legacy Group's brand, associated volume purchasing power and international relationships will allow African Sun Limited to avail special rates and promotions to clients. This is expected to improve occupancy levels, the average spent and in turn the revenues earned by African Sun.

6.2.1.2.5 The IHG Hotels

6.2.1.2.5.1 African Sun operates three hotels under the Holiday Inn brand, which is franchised by the IHG in Zimbabwe, in terms of franchise agreements concluded with IHG, the terms of which are set out in **Annexure 15.**

6.2.1.2.5.2 IHG is a multinational hotel company headquartered in the United Kingdom. It has over 4 900 hotels operating predominantly under franchises in almost 100 countries. IHG operates a broad portfolio of brands including InterContinental, Crowne Plaza, Holiday Inn, Holiday Inn Express, Hotel Indigo, Staybridge Suites, Candlewood Suites and Kimpton Hotels and Restaurants.

6.2.1.2.5.3 Properties operated under the IHG brand are set out below.

Hotel/ Resort name	**Location**	**Number of rooms**	**Average rate per room (US$)**
Holiday Inn Harare	Harare	201	80
Holiday Inn Bulawayo	Bulawayo	157	86
Holiday Inn Mutare	Mutare	96	67

6.2.1.2.5.4 During the 2016 financial year, all the IHG hotels were upgraded in order to maintain their compliance with IHG standards.

6.2.1.2.5.5 Key operating performance metrics for the IHG hotels are set out below:

	2016	**2015**	**2014**
Occupancy (%)	60	61	61
Average room rate (US$)	76	80	85
RevPAR (US$)	46	49	52

6.2.1.2.6 The Victoria Falls Hotel

6.2.1.2.6.1 The Victoria Falls Hotel Partnership, a joint venture between African Sun and Meikles, manages the iconic Victoria Falls Hotel. The Victoria Falls Hotel is a member of the Leading Hotels of the World and offers 161 rooms.

6.2.1.2.6.2 The Leading Hotels of the World is a hospitality consortium headquartered in New York with a network of 430 luxury hotels and resorts in over 80 countries, representing the world's top hotels, resorts and spas.

6.2.1.2.6.3 The Victoria Falls Hotel Partnership leases the Victoria Falls Hotel from Emerged Railway Properties under a long-term lease that expires in 2021, the terms of which are set out in **Annexure 15**. Upon expiry of the lease, the Victoria Falls Hotel Partnership has been granted an option to extend the lease for a further 10-year period.

6.2.1.2.6.4 Key operating performance metrics for the Victoria Falls Hotel are set out below:

	2016	2015	2014
Occupancy (%)	63	53	57
Average room rate (US$)	259	243	241
RevPAR (US$)	180	128	138

6.2.1.2.7 African Sun Hotels

6.2.1.2.7.1 The remaining two properties are currently managed by African Sun without an international brand association, as indicated below:

	Location	Number of rooms	Average rate per room
Carribea Bay Sun	Kariba (one of four largest man-made lakes world-wide)	83	60
Great Zimbabwe Hotel	Masvingo, walking distance from the Great Zimbabwe National Monument	47	65

6.2.1.2.7.2 Management is evaluating potential international partners for these hotels in terms of strategic fit.

6.2.1.2.7.3 Key operating performance metrics are set out below:

	2016	2015	2014
Occupancy (%)	44	50	47
Average room rate (US$)	68	69	74
RevPAR (US$)	28	34	35

6.2.1.3 Prospects of African Sun

6.2.1.3.1 African Sun dominates many of Zimbabwe's premier tourist destinations and its resorts and hotels are located in all the major tourist attractions in Zimbabwe, as well as in the four major cities in Zimbabwe.

6.2.1.3.2 The Board expects growth to be driven by:

6.2.1.3.2.1 refurbishment and expansion of the Victoria Falls Airport to accommodate more airlines arrivals and planes as large as the Airbus A340. Several international airlines are expected to have regular flights to the Victoria Falls Airport;

6.2.1.3.2.2 recently introduced visa friendly regimes, allowing foreigners to access visas at port of entry;

6.2.1.3.2.3 the potential economic and political upturn of Zimbabwe; and

6.2.1.3.2.4 cost reduction and efficiency initiatives undertaken in the 2015 financial year.

6.2.1.4 Historical financial information

6.2.1.4.1 The historical financial information for African Sun can be obtained from its website, at the following link: http://www.africansunhotels.com/downloads

6.2.1.4.2 The historical financial information for the African Sun group is not required to be disclosed in the Pre-listing Statement in terms of the JSE Listings Requirements and is provided for additional information purposes only. Accordingly, it has not been reviewed or reported on by the Independent Reporting Accountants.

6.2.2 Dawn Properties (real estate investment holding, development and consulting)

6.2.2.1 Corporate information

6.2.2.1.1 Dawn Properties was created and listed following the demerger of ZimSun in 2003 and is now head quartered in Harare, with its registered address 8th Floor, Beverley Court, 100 Nelson Mandela Avenue, Harare.

6.2.2.1.2 Dawn Properties operates through a number of wholly owned subsidiaries, details of which are set out in **Annexure 2.**

6.2.2.2 Description of the business

6.2.2.2.1 Dawn Properties is a real estate investment holding, development and property consulting business.

6.2.2.2.2 Dawn Properties owns seven operational hotels, two non-operating hotel buildings (which are considered vacant land), 35 timeshare units in two resorts (being the King Fisher Cabanas Timeshare Units in Kariba and the Blue Swallow Timeshare Units in Nyanga), 11 vacant commercial and residential stands and the Kariba Marine Land, valued at US$89.86 million in aggregate.

6.2.2.2.3 The Independent Property Valuer's summary valuation report is contained in **Annexure 5.**

6.2.2.2.4 Operating hotels

6.2.2.2.4.1 Dawn Properties generates lease rental from seven operating hotels, which are leased to African Sun under long term leases, the details of which are set out in **Annexure 15.** Lease revenue generated in 2016 amounted to US$2.4 million. An overview of these properties is provided below:

Hotel/Resort name	Value (US$m)	Lease term at 31 December 2016
Carribea Bay Sun (including Blue Swallow Timeshare Units)	3,810,000	37
Monomotapa Hotel	19,400,000	37
Elephant Hills Resort	27,400,000	37
Great Zimbabwe Hotel	1,650,000	38
Holiday Inn Mutare	5,000,000	39
Hwange Safari Lodge	2,544,000	39
Troutbeck Resort (including King Fisher Cabanas Timeshare Units)	7,800,000	39

6.2.2.2.4.2 Dawn Properties has acquired additional vacant land adjacent to the Monomotapa Hotel, with the view of investigating the redevelopment and expansion of the Monomotapa Hotel. Redevelopment and expansion, which is expected to cost in the region of US$27 million, will comprise:

- refurbishment of the 240 rooms and suites;
- construction of a new 800-seater conference centre and support kitchen;
- construction of a 200-seater carnivore-style restaurant;
- upgrade of the public areas and infrastructure including all services (air conditioning services, electrical, lifts, fire, etc) to be carried out in phases;
- landscaped gardens and new pool area, including the construction of an external terrace linking all the facilities as well as the outdoor seating area;
- a complete facelift of the façade; and
- a secure hotel and conference centre parking and upgrade of the main entrance road.

6.2.2.2.4.3 Feasibility studies for the above development are underway.

6.2.2.2.5 Timeshare Resorts

6.2.2.2.5.1 Dawn Properties further holds timeshare properties, being the Kingfisher Cabanas Timeshare Units (consisting of 11 units) in Kariba and the Blue Swallowss Timeshare Units (consisting of 24 units) in Nyanga. Management has begun the redevelopment and sale of these properties. The Independent Property Valuer's valuation report for the Blue Swallows Timeshare Units and the Kingfisher Cabanas Timeshare Units is included in the Troutbeck Resort and Carribea Bay Sun valuation reports, respectively, a summary of which is set out in **Annexure 5**.

6.2.2.2.6 Kariba Marine Land

6.2.2.2.6.1 In addition to the operating hotels, Dawn Properties owns the Kariba Marine Land, which is leased to Marine Land Harbour, under a lease that expires in 2018, and which generates a fixed rental of US$32.525 per annum. The Independent Property Valuer's summary valuation report is contained in **Annexure 5.**

6.2.2.2.6.2 The Marine Land Harbour is one of the deepest and largest harbours in Lake Kariba. Marine Land Harbour provides a comprehensive service of all activities associated with Lake Kariba from houseboat charters and cruises, fuel at floating jetties for diesel or petrol driven boats and oils and gas supplies and services required by the boating and angling fraternity, including boat repairs.

6.2.2.2.6.3 Dawn Properties is currently assessing possibilities for the re-development of the Kariba Marine Land, or re-leasing it under more favourable terms.

6.2.2.2.7 Non-operating properties

During 2016, operations at the Beitbridge Express Hotel ceased due to low profitability. In addition, the Brondesbury Park Hotel is also vacant. Management is assessing plans for either the sale or redevelopment of these properties. As at the Last Practicable Date, it is likely that the Beitbridge Express Hotel and Brondesbury Park Hotel will be sold rather than redeveloped.

6.2.2.2.8 Development

6.2.2.2.8.1 Dawn Properties owns approximately 325ha of undeveloped land valued in excess of US$7.1 million. The land is currently earmarked mainly for residential development with some commercial developments expected in the future.

6.2.2.2.8.2 One development is currently underway, being the Elizabeth Windsor Gardens Project in Marlborough, a housing complex development in a medium density, middle income suburb, 12 kilometers north west of Harare city center (Marlborough). The complex is located on 4.5ha of land and will offer 46 three-bedroom units and 12 two-bedroom units, retailing at a price starting at US$112.5k and US$97k each, respectively.

6.2.2.2.8.3 Construction commenced in April 2016, with completion expected in the second half of 2017.

6.2.2.2.8.4 Selling commission of 3% will be charged.

6.2.2.2.9 Property consulting

6.2.2.2.9.1 Consulting services are offered by Dawn Properties, through its wholly owned subsidiary, DPC (formerly known as CB Richard Ellis), which is an ISO 9001 certified company, and the only ISO registered real estate company in Zimbabwe.

6.2.2.2.9.2 Services offered by DPC include property valuation, property management, project management and agency services.

6.2.2.3 Prospects of Dawn Properties

6.2.2.3.1 The Board expects that growth will be driven from the large land bank owned by Dawn Properties, for development over the next few years.

6.2.2.3.2 Operating properties owned by Dawn Properties are situated in prime locations throughout Zimbabwe and leased under secure long-term leases. The Board believes that the potential for re-development of operating buildings provides scope for increased rental revenue.

6.2.2.3.3 The Board expects profitability in 2017 to be further driven by recent cost reduction and efficiency initiatives, and the establishment of the Instalment Sale Agreements ("ISAs") division.

6.2.2.3.4 Dawn Properties is establishing a division that offers the sale of residential units on ISAs, on the back of the properties that will be developed for sale, with interest rates ranging from 10% – 12%. Some units in the Elizabeth Windsor Gardens Project have already been sold under ISAs, totalling US$450k as at 31 December 2016.

6.2.2.4 Historical financial information of Dawn Properties

6.2.2.4.1 The historical financial information for Dawn Properties can be obtained from their website, at the following link: http://dawnpropertieslimited.co.zw/investors/results-centre

6.2.2.4.2 The historical financial information for the Dawn Properties group is not required to be disclosed in the Pre-listing Statement in terms of the JSE Listings Requirements and is provided for additional information purposes only. Accordingly, it has not been reviewed or reported on by the Independent Reporting Accountants.

6.2.3 Skyclear (commercial property development)

6.2.3.1 Skyclear is a wholly owned company which owns a piece of undeveloped commercial land in Borrowdale, Harare, one of Harare's prime locations and fast developing commercial office precinct.

6.2.3.2 The land, measured at 0.87ha has been earmarked for the development of an office park. The area has seen the development of 3 office parks (Celestial Office Park, Old Mutual Park and Econet), with a combined value in excess of US$50 million.

6.2.3.3 Although the land has been earmarked for commercial development, no set plans have been put in place by management.

6.2.3.4 The land is currently valued at US$1.50 million by the Independent Property Valuer.

6.2.4 Financial Services

6.2.4.1 *GetBucks*

6.2.4.1.1 Corporate Information

GetBucks was incorporated on 4 June 2012 under Zimbabwean law and is a licensed deposit-taking and money lending Microfinance Institution ("MFI") regulated by the Reserve Bank of Zimbabwe and was listed on the ZSE in January 2016. Brainworks owns 31.14% of GetBucks.

6.2.4.1.2 Description of the business

6.2.4.1.2.1 GetBucks is a technology driven deposit-taking and money-lending micro-finance institution, operational for the past four years. GetBucks is currently listed on the ZSE with a market capitalisation of US$40.46 million as at the Last Practicable Date.

6.2.4.1.2.2 As a FinTech financial services company, GetBucks embraces technology as a means to provide financial products and services to customers.

6.2.4.1.2.3 GetBucks has 14 branches, 65 employees and 173 agents stationed across Zimbabwe.

6.2.4.1.2.4 The GetBucks vision is to achieve financial inclusion in all its markets by breaking the paradigm of clients having to visit a bank branch to access services. The ultimate goal is to deliver a basket of financial products that meet most of the financial needs of customers across geographies.

6.2.4.1.2.5 Various products and services are offered by GetBucks, with the main focus being on secured and unsecured micro-finance loans, primarily being:

- school fee loans, which are salary-linked loans with a tenor from 1 – 3 months;
- consumer loans, which are also salary-linked loans with a tenor from 1 – 18 months, open to both the public and the private sector; and
- home loans, which cover construction, purchase of land, existing property and home improvement, with a tenor from 1 – 120 months. No deposits are required.

6.2.4.1.2.6 The company has grown its loan book from US$1 million in 2012 to over US$13.84 million currently with more than 81 121 loans disbursed to date.

6.2.4.1.2.7 Active loans as at the Last Practicable Date exceeded 27 297, with an average loan size of US$509 per customer. For the June 2017 financial year, the loan book had a default rate of 5.98%.

6.2.4.1.2.8 The MyBucks systems inter-faces with certain corporate and civil services' central payroll processing platforms, allowing for a direct deduction lending model to the employee base, and resulting in a collection ratio of above 94%.

6.2.4.1.2.9 Other products offered by GetBucks include:

- SME banking products, consisting of order financing, invoice discounting, contract financing and receivable financing;

- fixed monthly deposits, having a tenor from 3 – 12 months, earning 8% interest per annum, and allowing one free withdrawal per month;
- savings accounts, where no monthly service fees are charged, earning 5% per annum, on a daily balance, and no requirement for a minimum balance;
- money market accounts, allowing for fixed deposits (30, 60, 90, 180, 270 and 360 days), with interest paid on maturity, as well as investment in promissory notes, with interest paid monthly; and
- other services, including bulk payment processing (e.g. salary processing or supplier payments), cash collection services and point of sale terminals.

6.2.4.1.3 Prospects of GetBucks

6.2.4.1.3.1 GetBucks has issued a US$5 million bond in the first half of 2017, thereby reducing its costs of borrowing and improving profitability.

6.2.4.1.3.2 GetBucks will continue to focus on SMEs, which is a significant market in Zimbabwe, and efforts to increase the number of employers signed up will continue, further supported by the ability to offer transactional services through the micro-bank licence.

6.2.4.1.3.3 A pipeline of new financial services products are expected to drive organic growth, specifically the roll-out of a mortgage finance division by GetBucks, which may be complemented by the Group's anticipated residential developments.

6.2.4.1.3.4 The Board believes that GetBucks' competitive edge lies in its turn-around times and availability of cash flow for disbursements, as well as its lower cost of funding allowing it to competitively price its products.

6.2.4.2 *GetCash*

6.2.4.2.1 **Corporate information**

GetCash is a mobile money transfer operation, licensed by the Reserve Bank of Zimbabwe. Brainworks owns 49% of GetCash.

6.2.4.2.2 Description of the business

6.2.4.2.2.1 GetCash is a mobile money transfer platform whereby each customer's cell-phone functions as a bank account, creating a "mobile wallet".

6.2.4.2.2.2 The mobile wallet is aimed at addressing liquidity constraints in Zimbabwe by removing the need for cash transactions at merchants throughout Zimbabwe. Agents are stationed throughout cities in Zimbabwe in kiosks, enabling customers to deposit cash in exchange for credit on their mobile wallets.

6.2.4.2.2.3 Various merchants are signed up to the GetCash platform, allowing customers to pay for their items using their mobile wallet. Management of GetCash are expanding the number of merchants signed up to the GetCash platform.

6.2.4.2.2.4 Services offered include peer-to-peer services, remittances, bill and merchant payments, bulk payments and the sale of prepaid electricity vouchers.

6.2.4.2.2.5 The interface with GetBucks allows for:

- customers to transfer money from their GetBucks bank accounts to their mobile wallets;
- immediate credit with the GetBucks on-line credit application platforms, with credit made available on customers' mobile wallets; and
- GetCash products and services to be sold through GetBucks, and *vice versa*.

6.2.4.2.2.6 GetCash currently has in excess of 267 000 customers.

6.2.4.2.2.7 GetCash's business strategy is to become the preferred technology agnostic payment platform in Zimbabwe catering to corporates, individuals and the largely unbanked Zimbabwean rural population. The GetCash mobile wallet is not linked to any specific mobile network, which provides it with a competitive advantage above its current competitors.

6.2.4.2.2.8 The primary revenue stream for GetCash is currently the sale of electricity vouchers for prepaid meters. GetCash has an agreement with Powertel, an aggregator for the Zimbabwe Electricity Distribution and Transmission Company. The estimated total market size of the prepaid electricity voucher market is US$30 million a month.

6.2.4.2.3 Prospects of GetCash

6.2.4.2.3.1 As a payments platform, the Board believes that the GetCash business is easily scalable without proportionate investment.

6.2.4.2.3.2 GetCash is complementary to GetSure and GetBucks in that these businesses can use the cash payment platform.

6.2.4.2.3.3 GetCash is working towards expanding the GetCash agent network and number of merchants signed up to the GetCash mobile wallet, thereby expanding its reach to customers. In addition to this, various initiatives are undertaken to allow agents, stationed at kiosks throughout rural areas, to remain open for longer hours, thereby increasing the number of customers that deposit cash in exchange for credit on their mobile wallets. Initiatives include solar energy for powering kiosks where there is no electricity present.

6.2.4.2.3.4 Transfers to mobile wallets in Zimbabwe from off-shore locations are to be initiated in 2017, whereby money can be transferred to a cell-phone account of local Zimbabwean citizens from outside of Zimbabwe.

6.2.4.2.3.5 The Board expects increased revenue from GetCash's partnership with the Red Cross Society of Zimbabwe and with Intertoll Zimbabwe, to bring mobile money transactions to all road users and commuters.

6.2.4.3 *GetSure*

6.2.4.3.1 **Corporate information**

GetSure is a licensed life assurance company regulated by the Insurance and Pension Commission of Zimbabwe. The company was established in 2014, was granted its operating licence in December 2014 and started operating in August 2015. Brainworks owns 100% of GetSure.

6.2.4.3.2 Description of the business

6.2.4.3.2.1 As a licensed life insurance company GetSure offers individual and group life business cover as well as funeral assurance cover, accident and savings insurance products.

6.2.4.3.2.2 The GetSure business is complementary to the business of GetBucks as it offers the necessary insurance products required by lending institutions when granting finance.

6.2.4.3.2.3 The GetSure strategy involves leveraging on relationships with investee companies and key shareholders, with the current pension fund shareholders in Brainworks being key customers of GetSure.

6.2.4.3.3 Prospects of GetSure

6.2.4.3.3.1 The Board believes that Micro-insurance is a strong growth sector for insurance in Africa and the Board expects double digit organic growth of GetSure for the next three years. The first policy in GetSure was transacted in August 2015 – by August 2016 the monthly gross premiums exceeded US$100 000.

6.2.4.3.3.2 GetSure expects to launch additional products, such as hospital cash plans, so as to gain market share and diversify in revenue streams.

6.2.5 FML Logistics

6.2.5.1 Corporate information

FML Logistics, incorporated in 2013, is a petroleum products transportation company based in Harare, Zimbabwe, and carries petroleum products from Mozambique to Zimbabwe, Zambia and the Democratic Republic of Congo.

6.2.5.2 Description of the business

6.2.5.2.1 FML Logistics commenced operations as a fuel trading and logistics company and is one of the larger operators in Zimbabwe. Owing to low margins in the fuel trading sector, the company ceased its fuel trading operations early in 2014 and focused on regional petroleum transportation.

6.2.5.2.2 The company predominantly operates on the Beira to Lusaka and Beira to Lubumbashi routes either as a main contractor or subcontractor.

6.2.5.2.3 The company currently runs spot contracts for Trafigura, a major SADC fuel supplier, and has a contract with Dalbit, a Kenyan-based regional fuel supplier.

6.2.5.2.4 The company's fleet has increased from 2 to 30 units (trucks and tankers) over a period of three years, which conform to international specifications, and are able to load and offload from any depot within the region.

6.2.5.3 **Prospects of FML Logistics**

6.2.5.3.1 FML Logistics holds the necessary permits to deliver fuel to Malawi and Botswana and is well positioned to explore growth opportunities into these geographical markets.

6.2.5.3.2 In addition to expanding into the Malawi and Botswana markets, the Company intends to expand its presence in the Zambian market.

6.2.5.3.3 FML Logistics is currently engaging with major fuel suppliers in a bid to secure a direct contract with these suppliers, with the consequence that FML Logistics will no longer have to operate as a subcontractor, therefore increasing profit margins.

7. SHARE CAPITAL

7.1 The authorised Shares of the company before and after the Listing is unlimited.

7.2 The issued Shares of the Company at the Last Practicable Date, is set out in the table below:

	Number of Shares	**US$**
Shares of no par value*	86 500 021	66 538 951

*Including Treasury Shares. Includes the Shares issued pursuant to the Pre-listing Issue.

7.3 The expected issued Share capital of the Company subsequent to the Offer and the Listing is set out below:

	Number of Shares	**US$**
Shares of no par value	103 403 417	91 310 508

7.4 The Company has 10,680,555 Treasury Shares in issue at the Last Practicable Date. As a part of the Offer, the Company intends to place Treasury Shares with Qualifying Investors. Assuming that the Offer is fully taken up, the Company will have no Treasury Shares in issue post Listing.

7.5 Other than the Shares, no other classes of securities are listed on any stock exchange.

7.6 All Shares rank *pari passu* with regard to voting rights, dividends, profits or capital, rights on liquidation and distribution of capital assets. Shareholder rights in relation to voting rights are contained in par 11.5 of the Constitution, as summarised in **Annexure 6.**

7.7 All Shares to be issued pursuant to the Pre-listing Issue and the Offer will rank equally for distributions from the time of issue.

7.8 The consents required for a variation of any rights attaching to the Shares are set out in the Constitution (paragraph 14.6), a summary of which is contained in **Annexure 6**.

7.9 Control over the issue of shares

7.9.1 The Company is authorised pursuant to the Shareholders resolution adopted on 1 June 2017 to issue up to 50 million Shares, and sell 10 680 555 Treasury Shares.

7.10 In addition, the Directors have a general authority to issue Shares for cash, limited to 15% of the total Shares in issue as at the date of the Shareholders' resolution passed to obtain the requisite general approval, subject to certain restrictions in line with the JSE Listings Requirements. As at the Listing Date, the directors had a general authority to issue 11 343 845 shares (following the Share Consolidation).

7.11 Alterations to Share capital in the past three years

7.11.1 The Group, through Brainworks Capital Management, has raised in excess of US$60 million in the past three years through various capital raising exercises.

7.11.2 **Annexure 7** sets out the movement in Share capital, and alterations to the authorised Share capital over the past three years preceding the Last Practicable Date for the Company and its Major Subsidiaries.

7.11.3 Other than the Share Consolidation, there have been no other consolidations or sub-divisions of the Shares during the past 3 years by the Company or its Major Subsidiaries. Pursuant to the Share Consolidation, the total issued Share capital of the Company was consolidated from 863 061 948 Shares to 86 306 195 Shares (excluding the shares issued pursuant to the Pre-listing Issue).

7.11.4 Other than the Share Repurchase, neither the Company, nor any of its Major Subsidiaries have repurchased any of its issued Share capital in the three years preceding the Last Practicable Date.

7.12 Options or preferential rights, conversion rights and redemption provisions in respect of Shares

7.12.1 No option or preferential right of any kind is, or is proposed to be, given to any person to subscribe for, or acquire, any Shares in the Company or any Major Subsidiary.

7.12.2 There are currently no conversion and/or exchange rights or redemption provisions relating to any of the Shares offered or issued.

7.12.3 As at Last Practicable Date, there are no debentures in issue by the Company.

8. MAJOR AND CONTROLLING SHAREHOLDERS

8.1 The Company currently has no holding company, however the Company is effectively under the control of Chris Rokos by virtue of his interest in Red Rock Capital and Blue Air Capital, whose interests in the Company are set out below.

8.2 Other than as set out above, the Company is currently not, and has not in the past three years, been under the control of any one Shareholder.

8.3 Prior to the implementation of the Offer, and at the Last Practicable Date, the following Shareholders beneficially held, directly or indirectly, 5% or more of the issued Share capital of the Company:

Name of Shareholder	Number of shares	Percentage held
Red Rock Capital	28 992 052	38.34%
Blue Air Capital	21 300 000	28.17%
Fintrust Pension Fund	6 724 143	8.89%
Total	**57 016 195**	**75.39%**

8.4 Following the implementation of the Pre-listing Issue and the Offer, the following Shareholders, other than Directors, are anticipated to beneficially hold, directly or indirectly, more than 5% of the issued Share capital of the Company:

Name of Shareholder	Number of shares	Percentage held
Red Rock Capital	28 992 052	25.56%
Blue Air Capital	21 300 000	18.78%
Fintrust Pension Fund	6 724 143	5.93%
Total	**57 016 195**	**50.26%**

9. DIRECTORS AND MANAGEMENT

9.1 The Board comprises 2 executive Directors and 8 non-executive Directors, of whom 4 Directors are independent non-executive directors.

9.2 The full names, business addresses, qualifications, functions and experience of the Directors are set out below.

Name, position, citizenship and date of appointment	**Qualification and experience**
Simon Frederick William Village Citizenship: UK Position: Chairman Appointed on: 25 Jan 2016 *Business address: 4th Floor, La Croisette, Grand Baie, Mauritius*	Simon Village, a resident of the United Kingdom, is the founding director of Argentum Limited, a company with substantial relationships across Africa, and a proven record of accomplishments in business development and corporate finance services to emerging corporates in Southern, Central and Eastern Africa. Simon has served on the boards of numerous international companies, and has led a number of successful global initiatives, the foremost of these being the development of a series of commodity-backed funds, which his team listed in 13 countries, and which revolutionised the gold market, attracting some US$100 billion of new investment into that sector. Simon also led the financing and development of a number of resource companies, where Simon served as a director, including raising some US$500 million required for building the first gold mine in the DRC since that country's independence. Prior to this, Simon was a Managing Director with HSBC Bank in London, having worked his way up through HSBC Bank as a top-ranked financial analyst to head of research for their emerging markets business, before being appointed as managing director of the securities business in South Africa. Prior to that Simon worked for De Beers Consolidated Mines Limited in Southern Africa. Simon holds a Bachelor of Engineering (Honours) degree in Mining Engineering from the Camborne School of Mines in the United Kingdom.
Martin John Wood Citizenship: UK Position: Lead independent non-executive director and Deputy Chairperson Appointed on: 6 Sept 2016 *Business address:4 College Hill, London EC4R 2RB, UK*	Martin Wood started his financial career with NM Rothschild Bank, Standard Bank London and Benfield Advisory Inc., working in the project finance and advisory departments and being responsible for over US$2bn worth of transactions at these institutions. In 2003 Martin rowed the Atlantic solo and on his return set up Vicarage Capital Limited, an FCA (Financial Conduct Authority) regulated broker and full member of the London Stock Exchange specialising in debt, equity and mezzanine project finance structures. He has a BA and MBA from Exeter University and has published several articles and given speeches at international conferences on project finance in Africa.

Name, position, citizenship and date of appointment	Qualification and experience
Brett Ivor Childs Citizenship: UK Position: Chief Executive Officer *Appointed on: 8 July 2016* *Business address C2-401, 4th Floor, La Croisette, Grand Baie, Mauritius*	Brett Childs, a Chartered Accountant (South Africa) originally from Zimbabwe, has over 25 years' experience in change management, capital raising, public offerings, corporate actions and investment strategy. Brett has spent 15 years in London, where he helped to build a successful venture business, listed assets on the London Stock Exchange and Helsinki Stock Exchange (HEX). Brett has been based in Mauritius for the last 16 years and has managed and been a director of a number of listed and unlisted investment businesses, largely with a pan-African focus, including Maitland International Holdings Limited, Brait, Novare Africa Fund PCC and Tana Africa Capital Limited. Brett has been approved by various regulatory authorities including the Bank of Mauritius, Financial Services Commission (British Virgin Islands), Malta Financial Services Authority, Financial Services Board (South Africa), Solicitors Regulatory Authority (UK) and Financial Services Commission (Mauritius), to be a director of companies they license.
Peter Saungweme Citizenship: Zimbabwean Position: Chief Finance Officer *Appointed on: 01 April 2017* *Business address: 4 Arden Road, Newlands, Harare, Zimbabwe*	Peter is a Chartered Accountant (Zimbabwe). He holds Bachelor of Accounting Science Honours and Bachelor of Accounting Science degrees from the University of South Africa (UNISA), Certificate of Theory in Accounting (CTA) and an Advanced Diploma in Auditing. He possesses strong financial management background having been the Financial Controller of Ecobank Zimbabwe Limited and Chief Finance Officer at Cell Holdings (Private) Limited – a holding company with subsidiaries and associates with interests in short term and medical insurance. Before assuming the role of the Chief Finance Officer, Peter was the Finance Director at Dawn Properties. Peter has vast external audit background in the banking, insurance, tourism and power generation sectors having worked as an Auditor Manager for both KPMG Zimbabwe Chartered Accountants (Zimbabwe) and KPMG Namibia Inc. for a combined period of 5 years. Peter sits on the board of directors of GetBucks, DPC, and other special purpose entities within the Dawn Properties and the Brainworks Group.

Name, position, citizenship and date of appointment	Qualification and experience
Richard Godfrey Muirimi Citizenship: Zimbabwean Position: Non-executive director *Appointed on: 9 July 2015* *Business address: 118 McChlery Avenue, Eastlea, Harare*	Richard Muirimi has significant experience in Pension and Employee Benefits Services. In 1995 he founded, and is currently the managing director of Comarton Consultants (Private) Limited. Comarton is a leading pension fund administrator in Zimbabwe, administering at least 40 pension funds. Richard was the non-executive chairman of Kingdom Financial Holdings Limited ("KFHL") on its formation in 1995 until he resigned from the board in 2005. During that period as Chairman of KFHL, he guided KFHL through the initial capitalisation through private placement, the IPO of KFHL on the ZSE, the establishment of subsidiaries in asset management, merchant banking, commercial banking and stock broking and regional expansion. Richard was previously the chairman of the Zimbabwe Association of Pension Funds from April 2002 to February 2004. He was the deputy chairman of the Insurance and Pensions Commission from November 2005 to December 2012. He has also previously held senior positions in Zimnat Life Assurance Company (1995 – 1998) and AON/Minet Insurance Brokers (1982 – 1995). Richard is a member of a number of boards across the country including Zimbabwe Asset Management Corporation (Private) Limited (ZAMCO), a subsidiary of the Reserve Bank of Zimbabwe. In 1987 Richard graduated as a fellow of the Executive Development Program from the University of Zimbabwe.

Name, position, citizenship and date of appointment	Qualification and experience
Audrey Mamoshoeshoe Mothupi Citizenship: South African Position: Independent non-executive director *Appointed on: 6 Sept 2016* *Business address: 24 Peter Place, Lyme Park, Bryanston , 2191, South Africa*	Audrey Mothupi is the chief executive officer of SystemicLogic Group, a global financial innovation and technology disruptor. Audrey's experience spans various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management. Prior to her appointment at SystemicLogic Group, Audrey served as the head of inclusive banking at Standard Bank Group and prior to that, Chief Executive of Strategic Services at the Liberty Group. While at Standard Bank, Audrey's division was awarded the 2013 BAI-Finacle Global Banking Innovation Award for innovation in societal and community impact. She was also responsible for migrating 3.5 million Standard Bank customers onto a consolidated SAP platform during her former position as director of banking and lending products at Standard Bank. Audrey is an independent, non-executive director on the Pick 'n' Pay board; serves as the chairperson of Orange Babies of South Africa, a non-profit organisation focused on the prevention of mother to child transmission of HIV/Aids and the care of Aids orphans and vulnerable children across South Africa, Namibia and Zambia; and is a Member of the Nordic Female Business Angel Network (NFBAN) Board, an organisation that advocates impact investing as a way to demonstrate measurable impact and profitable business models. She is a member of the Numeric Board of South Africa, an organisation focused on helping young South Africans excel in Maths, and train world-class Math teachers. She more recently became an independent non-executive director at EOH Holdings Limited, an organisation providing the technology, knowledge, skills and organisational ability critical to Africa's development and growth.

Name, position, citizenship and date of appointment	Qualification and experience
George Sidney John Bennett Citizenship: South African Position: Independent non-executive director *Appointed on: 8 July 2016* *Business address: 4th Floor, La Croisette, Grand Baie, Mauritius*	George Bennett has over 30 years' experience in finance and management, and has been a partner and director with a number of leading financial institutions including Fergusson Bros, Simpson Mckie, and HSBC Securities (Private) Limited. In 2003 George became CEO of Shanta Gold Limited, an exploration company based in Tanzania which he successfully listed on the London Stock Exchange in 2005. Shanta is still a gold producer today. In 2006 George acquired and restructured MdM Engineering Group Limited ("MdM"), an engineering company building mineral process plants and mining infrastructure all over Africa. In 2008 George listed MdM on the London Stock Exchange, which over the next 8 years generated over US$57 million of pre-tax profits for its shareholders. In March 2014, George successfully negotiated and managed the sale of MdM Engineering to Amec Foster Wheeler Inc. and has now teamed up with Simon Village at Argentum Energy Inc. where he has taken the role of managing director.
Richard Nicholas Charrington Citizenship: UK Position: Independent non-executive director *Appointed on: 6 Sept 2016* *Business address: C2-401, 4th Floor, Grand Baie La Croisette, Grand Baie, Mauritius*	Richard Charrington is a UK Security & Futures (SFA) accredited corporate finance specialist with a particular focus on structured products in trade, project and shipping finance. Richard is resident in Mauritius but grew up in Malaysia on palm oil and rubber plantations and was educated in the UK. He started his career as a commodity trader with C. Czarnikow in 1980 (subsequently bought out by the Kuok Organisation of Malaysia) and went on to specialise in trade finance with Credit-Anstalt. In 1992, Richard joined Ceres Capital International, specialising in South African debt/equity conversion and corporate restructuring and concluding some US$1.5billion in debt conversion. In 2000, Richard took over The Ceres Group, with offices in London, Namibia and Mauritius and developed the business into a bespoke corporate finance house with focus on financial engineering, project finance, asset trading and debt brokerage with particular attention to Africa. To date, the Group has closed over R20 billion worth of business in Sub-Saharan Africa.

Name, position, citizenship and date of appointment	Qualification and experience
George Manyere Citizenship: Zimbabwean Position: Non-executive director *Appointed on: 28 Nov 2014* *Business address:4 Arden Road, Newlands, Harare, Zimbabwe*	George Manyere is the founder of Brainworks and was, until recently, the Chief Executive Officer/Chief Investment Officer. George has been involved in all phases of Brainworks' development since its founding in 2009. Prior to founding Brainworks, George was an investment professional with the International Finance Corporation (IFC), headquartered in Washington DC. While at IFC, he was responsible for investing in excess of US$600 million in sub-Saharan Africa, and managing a portfolio of investments in excess of US$400 million and represented IFC on several investee company boards. George is a member of several boards of directors and holds a Bachelors degree (with Honours) in Accounting Science from the University of South Africa. He also holds a Certificate in Theory of Accounting from the University of South Africa and has completed various international courses in finance, strategy and investment banking.
Walter Kambwanji Citizenship: Zimbabwean Position: Non-executive director *Appointed on: 28 Nov 2014* *Business address:4 Arden Road, Newlands, Harare, Zimbabwe*	Walter Kambwanji is one of the co-founders of Brainworks and was previously the Company's Chief Financial Officer. He is a Chartered Accountant (Zimbabwe) with significant experience in finance and operations in Zimbabwe and internationally. Prior to co-founding Brainworks Zimbabwe in 2009, he was a professional in the finance department of HSBC Bank in London. Walter has previously been Finance Director of various institutions in Zimbabwe including BancABC Zimbabwe Limited, Renaissance Merchant Bank Limited and Murray & Roberts Zimbabwe Limited. Walter was seconded to Premier Bank in April 2009 to undertake the restructuring and strengthening of the banking group's operations. Notable achievements at Premier Bank include the successful rationalisation of operations and staff, restructuring of the balance sheet and containment of costs. Walter holds a Bachelor of Accounting Science from the University of South Africa and a Postgraduate Diploma in Applied Accounting from the University of Zimbabwe. He is a member of the Institute of Chartered Accountants of Zimbabwe. He has completed various international courses in finance, strategy and banking.

9.3 Directors of Major Subsidiaries are set out in **Annexure 3.**

9.4 None of the Directors of the Company, or directors of Major Subsidiaries, have:

9.4.1 been a director of a company that has been put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when he was (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position;

9.4.2 themselves or any company of which they were a director or an alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;

9.4.3 been removed from an office of trust, on grounds of misconduct, involving dishonesty;

9.4.4 been disqualified by a court from acting as a director of a company or from acting in management or conduct of the affairs of any company;

9.4.5 been convicted of an offence resulting from dishonesty, fraud, theft, perjury, misrepresentation or embezzlement;

9.4.6 been adjudged bankrupt or sequestrated in any jurisdiction, declared insolvent or entered into any compromise arrangements;

9.4.7 been a party to a scheme of arrangement (other than pursuant to a merger or restructure) or made any other form of compromise with his creditors; or

9.4.8 been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities.

9.4.9 been barred from entry into any profession or occupation;

9.4.10 received any official public criticisms by any statutory or regulatory authorities (including recognised professional bodies);

9.4.11 entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event; or

9.4.12 entered into receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event.

9.5 All the directors have signed the necessary director's declaration as required by the JSE in terms of Schedule 13 of the JSE Listings Requirements.

9.6 Terms of office and appointment of Directors

9.6.1 The relevant provisions of the Constitution relating to qualification, appointment, remuneration, voting powers and rotation/retirement of the Directors, and directors of Major Subsidiaries, are set out in **Annexure 6.**

9.6.2 Non-executive Directors have been appointed with no fixed term of employment and termination is subject to one months' written notice period. Continuation of appointments are contingent on satisfactory performance and re-election at annual meetings of the Company. Non- executive Directors are typically expected to serve two three-year terms, although the Board may invite a non-executive Director to serve for a supplementary period. The chairman (Simon Village) is appointed as the non-executive chairman for an initial period of one year, which may be renewed by the Board on an annual basis at the first Board meeting following each annual meeting of the Company.

9.6.3 No individual has any right to appoint Directors, and Directors will be appointed in terms of the Companies Act, the JSE Listings Requirements and the Constitution.

9.6.4 **Annexure 8** contains details of other directorships and partnerships held by the Directors of the Company, and directors of Major Subsidiaries, in the previous five years.

9.7 Directors' emoluments

9.7.1 The Directors' emoluments for the year ended 31 December 2016, being the last financial year of the Company, are set out in **Annexure 9**.

9.7.2 No Share options or any other rights have been granted to any Director to subscribe for Shares in the Company.

9.7.3 No fees are to be paid to a third party in lieu of Directors' fees.

9.8 Directors' interests

9.8.1 Directors interests in the Company's Shares

9.8.1.1 The direct and indirect interests of the Directors, including directors that have resigned in the previous 18 months, and their associates, in the Company, at the

Last Practicable Date and as anticipated subsequent to the Listing and the Offer, are set out below.

At the Last Practicable Date:

	Direct beneficial interest	**Indirect beneficial interest**	**Total**	**Percentage held (%)**
W Kambwanji	–	3 816 801	3 816 801	5.05%
G Manyere	–	2 022 472	2 022 472	2.67%
RG Muirimi	1 000 000	–	1 000 000	1.32%
S Village	–	300 000	300 000	0.40%
BI Childs	200 000	–	200 000	0.26%
RN Charrington	–	200 000	200 000	0.26%
GSJ Bennet	–	200 000	200 000	0.26%
AM Mothupi	25 000	–	25 000	0.03%
P Saungweme	–	–	–	–
MJ Wood	–	–	–	–
Total held by current Directors			**7 764 273**	**10.27%**
Kiransingh Gulab*	125 000	–	125 000	0.17%
Total held by current and past Directors			**7 889 273**	**10.43%**

** Resigned on 8 July 2016.*

Subsequent to the Listing and the Offer:

	Direct beneficial interest	**Indirect beneficial interest**	**Total**	**Percentage held (%)**
W Kambwanji	–	3 816 801	3 816 801	3.36%
G Manyere	–	2 022 472	2 022 472	1.78%
RG Muirimi	1 000 000	–	1 000 000	0.88%
S Village	–	300 000	300 000	0.26%
BI Childs	200 000	–	200 000	0.18%
RN Charrington	–	200 000	200 000	0.18%
GSJ Bennet	–	200 000	200 000	0.18%
AM Mothupi	25 000	–	25 000	0.02%
Total held by current Directors			**7 764 273**	**6.84%**
Kiransingh Gulab*	125 000	–	125 000	0.11%
Total held by current and past Directors			**7 889 273**	**6.95%**

** Resigned on 8 July 2016.*

9.8.1.2 Other than pursuant to the Share Repurchase, there have been no other changes in the Shares held by Directors and their associates from 31 December 2016 until the Last Practicable Date.

9.8.2 Directors interests in transactions

9.8.2.1 The Directors have, by virtue of their interest in the Shares of the Company, as set out in paragraph 9.8.1.1 above, had an indirect interest in all the transactions completed by the Group.

9.8.2.2 Other than as set out above and other than the Share Repurchase implemented, no Director has had any beneficial interest in any transaction implemented during the current or preceding financial year, or in any transaction concluded that remains outstanding or underperformed at the Last Practicable Date.

9.9 Senior Management

In addition to the Board, and the directors of each of the Subsidiaries, the following Senior Managers are considered relevant to establishing that the Group has the appropriate expertise and experience for the management of its business:

Name, citizenship, position and business address	**Qualifications and experience**
Markus de Klerk Group Head Legal & Compliance – Brainworks Capital Management Citizenship: Zimbabwean *Business address:* *4 Arden Road, Newlands, Harare, Zimbabwe*	Markus is an Attorney and Investment Banking Executive with over 20 years' experience in commercial legal matters. His experience includes investment banking and corporate advisory services in African frontier markets with expertise in legal counsel relating to debt and equity financing, structured trade and commodity finance, corporate restructuring, collateral (security) structuring and credit process management. He was previously Managing Director at Imara Fiduciary (Private) Limited where he oversaw large debt syndications and related security structures. Mr. De Klerk holds a BA. LLB degree from University of KwaZulu-Natal and is a registered legal practitioner in the High Court of Zimbabwe. He is currently serving as an independent director on the Zimbabwe Stock Exchange.
Rewa Umunna Group Head: Corporate Development & Investor Relations – Brainworks Capital Management Citizenship: British *Business address:* *Level 2, Alexander House Silicon Avenue, Ebène Cybercity 72201, Mauritius*	Rewa is an Insurance Executive with experience in Financial Services across Western and African markets. She played various significant roles within the Old Mutual Group including a Leadership Rotation into Mutual & Federal in South Africa within their Corporate & Niche business. Prior to this, she lead the Strategy unit for Old Mutual Nigeria and eventually expanded the portfolio to Old Mutual West Africa. Most recently, she was appointed as the Specialty Insurance Executive at Old Mutual West Africa, responsible for setting up the specialty business across Nigeria and Ghana. She was previously a Management Consultant at Accenture in London where she worked for a range of clients including HSBC, Santander, National Australia Bank and Royal Sun Alliance (RSA) on a number of business process improvement, target operating model, regulatory compliance and system implementation projects. Ms Umunna holds a BSc. from University College London (UCL) and has attended executive courses on "Leading Change" and "The Business of Africa" at Duke University and Gordon Institute of Business (GIBS).

Name, citizenship, position and business address	Qualifications and experience
Tendayi Chiweshe Group Head of Advisory Services – Brainworks Capital Management Citizenship: Zimbabwean *Business address:* *4 Arden Road, Newlands, Harare, Zimbabwe*	Tendayi Chiweshe has over ten years' experience in investment and corporate banking. His expertise includes corporate finance advisory, capital raising, infrastructure and municipal financing, credit processing and trade finance. Tendayi has led and managed capital raising exercises, and has a thorough knowledge of equity and debt capital market transactions. Tendayi is well-versed in corporate banking credit initiation and management. Prior to joining Brainworks, Tendayi was at Ecobank Zimbabwe Limited where he held the roles of Senior Account Manager and Head of Investment Banking. While at Ecobank, Tendayi oversaw a portfolio of structured commodity trade transactions for regional corporates and multinationals. He was previously Transaction Manager at Imara Corporate Finance where he oversaw advisory and capital raising transactions in Zimbabwe, Zambia and Malawi. Tendayi holds a Bachelor of Business Administration (Finance) from Solusi University and an International MBA from the European School of Management and Technology in Berlin.
Susan Zindoga Group Head of Treasury Brainworks Capital Management Citizenship: Zimbabwean *Business address:* *4 Arden Road, Newlands, Harare, Zimbabwe*	Susan is a holder of a Bachelor of Honours Degree in Applied Mathematics from the National University of Science and Technology and a Postgraduate Certificate in Finance from the University of Leicester (UK). She is highly trained in data modelling and financial analysis. She has built and reviewed financial and business models, used to support the operational and strategic decisions for projects and investee companies. She has also supported various aspects of financial advisory services with focus on corporate finance, business modelling and valuation and transaction services. Susan has research experience gained from working at Ecobank Transnational Incorporated where her research focused on the banking sectors in Kenya, Zimbabwe and Mozambique.

10. INTERESTS OF DIRECTORS AND PROMOTERS

10.1 No consideration, has been paid, or agreed to be paid to:

- any Director or related party;
- another company in which a Director has a beneficial interest or of which such Director is also a director; or
- any partnership, syndicate or other association of which the Director is a member

to induce the Director to become a director, to qualify as a director or for services rendered by the Director or by a company, partnership, syndicate or other association, in connection with the promotion or formation of the Company.

There are no promoters in respect of the Offer pursuant to the Listing, and no amount has been paid, or is accrued as payable, within the preceding three years, or proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to any promoter, partnership, syndicate or other association within the said period.

10.2 Save as disclosed in 9.8.2, the Directors have not received any material beneficial interest, direct or indirect, in the promotion of the Company during the three years preceding this Pre-listing Statement. This includes a Director holding an interest in a partnership, company, syndicate or other association of persons.

11. BORROWING POWERS

11.1 The Directors have unlimited borrowing powers in terms of paragraph 13 of the Constitution.

11.2 The borrowing powers of the directors of the Major Subsidiaries are also set out in their respective constitutional documents. Extracts of the Constitution and the constitutional documents of the Major Subsidiaries are set out in **Annexure 6.**

11.3 Borrowing powers of the Company and each of the Major Subsidiaries may be varied through an amendment of the Constitution and each entity's constitutional document, respectively, in the manner and form set out in the relevant company legislation regulating that entity, and the stock exchange requirements that may be applicable to it.

11.4 No borrowing powers have been exceeded or varied during the preceding three years.

11.5 There are no exchange controls or other restrictions on the borrowing powers of the Company, however there are exchange control restrictions on the borrowing powers of the Major Subsidiaries.

12. DIVIDENDS

12.1 No shares of the Company are currently in issue with a fixed date on which entitlement to dividends arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

12.2 Dividends declared and not claimed after a period of ten years will be forfeited for the benefit of the Company, as set out in paragraph 16.6 of the Constitution, a summary of which is set out in **Annexure 6.**

12.3 All shares will rank equally with regards to dividends from date of Listing.

12.4 The Company's dividend distribution policy includes a distribution of at least 25% of all dividends received from investee companies, subject to Board approval. The subsidiaries of the Group have no fixed dividend distribution policies, and dividends declared will be based on the various boards' assessment of capital requirements at the time.

12.5 In terms of the policies of the Reserve Bank of Zimbabwe, the repatriation of funds from Zimbabwe in the form of dividends is classified as a priority payment.

13. FINANCIAL INFORMATION

13.1 The Directors are responsible for all the historical and pro-forma financial information contained in this Pre-listing Statement.

13.2 *Pro-forma* financial information

13.2.1 The *pro-forma* statement of financial position and *pro-forma* statement of comprehensive income, which illustrate the effects of the Post Balance Sheet Events, the Listing and the capital raised pursuant to the Offer, on the audited consolidated Group financial information for the year ended 31 December 2016 are contained in **Annexure 10.** The *pro-forma* financial effects are summarised in the table below. The *pro-forma* financial effects, *pro-forma* statement of financial position and *pro-forma* statement of comprehensive income together form the *Pro-Forma* Financial Information.

13.2.2 The Reporting Accountant's report on the *Pro-Forma* Financial Information is set out in **Annexure 11.**

13.2.3 The *Pro-Forma* Financial Information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the consolidated Group results for the year ended 31 December 2016.

13.2.4 The *Pro-forma* Financial Information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro-forma* Financial Information issued by the South African Institute of Chartered Accountants.

13.2.5 The directors of the Company are responsible for the compilation, contents and preparation of the *Pro-Forma* Financial Information. Their responsibility includes determining that the *Pro-Forma* Financial Information has been properly compiled on the basis stated, which is consistent with the accounting policies of Brainworks and that the *pro-forma* adjustments are appropriate for purposes of the *pro-forma* financial information disclosed pursuant to the JSE Listings Requirements.

13.2.6 The *Pro-Forma* Financial Information is provided for illustrative purposes only and, because of their *pro-forma* nature may not fairly present the Group's financial position, changes in equity, results of operations or cash flow nor, the effect and impact of the Post Balance Sheet Events, the Offer and the Listing going forward. The *Pro-forma* Financial Information assumes that the Post Balance Sheet Events, the capital raised pursuant to the Offer and the Listing occurs on 31 December 2016 for the purpose of the statement of financial position and on 1 January 2016 for the purpose of the statement of comprehensive income.

13.2.7 The *pro-forma* financial effects are illustrated below:

	Financial Results "Before"(1)	***Pro-forma* after the Post Balance Sheet Events excluding Pre-Listing Issue(2)**	**Pro-forma after the Post Balance Sheet Events(3)**	***Pro-forma* after the Listing and the capital raised pursuant to the Offer(4)**
Basic and diluted earnings per share from continuing operations (US$ cents)	0.14	1.46	1.44	1.14
Basic and diluted earnings per share from discontinued operations (US$ cents)	(0.01)	(0.10)	(0.10)	(0.07)
Basic and diluted earnings per share from total operations (US$ cents)	0.13	1.36	1.34	1.07
Basic and diluted headline earnings per share from continuing operations (US$ cents)	(0.10)	(1.47)	(1.48)	(1.00)
Basic and diluted headline earnings per share from discontinued operations (US$ cents)	(0.01)	(0.10)	(0.10)	(0.07)
Basic and diluted headline earnings per share from total operations (US$ cents)	(0.11)	(1.57)	(1.58)	(1.07)
NAV and fully diluted NAV per share (US$ cents)	8.32	83.06	83.07	83.41
TNAV and fully diluted TNAV per share (US$ cents)	7.12	70.59	70.64	74.29
Shares in issue (000's)	785 312	75 625	75 879	103 403

Notes

1. Represents the position per the unadjusted audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2016 and the statement of financial position of the Group as at 31 December 2016 as extracted from the audited Group historical financial information, set out in

Annexure 12. The Independent Reporting Accountant's report on the historical financial information of the Group is presented in **Annexure 13** of this Pre-listing Statement.

2. Represents the position per the *pro-forma* consolidated statement of comprehensive income and statement of financial position after the *pro-forma* financial effects of the Post Balance Sheet Events, being the Share Conversion, the Share Repurchase, the Share Consolidation and the GetCash Restructure, but prior to the Pre-listing Issue.
3. Represents the position per the *pro-forma* consolidated statement of comprehensive income and statement of financial position after the *pro-forma* financial effects of the Post Balance Sheet Events, being the Share Conversion, the Share Repurchase, the Share Consolidation and the GetCash Restructure, including the Pre-listing Issue. It assumes that total capital of US$228k is raised with the issue of 254k shares, at a price of US$0.9 per share pursuant to the Pre-listing Issue. Should the actual capital raise be less than US$228k, the financial effect could range between the position set out in this column and the position set out in the column "Pro-forma after the Post Balance Sheet Events excluding Pre-Listing Issue".
4. Represents the position per the *pro-forma* statement of comprehensive income and statement of financial position after the pro-forma financial effects of the Post Balance Sheet Events, the Listing and the capital raised pursuant to the Offer. It assumes that total capital of US$24.8 million is raised with the issue of 27 524k shares, at the Offer Price of US$0.9 per share pursuant to the Offer. Should the actual capital raise be less than US$24.8 million, the financial effect could range between the position set out in this column and the position set out in the column "*Pro-forma* after the Post Balance Sheet Events".
5. Detailed notes and *pro-forma* adjustments are set out in **Annexure 10.**

13.3 Historic financial information

13.3.1 The report on historical financial information for the Group for the three years ended 31 December 2014 to 31 December 2016 is contained in **Annexure 12.**

13.3.2 The Independent Reporting Accountant's report on the historical financial information of the Group is set out in **Annexure 13.**

13.3.3 The historical financial information for the following investee entities are publicly available and the latest financial results can be obtained at the following links:

13.3.3.1 African Sun: http://www.africansunhotels.com/downloads

13.3.3.2 Dawn Properties: http://dawnpropertieslimited.co.zw/investors/results-centre/

13.3.3.3 GetBucks: http://www.zse.co.zw/wp-content/uploads/2016/07/zw_GBFS_2017_HY.pdf

13.3.3.4 MyBucks: https://www.mybucks.com/documents/corporate/MyBucks%20Annual%20Report%202016.pdf

13.3.4 The above financial information for investee entities is not required to be disclosed in the Pre-listing Statement in terms of the JSE Listings Requirements and is provided for additional information purposes only and has not been reported on by the Independent Reporting Accountants.

13.3.5 The Group's interim results for period ended 30 June 2017 will be made available on SENS and on the Company's website in the week following the Listing Date. The Board expects Group revenue to increase by between 20% and 25% for the six month period ended 30 June 2017, when compared to the six month period ended 30 June 2016, resulting in revenue of between USD23.6 million and USD24.6 million. However, the Board expects a loss before tax of between USD4.7 million and USD4.9 million, which will be higher when compared to the prior year interim period loss of USD2.2 million.

13.3.6 Historically, the Group incurs losses in the first half of the year as the business cycle is such that the peak season of the Group's principal business activity is in the second half of the year. Accordingly as in previous years, the Group therefore expects an improvement in the second half of the year.

13.3.7 In addition to dynamics on the business cycle highlighted above, the Group also recognised non-recurring expenses and fair value losses that significantly contributed to the estimated pre-tax losses for the interim period.

14. LOANS AND BORROWINGS

14.1 Details of material loans and borrowings advanced to the Group are set out in **Annexure 14.**

14.2 At the Last Practicable Date, the Group has not undertaken any off-balance sheet financing or entered into any restrictive funding arrangements.

14.3 Other than the staff loans advanced to executive management in Brainworks, which are immaterial to the Group, there are no material borrowings advanced by the Company or its Major Subsidiaries to any party outside of the Group as at the Last Practicable Date.

14.4 As at the Last Practicable Date, no loans have been made or any security furnished by the Company and/or any of its subsidiaries to or for the benefit of any Director or manager or any associate of any Director or manager of the Company.

15. INTER-COMPANY BALANCES

Inter-company balances and transactions as at 31 December 2016, prior to their elimination on consolidation, are contained in note 28 to the report on historic financial information, contained in **Annexure 12.**

16. ADEQUACY OF CAPITAL

The Directors are of the opinion that the working capital available to the Group is adequate for the purposes of the business of the Group for at least the next 12 months from the date of issue of this Pre-listing Statement.

17. MATERIAL CONTRACTS

17.1 Other than the Directors service contracts, the Group has not entered into any contracts relating to the Directors' and managerial remuneration, secretarial and technical fees or restraint payments of any nature.

17.2 Save for the contracts set out in **Annexure 15**, neither the Company nor its subsidiaries have entered into any other material contract, being a contract entered into otherwise than in the ordinary course of business, in the two years preceding the Last Practicable Date, or at any time containing an obligation or settlement that is material to the Company as at the Last Practicable Date.

17.3 Other than the royalty agreement between African Sun to IHG in relation to the Holiday Inn brand, the contracts of which are summarised in **Annexure 15**, the Group is not subject to any royalty agreements.

18. MATERIAL CHANGE

18.1 The Company acquired all its investments in the past five years, details of which are set out in paragraph 2.3.

18.2 Strategic achievements by the Group are further set out in the commentary to the report on historic financial information contained in **Annexure 12**.

18.3 There have been no material changes in the financial or trading position of the Group between the publication of this Pre-listing Statement and the last financial year end of the Group, being 31 December 2016.

19. PROPERTIES ACQUIRED OR TO BE ACQUIRED

19.1 Other than as set out below, no material immovable properties, or shares in property entities, have been acquired by the Group within the past three years.

19.2 The table below sets out the material immovable properties, or securities in companies in the nature of fixed assets, acquired by Brainworks Capital Management, a Major Subsidiary, in the past three years:

Acquisition description	Consideration	Date of acquisition	Name of vendor
Acquisition of a 16.54% interest in Dawn Properties, resulting in a controlling interest in Dawn Properties	US$5.83 million, paid in cash	March 2015	African Sun (4 Arden Road, Newlands, Harare, Zimbabwe)

19.3 Refer to note 9.1.2 of the report on historical financial information contained in **Annexure 12** for further details of the net identifiable assets acquired and liabilities assumed on the acquisition of control in Dawn Properties. No goodwill was recognised.

19.4 In addition to the above, Dawn Properties has entered into an agreement with the City of Harare on 29 November 2016 to acquire full title to 2.2ha vacant land (being stand 40607 Harare Township of Gardens, Harare and stand 40608 Harare Township of Gardens, Harare) from the City of Harare. Payment of the purchase price, equal to US$2.024 million has been made. The land is part of a larger park in Harare and the City of Harare has undertaken the process of sub-dividing the park land. Full title to the land will pass to Dawn Properties once the sub-division is finalised. The value of the land per the Independent Property Valuer's report is detailed in **Annexure 4.**

19.5 The terms of the agreements giving effect to the above acquisitions contain terms ordinary to acquisitions of their nature. No book debts or other assets have been guaranteed and warrantees normal to agreements of their nature have been provided. No restraint or trade or other restrictions have been included in the relevant agreements.

19.6 Taxes arising from the above agreements have been settled in the ordinary course of business.

19.7 No Directors or promoters, or any partnership, syndicate or other association of persons in which any Director or promoter is a member, had any beneficial interest, direct or indirect, in the above transactions.

19.8 All assets subject to the above agreements have been transferred to the relevant Group entities.

20. PROPERTIES, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF

20.1 Other than the disposal by African Sun of its interest in Dawn Properties and in the leasehold improvements relating to the Blue Swallow Timeshare Units and Kingfisher Cabanas Timeshare units, the details of which are summarised in **Annexure 15**, no other material immovable properties and/or fixed assets and/or business undertakings have been disposed of in the three years preceding the Last Practicable Date.

20.2 Dawn Properties is considering the sale of the Beitbridge Express Hotel, the Brondesbury Park Hotel and Skyclear. However, as at the Last Practicable Date, no negotiations have been entered into for the sale of these properties. Valuation details for these two hotels and the property owned by Skyclear are contained in **Annexure 4.**

21. MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES

21.1 As at the Last Practicable Date, other than the purchase of the vacant land from City of Harare, as detailed under paragraph 19.3 above, the construction of the Brainworks Capital Management head offices and the development of the Elizabeth Windsor Gardens Project, the Group had no material commitments for the purchase, construction or installation of any immovable property.

21.2 Brainworks acquired a piece of land for US$380,000 for the construction of its new head office for the Group (lot 90 Highlands Estate of Welmoed, Princess Drive, Harare), which is expected to be finalised in the second half of 2017. As at the Last Practicable Date, a total cost of US$551 651 has been spent to date constructing the head office, with a further US$250 000 expected.

21.3 As at the Last Practicable Date, other than the contingent liability recognised for the litigation detailed in paragraph 29 of the report on historic financial information contained in **Annexure 12**, the Group had no material contingent liabilities.

21.4 Other than the lease payments summarised below, the Group had no external material lease payments as at the Last Practicable Date.

21.5 African Sun leases

Lessee	Lessor	Address	Rental (US$)	Term
African Sun, through the Victoria Falls Hotel Partnership	Emerged Railways Properties (Private) Limited and National Railways of Zimbabwe	Victoria Falls Hotel	10% of the annual gross income earned by the Victoria Falls Hotel Partnership	The original lease, entered into on 2 November 2006, was granted for a fixed term, expiring on 31 October 2021. The original lease has been extended to 2031. Upon expiry, the Victoria Falls Hotel Partnership has an option to extending the lease for a further 10 years post 2031.
African Sun	National Railways of Zimbabwe Contributory Pension Fund ("NR2 Fund")	Holiday Inn Bulawayo (Stand 15462 Ascot Township)	10% of revenue and 5% of food and beverage related revenue each month	The lease commenced on 1 December 1989, and provides for an initial period of 14 years. By virtue of a notarial deed of lease dated 31 October 2013, African Sun and the NRZ Fund mutually agreed to extend the lease of the Bulawayo property for a further 22-year term, commencing on 11 November 2011. The deed provides for the financial terms of the lease to be reviewed on 1 December 2013, and every 5 years thereafter.
		Holiday Inn Harare	10% of revenue and 5% of food and beverage related revenue each month	Expires in October 2031, with an option by African Sun to extend the lease for a further 20 years from such date.
	Makasa Sun Limited	The Kingdom, Victoria Falls Hotel (Stan 417 Victoria Falls Township)	10% of annual gross income/ revenue earned from operation of the property.	The lease commenced in 2001 for an initial period of 10 years, subject to African Sun having the right to renew the lease for successive 10-year periods. The current lease period commenced in December 2011, and expires in November 2021.

21.6 Other leased premises in the Group

Lessee	Lessor	Address	Rental (US$)	Term
Brainworks Capital Management	Walstride Investments (Private) Limited	4 Arden Road, Newlands, Harare (current head office building)	3,000 per month	The lease provides for termination on a three calendar months' notice by March each year. If no such notice is given, the lease rolls over for successive 12-month period, unless terminated by either party on giving two months' written notice to the other.
FML Logistics	Sub lease with Kosava Investments (Fokus Logistics)	9 Hood Road, Harare	4 921.54 per month	Unsigned agreement currently in review.
GetSure	Trustees of Mining Industry Pension Fund ("MIPF")	516 square meters of offices space on the 5th floor of MIPF House, Harare	3,096 per month	Cancellable with 3 months' notice by either party.
	I. Mussa (Private) Limited	Shop 4, Mussa Arcade 468 Magamba Way Chinhoyi	345 per month	The lease commenced on 1 May 2016, and was valid for an initial period of 6 months. GetSure currently has the right to terminate the lease at any time on giving one months' notice.
DPC	National Railways of Zimbabwe Pension Fund	8th Floor, Beverly Court, 100 Nelson Mandela Avenue, Harare	1,323 per month	The current lease expires 30 November 2019

22. CORPORATE GOVERNANCE

22.1 The Company has adopted the principles of the King IV Report of Corporate Governance, as required by the JSE Listings Requirements for companies listing on or after 19 June 2017.

22.2 The Company corporate governance statement is set out in **Annexure 16**.

23. LITIGATION

23.1 There are on-going litigation and claim cases in relation to various members of the Group, detailed below.

23.1.1 A claim brought by CORISCO Design Team ("Codet") against a subsidiary of African Sun, Zimsun Leisure (Private) Limited. Codet (a group of consultants) is claiming the sum of US$16,175,740 together with interest and collection commission for services rendered in a number of proposed projects that were to be carried out in the Republic of Equatorial Guinea. The dispute goes back to 2007 and the Board has assessed that this claim has no merit. The matter has now been set down for continuation of trial. The trial resumed on 28 August 2017.

23.1.2 As a result of routine tax investigations for the period 1 January 2009 to 28 February 2015, the Zimbabwe Revenue Authority ("ZIMRA") was claiming payment in the amount of US$3,724,732.44 from the Victoria Falls Hotel Partnership in respect of unpaid VAT due in respect of food and beverages consumed by tourists at the Victoria Falls Hotel. The Minister of Finance has since written to the Minister of Tourism and Hospitality and approved the VAT zero rating on food and beverages sold as part of packaged meals for the period February 2009 to December 2015.

23.1.3 A claim by ZIMRA against Brainworks Capital Management for VAT payable in respect of certain invoices issued by Brainworks Capital Management in relation to advisory services it provided as part of the proposed indigenisation programme for the mining sector. These invoices were never paid (and were in fact cancelled) and Brainworks Capital Management has obtained legal advice that it is not liable for VAT, penalty or interest. If the claim is successful, this may result in Brainworks Capital Management being required to pay US$5,370,278.88 to ZIMRA. The claim is being vigorously defended on the basis that the invoices were cancelled.

23.1.4 By virtue of a judgment of the High Court of Zimbabwe dated 25 September 2015, Gold Coast and Laclede Investments (Private) Limited ("the entities"), both entities being wholly owned subsidiaries of Dawn Properties, have been ordered to service a historical tax obligation of approximately US$480,000, with a further US$240,000 due in penalties. In addition, the judgment resulted in revised assessments of the entities' tax position for the financial years 2013 and 2014, with the result that an additional US$257,000 has been deemed payable. ZIMRA has given the entities until 31 March 2017 to make payment of all the taxes and penalties which are due. A payment plan has been submitted to ZIMRA in respect to the outstanding balance and is yet to be formally accepted. However the entities are making payments towards settling the full liability.

23.1.5 The Victoria Falls Hotel Partnership is engaged in an ongoing dispute with 69 former employees who were dismissed as a result of having participated in a strike. The employees successfully challenged their dismissal before an arbitrator on 25 September 2009 and the Victoria Falls Hotel Partnership's subsequent appeal to the Labour Court in February 2014 was dismissed. The Victoria Falls Hotel Partnership appealed to the Supreme Court in December 2014 and the case remains in progress. Should the Partnership lose its appeal to the Supreme Court, it is likely to have to pay between US$136,127 and US$1,908,584 to the dismissed employees.

24. RISK FACTORS

There are a number of factors which may affect the results of operations, financial condition and prospects of the Company and those factors which are considered material by the Directors are set out in **Annexure 18.**

25. COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

25.1 No commissions or discounts have been paid by the Company in the preceding three years nor have any brokerages or other special terms been agreed or paid in respect of the issue or sale of any Shares that are not disclosed in the Company's annual financial statements. No commissions are payable in respect of the Pre-listing Statement as commission to any person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in the Company.

25.2 The Offer is not underwritten and there have been no commissions paid or payable in respect of underwriting by the Company in the three years preceding the Last Practicable Date.

26. STATEMENT AS TO LISTING ON STOCK EXCHANGE

26.1 Subject to the Company achieving a spread of public Shareholders acceptable to the JSE at the time of Listing, being public Shareholders holding not less than 20% of the issued Share capital of the Company, the JSE has granted Brainworks approval for the Listing of its Shares as follows:

Sector (FTSE classification)	Equity Investment Instruments – 8985
Abbreviated name	Brainwrks
JSE share code	BWZ
ISIN	MU0548S00000

26.2 It is anticipated that the Listing will be effective as from the commencement of trade of the JSE on Friday, 13 October 2017.

27. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the Group.

28. EXCHANGE CONTROL REGULATIONS

28.1 The following summary is intended as a guide and is, therefore, not comprehensive. If you are in any doubt in this regard, please consult your professional advisor.

28.2 Emigrants, who are Qualifying Investors, from the Common Monetary Area

28.2.1 A former resident of the Common Monetary Area who has emigrated from South Africa may use blocked Rand to subside and/or purchase Shares in terms of the Offer.

28.2.2 All payments in respect of subscriptions for and/or purchases of Shares by emigrants using blocked Rand must be made through an authorised dealer in foreign exchange.

28.2.3 Statements issued to Dematerialised Shareholders will be restrictively endorsed as "NON-RESIDENT".

28.2.4 Share certificates will be placed under the control of the authorised dealer through whom the payment for the Shares was made.

28.2.5 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such Applicant's blocked Rand account.

28.3 Applicants resident outside the Common Monetary Area

28.3.1 A person who is not resident in the Common Monetary Area, including an emigrant not using blocked Rand, should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the Offer.

28.3.2 This Pre-listing Statement is accordingly not an Offer in any area or jurisdiction in which it is illegal to make such an Offer. In such circumstances this Pre-listing Statement is provided for information purposes only. Statements issued to Dematerialised Shareholders will be restrictively endorsed as "NON-RESIDENT".

29. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are provided in Corporate Information section of this Pre-listing Statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Pre-listing Statement contains all information required by law and the JSE Listings Requirements.

30. CONSENTS

30.1 Each of the Company Advisors, the Independent Property Valuer, the Transfer Secretaries and the Company Secretary have consented in writing to act in the capacities stated and to their names appearing in this Pre-listing Statement and have not withdrawn their consent prior to the publication of this Pre-listing Statement.

30.2 The Independent Reporting Accountants and the Independent Property Valuer have consented to the inclusion of their reports in the form and context in which they are included in the Pre-listing Statement, which consents have not been withdrawn prior to the publication of this Pre-listing Statement.

30.3 Questco is acting in the capacities of Corporate Advisor, Bookrunner and Sponsor. As Sponsor, Questco has confirmed its view that this does not affect its independence. However, as required in terms of the JSE Listings Requirements, in order to manage any potential or perceived conflicts of interest that might arise as a result of Questco acting in these roles, Questco has in place appropriate checks and balances to manage any potential or perceived conflicts of interests, including the independent review of compliance with the JSE Listings Requirements by an independent approved executive of the Sponsor.

31. PRELIMINARY EXPENSES AND ISSUE EXPENSES

Preliminary expenses and issue expenses, excluding VAT where applicable, incurred within the three years preceding the Last Practicable Date, are disclosed in the table below.

Expense	**Recipient**	**R'000**
Corporate Advisor, Bookrunner and Sponsor[1]	Questco	11 132
UK bookrunning consultant[2]	Strand Hanson	1 675
Independent Reporting Accountants and Auditors[3]	PwC	3 903
Legal advisor – South Africa	Bowman Gilfillan	1 500
Legal advisor – Mauritius[4]	Eversheds – Sutherland	195
Property valuations	Propval	172
Transfer Secretaries	Computershare	26
Investor relations	Singular	200
Company secretarial	Imara Trust Company	134
JSE listing fee	JSE	327
JSE documentation fees	JSE	122
Exchange control approval	Standard Bank	2
Press announcements, printing and marketing	INCE	450
Contingencies (including travel costs)		500
Total		**20 337**

1. Includes the maximum potential capital raising fee, assuming that the Offer is fully subscribed and converted at ZAR13.01 to US$1, being the exchange rate at the Last Practicable Date.

2. GBP100,000, converted at ZAR16.75 to GBP$1, being the exchange rate at the Last Practicable Date.

3. US$300 000, converted at ZAR13.01 to US$1, being the exchange rate at the Last Practicable Date.

4. – US$15 000, converted at ZAR13.01 to US$1, being the exchange rate at the Last Practicable Date.

32. DOCUMENTS AVAILABLE FOR INSPECTION

32.1 Copies of the following documents will be available for inspection at the Company's registered office and from Questco during business hours from date of publication up to and including the Listing Date:

32.1.1 the Constitution of the Company and the constitutional documents of its Major Subsidiaries;

32.1.2 the Material Contracts as set out in **Annexure 15;**

32.1.3 the summary valuation report as set out in **Annexure 4**, and detailed valuation reports prepared by the Independent Property Valuer;

32.1.4 the Directors' employment letters;

32.1.5 the letters of consent referred to in paragraph 30;

32.1.6 the Resolutions of the Company as set out in **Annexure 17;**

32.1.7 the signed reports by the Independent Reporting Accountant and Auditor, the contents of which are set out in **Annexure 11** and **Annexure 13;**

32.1.8 Powers of attorney signed by the Directors relative to the signature of this Pre-listing Statement; and

32.1.9 the audited financial statements for the Group for the financial years ended 31 December 2014 to 31 December 2016.

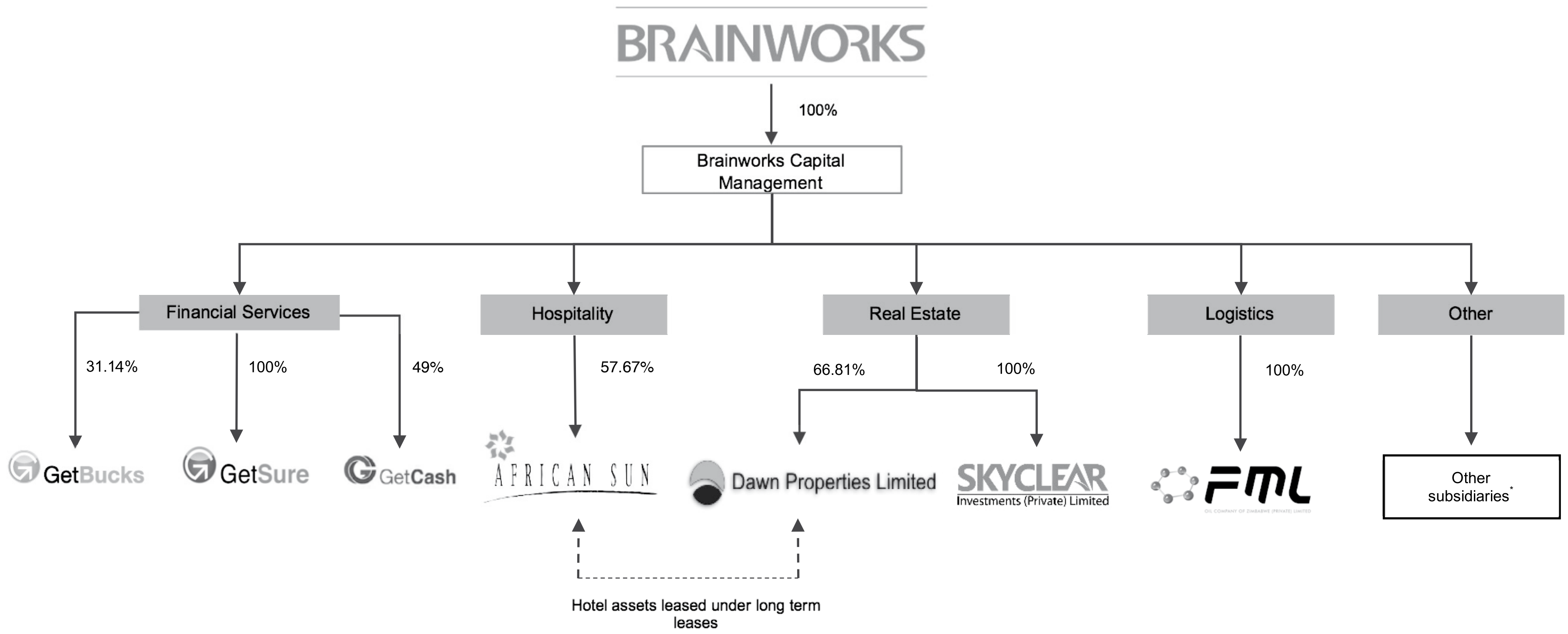
SIGNED IN MAURITIUS BY BRETT CHILDS ON BEHALF OF ALL OF THE DIRECTORS OF THE COMPANY ON 26 SEPTEMBER 2017 IN TERMS OF POWERS OF ATTORNEY GRANTED BY THEM.

……………………………………………

Brett Childs
Chief Executive Officer

GROUP STRUCTURE

* Refer to Annexure 2 for a full list of subsidiaries in the Group.



LIST OF SUBSIDIARIES AND ASSOCIATES

The following tables contain a list, as at the Last Practicable Date, of the Company's subsidiaries and associates.

1. MAJOR SUBSIDIARIES IN THE GROUP

Name of subsidiary	Registration number	Date and place of incorporation	Length of time business has been carried on (years)	Issued number of shares	Percentage shareholding	Listed on an exchange
Brainworks Capital Management (Private) Limited	523/2011	26 January 2011, Zimbabwe	6	863 061 948	100.00%	No
African Sun Limited[1]	643/71	1952, Zimbabwe	65	861 771 777	57.67%	Yes (ZSE)
Dawn Properties Limited[2]	9363/2003	17 June 2003, Zimbabwe	14	2 457 172 108	66.81%	Yes (ZSE)

1. The interest is held 17.41% through Brainworks Capital Management, 28.64% through Brainworks Hotels (Pvt) Ltd, 5.82% through Riustrix Investments (Pvt) Ltd and a further 5.80% through Ecobank as a nominee for Brainworks.
2. The interest is held 51.93% through Brainworks Capital Management and 14.88% through Brainworks Hotels (Pvt) Ltd.

2. OTHER SUBSIDIARIES AND ASSOCIATES IN THE GROUP

Name of subsidiary	Registration number	Date and place of incorporation	Length of time business has been carried on (years)	Issued number of shares	Percentage shareholding	Listed on an exchange
GetBucks Microfinance Bank Limited[1]	322/2012	17 January 2012, Zimbabwe	5	1 093 567 251	31.14%	Yes (ZSE)
GetSure Life Assurance (Private) Limited[2]	525/2011	26 November 2011, Zimbabwe	2	200 000 000	100.00%	No
Coporeti Support Services (Private) Limited (t/a GetCash)[2]	166/2005	10 January 2005, Zimbabwe	12	353	49.00%	No
Brainworks Petroleum (Private) Limited[2]	522/2011	January 2011, Zimbabwe	–	100	100.00%	No
FML Logistics (Private) Limited[3]	14611/2003	11 September 2003, Zimbabwe	14	533	100.00%	No
Skyclear Investments (Private) Limited[2]	15578/2004	27 September 2004, Zimbabwe	13	100	100.00%	No
Brainworks Hotels (Private) Limited (formerly Lengrah Investments (Private) Limited) [2]	1317/2010	15 April 2010, Zimbabwe	–	100	100.00%	No
Archiesol Enterprises (Private) Limited	16052/2008	3 June 2008, Zimbabwe	9	2	100.00%	No
Brainworks Gold (Private) Ltd[4]	5907/2011	28 September 2011, Zimbabwe	n/a	100	100.00%	No
Brainworks Capital Mining (Private) Ltd[4]	524/2011	26 January 2011, Zimbabwe	n/a	100 000 000	100.00%	No
Riustrix Investments (Private) Ltd	8114/2002	21 June 2002, Zimbabwe	15	19 998	100.00%	No
Instant Power Holdings Limited[5]	136168 C1/GBL	15 February 2016, Mauritius	n/a	100	100.00%	No

1. The interest is held 12.76% through Brainworks Capital Management and 18.39% through GetSure.
2. The interest is held through Brainworks Capital Management.
3. The interest is held through Brainworks Petroleum (Private) Limited.
4. Dormant shelf companies.
5. Dormant shelf company in the process of being wound up.

3. SUBSIDIARIES OF AFRICAN SUN

Name of subsidiary	Registration number	Date and place of incorporation	Length of time business has been carried on (years)	Issued number of shares	Percentage shareholding
African Sun Zimbabwe (Private) Limited	5642/2005	8 April 2005, Zimbabwe	12	100 000	100%
African Sun Branch Limited	48217C2/GBL	28 October 2003, RSA	14	1	100%

None of the above subsidiaries of African Sun are listed on any exchange.

4. SUBSIDIARIES OF DAWN PROPERTIES

Name of subsidiary	Registration number	Date and place of incorporation	Length of time business has been carried on (years)	Issued number of shares	Percentage shareholding
Nhaka Properties (Private) Limited	9382/2003	17 June 2003, Zimbabwe	40	2	100%
Laclede Investments (Private) Limited	5105/2003	2 April 2003, Zimbabwe	14	100	100%
Gold Coast Properties (Private) Limited	9410/2003	17 June 2003, Zimbabwe	14	100	100%
Calpine Investments (Private) Limited	3547/2003	7 March 2003, Zimbabwe	14	100	100%
Dawn Real Estate (Private) Limited	9383/2003	17 June 2003, Zimbabwe	14	100	100%
Dawn Properties Investment Management (Private) Limited	10564/2014	31 December 2014, Zimbabwe	3	100	100%
Dawn Property Consultancy (Private) Limited	1246/2009	24 July 2009, Zimbabwe	40	250 000	100%
Ekodey Investments (Private) Limited	1093/2004	23 January 2004, Zimbabwe	13	100	100%
Windspike Investments (Private) Limited	330/2009	13 January 2009, Zimbabwe	8	100	100%

None of the above subsidiaries of Dawn Properties are listed on any exchange.

DIRECTORS OF MAJOR SUBSIDIARIES

The full names, business addresses, qualifications, functions and experience of the Directors of Major Subsidiaries are set out below:

1. BRAINWORKS CAPITAL MANAGEMENT

Name, position and citizenship	Business address	Qualification and experience
Brett Childs Citizenship: British Position: Executive director	C2 – 401 La Croisette, Grand Baie, Mauritius	Refer to par 9.2 of this Pre-listing Statement.
Peter Saungweme	4 Arden Road, Newlands, Harare, Zimbabwe	Refer to par 9.2 of this Pre-listing Statement.
Wayne J. Waterworth Citizenship: Zimbabwean Position: Non-Executive director	4 Arden Road, Newlands, Harare, Zimbabwe	Mr. Wayne Waterworth is a highly-experienced professional with more than 20 years' experience in senior general and technical management roles. A chartered electrical engineer by profession, he has significant experience in the mining, construction and engineering sectors in Zimbabwe. Prior to joining Brainworks Capital Management board, Mr. Waterworth was the Managing Director of Falcon Gold Limited, a Zimbabwe Stock Exchange listed gold mining company.
Patrick J. Matute Citizenship: Zimbabwean Position: Non-Executive director	Beverley Court 100, Nelson Mandela Avenue, Harare, Zimbabwe	Patrick Matute has over eight years' experience in corporate finance and private equity in Sub-Saharan Africa. Patrick started his career in 2008 with Questco, a boutique corporate finance company based in Johannesburg, South Africa. While at Questco, Patrick was involved in a number of corporate finance deals in the mining sector, industrial and financial services. In 2012, Patrick joined African Development Corporation ("ADC") as an Investment Manager, focusing on financial services in Sub-Saharan African. ADC was listed on the Frankfurt Stock Exchange and had investments in nine African countries. Patrick joined Brainworks in 2013 and has been involved in driving the advisory business and portfolio management for investee companies. Patrick is a member of the boards of Brainworks investee companies namely Dawn Properties Limited and FML Oil. Patrick holds a Master of Business Administration degree from Hult International Business School (Shanghai Campus), a Bachelor of Commerce Honours in Finance (University of the Witwatersrand, South Africa), and a Bachelor of Commerce (Finance) (NUST, Zimbabwe) and has completed CFA Level 1 and 2 exams.
Tendayi N. Chiweshe Citizenship: Zimbabwean Position: Executive director	4 Arden Road, Newlands, Harare, Zimbabwe	Refer to par 9.9 of this Pre-listing Statement.

2. AFRICAN SUN

Name, position and citizenship	Business address	Qualification and experience
Herbert Nkala Citizenship: Zimbabwean Position: Non-executive chairman	Shop 4 Avonlea S/Cen Avonlea, Harare, Zimbabwe	Mr. Nkala was appointed chairman of the African Sun board on the 31st of March 2015 having joined the board on the 24 November 2014. Mr. H. Nkala is a marketing practitioner with qualifications from Boston College in the United States of America, Jutland Institute of Technology in Denmark as well as the University of Zimbabwe to mention just a few. Mr. Nkala is the managing Director of Arena Investments (Private) Limited. He is a previous recipient of the Tourism Personality of the year and the award for outstanding contribution to Tourism. Mr. Nkala is also a board member of the following Companies; FBC Holdings Limited, Industrial Development Corporation of Zimbabwe Limited, Tanganda Tea Company Limited and OK Zimbabwe Limited.
Emmanuel A. Fundira Citizenship: Zimbabwean Position: Non-executive director	17380 Dhlela Way, Graniteside, Harare, Zimbabwe	Mr. Fundira was appointed to the board of African Sun on the 17th of October 2012. He is a holder of a BSc (Hons) Economics and Finance degree, MBA degree in Finance and Strategic Management and a Diploma in Marketing as well as other qualifications attained from various universities. He is the founder of a diversified tourism based leisure group with interest in photographic and non-photographic safaris operating on the shores of Lake Kariba and in the Victoria Falls. Mr. Fundira is a past recipient of the Private Sector Tourism Personality of the Year Award (2009), the ZTA Tourism Image Builder of the Year Award (2010) and the ZTA Tourism Personality of the Year Award (2010). He sits on the Safari Club International (SCI) Board and the African Wildlife Consultative Board (AWCF) and also serves as a Trustee of several charitable organisations.
Walter T. Kambwanji Citizenship: Zimbabwean Position: Non-Executive director	4 Arden Road, Newlands, Harare, Zimbabwe	Refer to par 9.2 of this Pre-listing Statement.
Alex Makamure Citizenship: Zimbabwean Position: Non-executive director	Sable House, Northridge Close Borrowdale, Harare, Zimbabwe	Mr. Makamure was appointed to the African Sun board on the 17th of October 2012. He is a Chartered Accountant (Zimbabwe), and is currently the Company Secretary of Delta Corporation. He has experience in accounting, treasury management, taxation, procurement, logistics management and corporate administration. He also sits on the board of Schweppes Zimbabwe Limited.

Name, position and citizenship	Business address	Qualification and experience
Brett Childs Citizenship: British Position: Non-executive director	C2-401, La Croisette, Grand Baie, Maueritius	Refer to par 9.2 of this Pre-listing Statement.
Nyaradzo G. Maphosa Citizenship: Zimbabwean Position: Non-executive director	11th Floor, Social Security Centre, Corner S. Nujoma St/ J. Nyerere Way, Harare, Zimbabwe	Ms. Maphosa was appointed to the African Sun board on the 17^{th} of October 2012. A registered Legal Practitioner, Conveyancer, Notary Public and a Partner with Sawyer and Mkushi, Miss Maphosa has been in practice for the past 12 years where she is attorney of record for several reputable financial institutions in Zimbabwe. She is also affiliated with the Institute of Bankers Zimbabwe and specializes in International Corporate Law and Finance. Ms Maphosa sits on several Boards and Trusts including Hillbrass (Private) Limited (Kintyre Estates), Tumaini and S.A.I.D Trust (Int).
Tariro Ndebele Citizenship: Zimbabwean Position: Executive director	Bally House, Mount Pleasant Business Park, Cnr. Norfolk Road/ 870 Endeavor Crescent, Harare, Zimbabwe	Ms. Ndebee was appointed to the African Sun board on the 24^{th} of November 2014. Ms. Ndebele is a sales and marketing practitioner who holds a Master in Business, Administration degree, with her other qualification being Economics, International Air Transport and Marketing. She has over 20 years' experience in travel and tourism. She has previously worked for the following companies, Sheraton Harare Hotel and Towers, KLM Royal Dutch Airlines, The Zimbabwe Tourist Development Corporation, Emirates as well as the Ministry of Finance Economic Planning and Development where she has gained valuable experience in her chosen area of expertise. She serves as a trustee of a number of local and international charitable organizations and is the past chairman of the board of Airlines Representatives in Zimbabwe.

Name, position and citizenship	Business address	Qualification and experience
Edwin T. Shangwa Citizenship: Zimbabwean Position: Managing director	Bally House, Mount Pleasant Business Park, Cnr. Norfolk Road/ 870 Endeavor Crescent, Harare, Zimbabwe	Mr. Shangwa (Ed) was appointed to the position of Managing Director on the 17th of September 2015, having acted in the same position for six months. He has experience in the Tourism and Hospitality Industry spanning over 30 years. He has a wealth of experience in accounting, corporate governance and company secretarial matters after having begun his career with African Sun as a trainee accountant. Prior to taking up his current position he was a finance director of one of the subsidiaries as well as the company secretary. Ed holds a Master in Business Administration degree, Postgraduate Diploma in Management Studies, Certificate in Management from Nottingham Business School, United Kingdom. He holds a Diploma in Accountancy, as fellow member of the Institute of Administration and Commerce of Southern Africa (FIAC (Z), SA and is an Associate Member of the Hotel and Catering International Management Association (AHCIMA).
Believemore H. Dirorimwe Citizenship: Zimbabwean Position: Finance director	Bally House, Mount Pleasant Business Park, Cnr. Norfolk Road/ 870 Endeavor Crescent, Harare, Zimbabwe	Mr. Dirorimwe (Believe) is a member of the Institute of Chartered Accountants of Zimbabwe (ICAZ), South Africa Institute of Chartered Accountants (SAICA), Association of Chartered Certified Accountants (ACCA). He has been with the African Sun for seven years and has a wealth of experience in financial management, corporate finance and financial reporting. Believe has been instrumental in African Sun's capital raising initiatives, new projects appraisals and openings, and strategic business unit performance management. Prior to taking up the position of finance director he was the corporate finance manager and before that the accountant. Believe served his articles of clerkship with Astra Industries Limited.

3. DAWN PROPERTIES

Name, position and citizenship	Business address	Qualification and experience
Phibion Gwatidzo Citizenship: Zimbabwean Position: Chairman	8 Fletcher Rd Mount Pleasant Harare	Mr. Gwatidzo holds a Bachelor of Accounting Science Degree and an Honours. Degree both from the University of South Africa. He qualified as a Chartered Accountant (Zimbabwe) in 1991 after serving articles with Deloitte & Touché in Harare. He has 28 years' experience in the accounting field, 23 years in public accounting and auditing. He serves on the Institute of Chartered Accountants of Zimbabwe Auditing and Professional Standards Committee and is a director of several companies.
Valerie Christine Muyambo Citizenship: Zimbabwean Position: Finance director	8 Fletcher Rd Mount Pleasant Harare	Ms Muyambo has over 15 years' auditing, financial management and reporting experience within KPMG South Africa and Zimbabwe and was most recently the financial director at Alpha Media Holdings. She is a member of the Institute of Chartered Accountants of Zimbabwe's (ICAZ) Accounting Procedures Committee and the Zimbabwe Accounting Practices Board's International Financial Reporting Standards sub-committee.
Patrick Matute Citizenship: Zimbabwean Position: Managing director	Beverley Court 100, Nelson Mandela Avenue, Harare, Zimbabwe	Refer to Brainworks Capital Management in **Annexure 2**.
Murisi Mukonoweshuro Citizenship: Zimbabwean Position: Non-executive director	Northend Close Northridge Park Highlands, Harare, Zimbabwe	Mr. Mukonoweshuro has served as Non-Executive Director at Dawn Properties since January 1, 2013. He also serves as Chairman of the Audit and Risk Committee of the Company. He is a Chartered Accountant (Zimbabwe). He has experience in investment management, advisory and consulting services as well as finance and auditing experience. He is a director of Dominion Consulting Group and currently the Central Africa Building Society finance director.
Tendayi Chiweshe Citizenship: Zimbabwean Position: Non-executive director	4 Arden Road, Newlands, Harare, Zimbabwe	Refer to par 9.9 of this Pre-listing Statement.
Walter Kambwanji Citizenship: Zimbabwean Position: Non-executive director	4 Arden Road, Newlands, Harare, Zimbabwe	Refer to par 9.2 of this Pre-listing Statement.
Brett Childs Citizenship: UK Position: Non-executive director	C2-401 La Croisette, Grand Baie, Mauritius	Refer to par 9.2 of this Pre-listing Statement.

DETAILS OF THE PROPERTY PORTFOLIO

The tables below set out the details of the Property Portfolio as at the Last Practicable Date.

Hotels and resorts owned by Dawn Properties

	Property name	Physical address	Date of acquisition	Independent Property Valuer's valuation at April 2017 (US$)
	Resort hotels			
1.	Elephant Hills Resort	Stand 328 Parkway Drive, Victoria Falls	1992	27,400,000
2.	Hwange Safari Lodge	3km East of Hwange National Airport, Dete	1993	2,544,000
3.	Troutbeck Resort (including Blue Swallows Timeshare Units)	Along Nyamaropa Road, Troutbeck Inn, Inyanga	1951	7,800,000
4.	Carribea Bay Sun (including Kingfisher Cabanas Timeshare Units)	424 Impala Drive, Kariba	1975	3,810,000
5.	Great Zimbabwe Hotel	Plot 50 Mundel Farm, Masvingo	1906	1,650,000
	City hotels			
6.	Monomotapa Hotel	54 Parklane Street, Harare	1973	19,400,000
7.	Holiday Inn Mutare	Cnr 3rd & Aerodrome Rd, Mutare	1974	5,000,000
	Other			
8.	Kariba Marine Land	Stand 688 Kariba Township, Marineland Harbour	1975	2,700,000
	Total			**70,304,000**

Properties currently under development owned by Dawn Properties

	Property name	Physical address	Date of acquisition	Ha.	Purchase price*	Independent Property Valuer's valuation at 05 May 2017 (US$)
9.	Elizabeth Windsor Gardens (Residential development – Cluster houses through Development Permit SC/80/07)	Stand 3204 Marlborough Township of Stand 2804 Marlborough Township (Cor. Lumvumvuma Road & Elizabeth Windsor Drive), Harare	2007	4.5229	ZW$2,001,589,886	5,458,000
	Total			**4.5229**		**5,458,000**

* Excluding development cost of US$5,659,560 spent to date.

Vacant land held for development/redevelopment owned by Dawn Properties

	Property name	Physical address	Date of acquisition	Ha.	Purchase price	Independent Property Valuer's valuation at 01 May 2017 (US$)
	Non-operational hotels					
10.	Beitbridge Express Hotel	Stand 583 Beitbridge, Zimbabwe	1998		*	4,000,000
11.	Brondesbury Park Hotel	Lot 1A of Rodel: Lot 2 Portion of Rodel & Lot 3 Portion of Rodel Rusape – Nyanga Road	2006		*	1,350,000
	Vacant land					
12.	Glen Lorne	Remaining Extent Lot 3 of Delnadamph, Glen Lorne, Harare	2012	0.5105	US$50,000	100,000
13.	Stand 1052 Marlborough	Stand 1052 Marlborough Township (off Taormina Drive), Harare	2007	15.5951	ZW$6,901,544,239	530,000
14.	Stand 2977 Marlborough	Stand 2977 Marlborough Township, (situated off Harare Drive at the Cor. Admiral Trait & Sawley), Harare	2007	0.48	ZW$212,421,929	150,000
15.	Commercial Land Marlborough, Harare	Stand 3030 Marlborough Township (situated off Harare Drive at the Cor. Admiral Trait & Sawley), Harare	2007	0.6716	ZW$297,213,683	200,000
16.	Remainder of Marlborough (Residential. Concentrated (600 Sqm), Low Density (2000 Sqm), Primary School, Secondary School, Horticulture, Open Space)	Subdivision of the Remainder of Marlborough Estate (off Mapereke Road), Harare	2007	276.7615	ZW$122,479,608,068	4,300,000
17	Borrowdale – Hornister (Residential. Cluster houses through Development Permit C/ER/09/11)	Remainder of Subdivision A of Stand 11 of Lot C of Borrowdale Estate (Hornister Road), Borrowdale, Harare	2015	1.7758	US$400,000	300,000

	Property name	Physical address	Date of acquisition	Ha.	Purchase price	Independent Property Valuer's valuation at 01 May 2017 (US$)
18.	Mandara (Residential. Cluster houses)	Shares 1;2;3;4;5;17 & 18 in Stand 913 Mandara Township (Lichendale Village, 32 Mondyness Ave, Mandara), Harare	2016	1.4541	US$370,000	460,000
19.	Stands 4087, 4088, 4089 and Stand 4090 Marlborough Township of Marlborough	Stands 4087, 4088, 4089 and Stand 4090 Marlborough Township, Harare Drive at the Corner Admiral Trait/Sawley Road, Harare	9 June 2006	14.443	ZW$ 162 billion, settled through the issue of 54,166,667 shares in Dawn Properties	2,060,000
20.	Vacant land	Stand 31 Kariba Township, Kariba	1950	9.1456	*	650,000
	Total			**320.83**		**14,100,000**
Overall total for Dawn Properties						**89,862,00**

**Information not available.*

Vacant land owned by Skyclear

	Property name	Physical address	Date of acquisition	Size (Ha.)	Purchase price	Independent Property Valuer's valuation at 05 May 2017 (US$)
21.	Vacant land	Stand 19211 Harare Township of Stand 19206 Harare	18 December 2013	0.87	525,000	1,500,000
Overall total for the Property Portfolio						**$91,362,000**

INDEPENDENT PROPERTY VALUER'S SUMMARY VALUATION REPORT ON THE PORTFOLIO

20 September 2017

The Board of Directors
Brainworks Limited
Level 2, Alexander House
Silicon Avenue
Ebène Cybercity
Republic of Mauritius

Dear Sir,

INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTY PORTFOLIO OF DAWN PROPERTIES LIMITED ("DAWN PROPERTIES") AND SKYCLEAR INVESTMENTS (PRIVATE) LIMITED ("SKYCLEAR") ON BEHALF OF BRAINWORKS LIMITED ("BRAINWORKS") AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY BRAINWORKS

In accordance with your instruction of 23rd September 2016, we confirm that we have visited and inspected the 7 operating hotels, 2 dormant hotel buildings, 11 individual land portions, and 1 residential development property, as listed in the attached schedule ("the properties"), in March and May 2017 and have received all necessary details required in order to perform a valuation and provide you with our opinion of the properties' market values as at April 2017 for the operating Hotels and May 2017 for the land portions.

1. INTRODUCTION

The valuation of the properties has been carried out by Propval Property Valuation Services (Proprietary) Limited for the purpose of inclusion in the pre-listing statement of Brainworks pursuant to its listing. We have carefully considered all aspects of the projects comprising the hotel and resort developments and the vacant land. The properties each have a detailed valuation report which has been given to the directors of Brainworks. The detailed reports include commentary on the current economy, nature of the properties, locality, composition, sales values, value adjustments, forward sales potential and land value of spare land earmarked for future projects.

All aspects that relate to the value of the properties have been considered in the individual valuation reports. The detailed reports further address the highest and best use of each property in terms of approved town planning. Capital development cost and expenditure projections as well as future expenditure projections have all been and considered. The value therefore indicates the fair market value for each property which is detailed in the attached report and which has been summarised on a schedule as attached hereto, for each property. There are 21 properties, comprising 7 operating hotels, and 14 other properties, comprising 10 vacant land properties, 2 dormant or vacant hotels, the Kariba Marine Land and the sectional title residential development property, in total comprising the portfolio. All essential aspects of information relevant to the properties have been summarised in the schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value is "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." (IVS 7th edition).

Furthermore, the principals of fair value measurement have been applied in the determination of value which is defined as "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." (IFRS 13).

Note that the values and calculation methodology have been sensitivity tested by way of quantitative analysis by analysing the sales rates, market demand, comparative sales rates achieved, bank funding rates, risk consideration and other inputs in various discounted cash flow models.

3. VALUE CALCULATION

In order to avoid any possible misunderstanding, we have adopted the South African Institute of Valuers, The International Valuation Standards and the RICS Appraisal and Valuation Standards definition of the Market Value basis of valuation that is defined as follows:

Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

4. SPARE LAND,VACANT HOTELS AND DEVELOPMENT PROPERTY

There are 11 vacant land properties and 2 non-operational vacant hotels and 1 sectional title residential development property. These are:

Freehold Properties	Size (Sqm) H/A	Physical Address	Legal Description and Zoning
Vacant Stand	5,105Sqm	Remaining Extent Lot 3 of Delnadamph, Glen Lorne, Harare	Residential. Zone 1 attached dwelling houses Low density.
Vacant Stand	15,5951H/A	Stand 1052 Marlborough Township of Marlborough Township (off Taormina Drive), Marlborough, Harare	Vacant Land. Zone 2 Low Density detached dwelling houses.
Vacant Stand	4,800Sqm	Stand 2977 Marlborough Township, Harare	Vacant Land. Zone 2 Low density public open space & enjoys hotel existing use rights.
Vacant Stand	6,716Sqm	Stand 3030 Marlborough Township (Cor. Lumvumvuma Road & Elizabeth Windsor Drive), Harare	Residential – Zone 2 Low Density.
Vacant Stand	300,9042H/A	Subdivision of the Remainder of Marlborough Estate (off Mapereke Road), Harare	Residential. Concentrated (500 Sqm), Low Density (2 000 Sqm), Primary School, Secondary School, Horticulture, Open Space.
Vacant Stand	144, 426Sqm	Stands 4087,4088,4089 and 4090 Marlborough	Vacant Land. Zone 2 Low density public open space & enjoys hotel existing use rights.
Vacant Stand	7,758H/A	Remainder of Subdivision A of Stand 11 of Lot C of Borrowdale Estate (Hornister Road), Borrowdale, Harare	Residential. Detached dwelling houses with additional special consent use.
Vacant Stand	14,541Sqm	Shares 1;2;3;4;5;17 and 18 in Stand 913 Mandara Township (Lichendale Village, 32 Mondyness Ave, Mandara), Harare	Residential. Cluster houses through development Permit C/25/96.

Freehold Properties	Size (Sqm) H/A	Physical Address	Legal Description and Zoning
Vacant Stand	9,1456H/A	Remainder of Stand 31 Kariba	Vacant Land. Tourism related accommodation (Hotel).
Vacant Stand	23.2300H/A	Stand 688 Kariba	Majority vacant land with limited Tourist buildings. Tourism related accommodation (Hotel).
Vacant Stand	8,700Sqm	Stand 19206 Harare (Skyclear)	Vacant Stand. Zone 2 Low density public open space & enjoys hotel existing use rights.
Elizabeth Windsor Gardens. Developing Residential Property	4.5529H/A	Stand 3204 Marlborough Township of stand 2804 Marlborough Township Cor Elizabeth Windsor Drive and Lumvuma Road, Harare	Sectional Title Zone 2A Detached dwelling houses in the process of construction which is 85% complete at the date of valuation.
Holiday Inn Beitbridge	7,8339H/A	Stand 583 Beitbridge Township, Bulawayo Road, Beitbridge	Vacant, non-operational hotel Zoned Hotel use.
Bronsbury Park Hotel	212,2472H/A	Lot 1A, 2 and 3 of Rodel, Juliusdale, Inyanga	Non-operational hotel building. Zoned Agricultural tourism.

5. **BRIEF DESCRIPTION OF OPERATING HOTELS**

Property	Description	Age Prop Yrs.	Legal description and extent of property
Holiday Inn Mutare (previously African Sun Amber Hotel)	The 3-star Hotel occupies a four-story building in Central Mutare. The Hotel markets itself to leisure travellers visiting the Eastern Highlands, but primarily as a conference venue.	43	Stand 117A Umtali Township in extent 4,459 m^2.
Carribea Bay Sun and 11 Kingfisher Cabanas Timeshare Units	The Hotel is found along the shoreline of Lake Kariba. It offers 83 rooms at four-star level.	47	Stand 424 Kariba Township, in extent 12.4996 hectares.
Elephant Hills Resort	Located on hill overlooking the Zambezi River, the 4-star Hotel contains 276 rooms. The Hotel has markets itself on the 18-hole golf course, luxury offerings in Victoria Falls area, and its extensive conference services.	Orig 37 and Ren 25	Stand 328 Victoria Falls Township in extent 11.1484 hectares.
Great Zimbabwe Hotel	The 3-star Hotel is built in close proximity to the Great Zimbabwe Ruins in Masvingo. The Hotel has become primarily a conference venue.	112	Mundells Plot A in extent 20.4272 hectares.

Property	Description	Age Prop Yrs.	Legal description and extent of property
Hwange Safari Lodge	The Safari lodge is found within the borders of the Hwange National Park some 150km south of Victoria Falls. The Safari Lodge is primarily a leisure retreat.	Orig 44 and Ren 28	Land in District of Wankie.
Monomotapa Hotel	The 4-star Hotel is located adjacent to the Central Park in Harare, and offers 245 rooms. The Hotel is marketing primarily to the Business and Government markets frequenting Harare. In particular, it offers a comprehensive conference product.	Orig 42 and Ren 21	Stand 12974 Salisbury Township of Gardens in extent 3,625m^2.
Troutbeck Hotel and 24 Blue Swallows Timeshare Units	Based in the foothills of the Eastern Highlands, Troutbeck Resort is primarily marketed as a conference venue and leisure destination.	66	Troutbeck Estate A, in extent 563.4100 hectares.

6. VALUATION QUALIFICATIONS

Full Disclosure

This valuation opinion has been prepared on the basis that full disclosure of all information and factors which may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made.

Mortgage Bonds, Loans or other Charges

The property has been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans or any other third-party claims. No deductions have been made in our valuation for the costs of acquisition or disposal of the property.

Structural Condition

We have had regard to the apparent state and condition of the buildings but have not carried out a structural survey, nor inspected those areas, which were covered, unexposed or inaccessible, neither have we arranged for the testing of electrical, heating or other services, nor conducted soil tests. The valuation assumes that the services and structures are in a satisfactory state of repair and condition, unless otherwise stated in this Report. The improvements have been erected in accordance with the relevant Building and Town Planning Regulations.

Confidentiality

In line with normal practice, we must stress that this Report and Valuation Opinion has been carried out for and on behalf of our client, Brainworks, and for the specific purpose to which it refers.

Income Statements

We have relied on the Income Statements and Budget Forecast provided by Dawn Properties. We have therefore assumed the information provided to be accurate, up-to-date and complete. These Income Statements for the years ending 2009 through to 2016, together with our independent understanding of the market have been the basis on which trading projections have been computed for the period 2017 to 2022.

Date of Inspection

We have assumed there has been no material change to the property and its surroundings that might have a material effect on value, since the time of our inspections and subsequent capital refurbishments that have been undertaken from time to time.

7. INTRA-GROUP OR RELATED PARTY LEASES

Having inspected all the tenant schedules and leases it is noted that all operating hotels are intra-group or related party leases. Dawn Properties leases the Properties to African Sun, who in turn operate the hotels either through their own brands, through franchise agreements or through an outsourced hotel management agreement.

					Basis-Variable Rental		
Hotel	**Lessor**	**Lessee**	**Version**	**Term**	**Rooms revenue**	**All other revenue**	**Rental Year 1**
Holiday Inn Mutare	Gold Coast Properties	African Sun Ltd	2nd Addendum	30/06/2053	14%	14%	$402 106
Carribea Bay Resort	Gold Coast Properties	African Sun Ltd	1st Addendum	30/06/2053	10%	10%	$177 604
Elephant Hills Hotel	Gold Coast Properties	African Sun Ltd	2nd Addendum	30/06/2053	14%	14%	$1 338 446
Great Zimbabwe Hotel	Laclede Investments	African Sun Ltd	1st Addendum	30/06/2053	10%	10%	$127 383
Hwange Safari Lodge	Gold Coast Properties	African Sun Ltd	1st Addendum	30/06/2053	10%	10%	$164 387
Monomotapa Hotel	Gold Coast Properties	African Sun Ltd	2nd Addendum	30/06/2053	14%	14%	$1 019 969
Troutbeck Inn	Gold Coast Properties	African Sun Ltd	2nd Addendum	30/06/2053	11%	11%	$294 234

8. CURRENT STATE OF OPERATIONS

All the 7 hotels detailed are currently operational and rent generating to Dawn Properties. In addition there are a 2 non-operational hotels that have been valued as vacant as they are not income producing. There are a further 11 vacant land properties valued as vacant land. No development potential has been allowed for these vacant land properties as it has been determined that there is limited development potential in the current market, for all the vacant stands.

In addition, there is one residential sectional title property in the process of development that is 85% complete at the date of valuation. This development comprises of 12 X 2-bedroom one-bathroom units and 46 X three-bedroom 2-bathroom units. The estimated completion date of all 58 units is 30th of September 2017 as per the resident Quantity Surveyor. The approval of development from the City of Harare was obtained on the 03 September 2015., with no onerous conditions contained within. The official approval is enclosed on pages 23, 24 and 25 of the submitted valuation.

The following table indicated the total cost of the development as at the date of valuation, as well as the cost of completion as at the date of the valuation:

		US$
Cost to date		3 851 902
Total outstanding cost to completion		1 262 101
Cost to completion		820 684
Risk update factor on cost to completion	25%	205 171
Transformer costs		25 000
Cost of finance		211 246
Total Improvements Cost		**5 114 002**
Land value		730 000
Gross replacement cost plus land		**5 844 002**

The following table indicates the current market value at the date of valuation

Description	Units	Market Value (US$)	Market Value (US$)
Two bedroom Units	12.00	100,000	1,200,000
Three bedroom Units	46.00	120,000	5,520,000
Total Market Value			**6,720,000**
Outstanding Costs to Completion			**1,262,000**
Market Value at current Stage			**5,458,000**

9. EXTERNAL PROPERTY

None of the properties are situated outside of Zimbabwe.

10. VALUATION CALCULATIONS

10.1 Rentals used in valuations

The valuation presented is performed on a Discounted Cash Flow (DCF) basis of the Hotel Revenue Based Rental achieved by Dawn Properties. The valuation of the hotels has been performed on a Discounted Cash Flow (DCF) of the projected rentals for years 2017 to 2021 and the Net Present Value (NPV) presented is computed using the Weighted Average Cost of Capital (WACC) with the Residual Value (RV) based on the projected Rental in 2022.

10.2 Vacant land

The vacant land valuations are based on the comparative sales analyses method whereby other similar types of properties are analysed and compared with the subject property to arrive at the market value of the property.

11. OTHER GENERAL MATTERS AND VALUATION SUMMARY

There are no options in place to repurchase any of the properties.

A full valuation report is available on a property by property basis detailing tenancy, town planning, Valuer's commentary, expenditure and other details. This has been given to the directors of Brainworks.

12. ALTERNATIVE USE FOR A PROPERTY

The majority of the properties have all been valued in accordance with their existing use which represents their best use and market value. The Beitbridge Hotel property has been valued in terms of its highest and or alternative best use which is now regarded as offices. For the Bronsbury Park Hotel property the cost approach has been adopted as the hotel is now non-functional and not income generating and does not have an alternative use due to its locality. The development property has been valued as is and at the date of completion.

13. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

14. **CAVEATS**

There is information that has been received from Quantity Surveyors and Architects as well as other professionals. Any information that we have received from them is assumed to be reliable and accurate. We have placed reliance on these reports and information in order to compile this report. We cannot take responsibility for any information that is not correct from any professional reports received.

15. **MARKET VALUE**

We are of the opinion that the aggregate market value of all the properties as at 31 May 2017 is an amount of US$91,362,000 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached.

Schedule of Individual Property Valuations:

Property	Valuation
Dawn Properties and its subsidiaries	
Non-operational Bronsbury Park Hotel	$1,350,000
Non-operational Beitbridge Hotel	$4,000,000
Holiday Inn Hotel Mutare	$5,000,000
Carribea Bay Sun (including Kingfisher Cabanas Timeshare Units)	$3,810,000
Elephant Hills Resort	$27,400,000
Great Zimbabwe Hotel	$1,650,000
Hwange Safari Lodge	$2,544,000
Monomotapa Hotel	$19,400,000
Troutbeck Resort (including Blue Swallows Timeshare Units)	$7,800,000
Remaining Extent Lot 3 of Delnadamph, Glen Lorne, Harare	$100,000
Stand 1052 Remaining extent of Marlborough Township (off Taormina Drive), Marlborough, Harare	$530,000
Stand 2977 Remaining extent of Marlborough Township, Marlborough, Harare	$150,000
Stand 3030 Remaining extent of Marlborough Township (Cor. Lumvumvuma Road & Elizabeth Windsor Drive), Marlborough, Harare	$200,000
The Remainder of Marlborough Estate (off Mapereke Road), Harare	$4,300,000
Stands 4087, 4089, 4099 & 4090 Marlborough Township	$2,060,000
Remainder of Subdivision A of Stand 11 of Lot C of Borrowdale Estate (Hornister Road), Borrowdale, Harare	$300,000
Shares 1;2;3;4;5;17 and 18 in Stand 913 Mandara Township (Lichendale Village, 32 Mondyness Ave, Mandara), Mandara Harare	$460,000
Stand 3204 Marlborough Township of stand 2804 Marlborough Township Cor Elizabeth Windsor Drive and Lumvuma Road, Harare	$5,458,000
Remainder of Stand 31 Kariba Township	$650,000
Stand 688 Kariba Bay Marine Land	$2,700,000
Skyclear	
Stand 19211 Harare Township of Stand 19206 Harare (Skyclear)	$1,500,000
TOTAL	**$91,362,000**

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

We have over 40 years' experience in the valuation of all types of properties in Africa and registered with the South African Council for the Property Valuations Profession Registration No: 966 and a member of the South African institute of Valuers and are qualified to express an opinion on the fair market value of the properties in terms of the Property Valuers Profession Act, 2000 of section 20(2) (a) read with section 43(8).

We trust that we have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

BRIAN VAN VUUREN

PROPVAL

PROPVAL PROPERTY VALUATION SERVICES (PTY) LTD

REGISTRATION NO. 966

EXTRACTS FROM THE CONSTITUTION OF THE COMPANY AND THE CONSTITUTIONAL DOCUMENTS OF ITS MAJOR SUBSIDIARIES

1. EXTRACTS OF THE CONSTITUTION OF THE COMPANY IS PROVIDED BELOW:

4. CAPITAL

Share Capital

4.1 After the first allotment of shares by the directors, any further equity securities proposed to be issued wholly for cash consideration (which shall include a cheque received in good faith or a release of a liability of the Company for a liquidated sum or an undertaking to pay cash to the Company at a future date) shall first be offered to the Shareholders in proportion as nearly as may be to the number of the existing shares held by them respectively unless such issue has been authorised in terms of paragraph 4.2. Subject to the prior approval of the JSE, the board of directors (the "board") may exclude from such offer any holders of securities in the Company which the board considers necessary or expedient to be excluded from the offer because the legal impediments or compliance with the requirements of any regulatory body of any territory recognised as having import on the offer.

4.2 The Shareholders in an annual or special meeting ("Meeting") may authorise the board to issue securities and/or grant options to subscribe for unissued securities at any time to any person and in any number as it thinks fit pursuant to Section 52 of the Companies Act 2001, provided that such corporate actions have been approved by the JSE and subject to the JSE Listings Requirements.

4.3 No shares or any interest or right to the shares shall be issued or granted by the Company to bearer.

4.4 The Company may from time to time through a special resolution and in accordance with the Companies Act, 2001 and the JSE Listings Requirements:

4.4.1 create any class of shares:

4.4.2 increase or decrease the number of securities of any class of the Company's securities;

4.4.3 consolidate and reduce the number of the Company's securities of any class;

4.4.4 subdivide its securities of any class by increasing the number of issued securities of that class without an increase in capital;

4.4.5 change the name of the Company;

4.4.6 convert one class of shares into one or more other classes, save where the right of conversion attaches to the class of shares created; or

4.4.7 subject to paragraph 14.6, vary any preference, right, limitation or other terms attaching to any class of shares.

4.5 Securities for which listing is sought shall be fully paid up when issued and rank *pari pasu* in all respects as amongst themselves including as to participation in the profits of the Company.

4.6 The capital of the Company shall consist of ordinary no par value shares and having attached to them the following rights:

4.6.1 The right to one vote on a poll at a meeting of the Company on any resolution;

4.6.2 The right to an equal share in dividends authorised by the board; and

4.6.3 The right to an equal share in the distribution of the surplus assets of the Company.

4.7 The Company may not pay commission exceeding 5% to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the Company.

5. ALTERATION OF CONSTITUTION

Alteration of the Constitution

The Company may in accordance with the Companies Act 2001 alter its Constitution or any provision therein by special resolution of the Shareholders provided that prior written approval has been obtained from the JSE for such alteration. The reference to 'alteration', for the avoidance of doubt, shall include but not be limited to, the matters referred to in paragraph 4.4 above.

11. MEETINGS OF SHAREHOLDERS

Meetings and resolutions *in lieu* of meetings

11.1 Meetings and resolutions *in lieu* of meetings

11.1.1 The board may convene special meetings of the Shareholders of the Company at such times and in such manner and places within the Republic of Mauritius as the directors consider necessary or desirable. In addition, a special meeting of Shareholders entitled to vote on an issue shall be called by the board on the written request of Shareholders holding shares carrying together not less than 5% of voting rights entitled to be exercised on the issue.

11.1.2 The board shall in each year convene an annual meeting of the Shareholders of the Company, and such annual meeting shall be held:

11.1.2.1 not more than once in each year;

11.1.2.2 not later than six months after the Balance Sheet Date of the Company; and

11.1.2.3 not later than fifteen months after the previous annual meeting.

11.1.3 Subject to the provisions of the JSE Listings Requirements, a resolution in writing signed by the Shareholders who hold not less than 75% of the votes entitled to be cast on that resolution, is as valid as if it had been passed at a meeting of those Shareholders. For so long as this is required by the JSE Listings Requirements, only the following resolutions may be so proposed as written resolutions:

11.1.3.1 change of name of the Company;

11.1.3.2 odd-lot offers; and

11.1.3.3 approval of amendment to this Constitution.

11.1.4 For the purposes of paragraph 11.1.3, any resolution may consist of one or more similar documents in similar form (including letters, facsimiles, electronic mail, or other similar means of communications) each signed or assented to by or on behalf of one or more of the Shareholders specified in paragraph 11.1.3.

Notice of Shareholder meetings

11.2.2 Notice of meetings

11.2.2.1 Written notice of the time and place of a meeting of Shareholders shall be sent to every Shareholder entitled to vote at such meeting and to every director, secretary and auditor of the Company not less than 21 business days before the scheduled date of the meeting. Should the Company's shares be listed on the JSE at the time of such notice, at the same time as notices are sent to Shareholders, a copy must be sent to the JSE and announced on the Securities News Service of the JSE ("SENS"). The giving of notice to members whose registered address is outside Mauritius shall not be prohibited.

11.2.2.2 The notice shall state:

11.2.2.2.1 the nature of the business to be transacted at the meeting in sufficient detail to enable a Shareholder to form a reasoned judgement in relation to it; and

11.2.2.2.2 the text of any Special Resolution to be submitted to the meeting.

11.2.2.3 Any irregularity in a notice of a meeting shall be waived where all the Shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or where all such Shareholders agree to the waiver.

11.2.2.4 Any accidental omission to give notice of a meeting to, or the failure to receive notice of a meeting by a Shareholder shall not invalidate the proceedings at that meeting.

11.2.2.5 The chairperson may, or where directed by the meeting, shall, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place, if the board so resolves.

11.2.2.6 When a meeting of Shareholders is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

11.2.2.7 Notwithstanding anything to the contrary contained herein, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Quorum at meetings

11.4 Quorum

11.4.1 No business shall be transacted at any Meeting and at an adjourned or postponed Meeting unless a quorum is present when the Meeting proceeds to business. At least three Shareholders representing 25% of the votes entitled to be cast at the Meeting and present in person or by proxy shall constitute a quorum.

11.4.2 Where a quorum is not present within 30 minutes after the time appointed for the Meeting:

11.4.2.1 in the case of a Meeting called under section 118(1)(b) of the Companies Act 2001 the Meeting shall be dissolved;

11.4.2.2 in the case of any other Meeting, the Meeting shall be adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the directors may appoint; and

11.4.2.3 where, at the adjourned Meeting, a quorum is not present within 30 minutes after the time appointed for the Meeting:

11.4.2.3.1 in the case of a Meeting to resolve matters required in terms of the JSE Listings Requirements, the adjourned Meeting, and all further meetings where a quorum is not present, shall again be adjourned in the manner contemplated in paragraph 11.4.2.2 above until a quorum is present; and

11.4.2.3.2 in the case of any other Meeting, Shareholders or their proxies present shall be a quorum.

Voting at meetings

11.5 Voting

11.5.1 Where a meeting of Shareholders is held in terms of paragraph 11.3.1.1 unless a poll is demanded, voting at the meeting shall be by whichever of the following methods is determined by the chairperson of the meeting:

11.5.1.1 voting by voice; or

11.5.1.2 voting by show of hands.

11.5.2 Where a meeting of Shareholders is held under paragraph 11.3.1.2, unless a poll is demanded, voting at the meeting shall be by the Shareholders signifying individually their assent or dissent by voice.

11.5.3 A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority shall be conclusive evidence of that fact unless a poll is demanded in accordance with paragraph 11.5.4.

11.5.4 At a meeting of Shareholders, a poll may be demanded by:

11.5.4.1 not less than five Shareholders having the right to vote at the meeting;

11.5.4.2 a Shareholder or Shareholders representing not less than 10 percent of the total voting rights of all Shareholders having the right to vote at the meeting;

11.5.4.3 by a Shareholder or Shareholders holding shares in the Company that confer a right to vote at the meeting and on which the aggregate amount paid up is not less than 10 percent of the total amount paid up on all shares that confer that right; or

11.5.4.4 the chairperson of the meeting.

11.5.5 A poll may be demanded either before or after the vote is taken on a resolution.

11.5.6 Where a poll is taken, votes shall be counted according to the votes attached to the shares of each Shareholder present in person or by proxy and voting.

11.5.7 The chairperson of a Shareholders' meeting shall not be entitled to a casting vote.

11.5.8 For the purposes of paragraph 11.5.4:

11.5.8.1 the instrument appointing a proxy to vote at a meeting of the Company shall confer authority to demand or join in demanding a poll and a demand by a person as proxy for a Shareholder shall have the same effect as a demand by the Shareholder;

11.5.8.2 subject to any rights or restrictions for the time being attached to any class of shares, every Shareholders present in person or by proxy and voting by voice or by show of hands and every Shareholder voting by postal vote (where this is permitted) shall have one vote.

Proxies in respect of Shareholder meetings

11.6 Proxies

11.6.1 A Shareholder may exercise the right to vote either by being present in person or by proxy.

11.6.2 A proxy for a Shareholder may attend and be heard at a meeting of Shareholder as if the proxy were the Shareholder.

11.6.3 A proxy shall be appointed by notice in writing signed by the Shareholder and the notice shall state whether the appointment is for a particular meeting or a specified term.

11.6.4 No proxy shall be effective in relation to a meeting unless:

11.6.4.1 a copy of the notice of appointment is produced before the start of the meeting;

11.6.4.2 any power of attorney or other authority under which the proxy is signed or a notarially certified copy shall also be produced;

11.6.4.3 a proxy form shall be sent with each notice calling a meeting of the Company;

11.6.4.4 the instrument appointing a proxy shall be in writing under the hand of the appointer or of his agent duly authorised in writing or in the case of a corporation under the hand of an officer or of an agent duly authorised;

11.6.5 The instrument appointing a proxy shall not be effective unless it is produced at least 48 hours before the start of a meeting.

11.6.6 Proxies may be deposited at any office outside of Mauritius, including any office established for the purposes of complying with the JSE Listings Requirements.

12. DIRECTORS

Number of Directors

12.1 Number

12.1.1 Subject to any subsequent amendment to change the number of directors, the number of the directors shall not be less than four (4) [and shall include at least two (2) directors who are ordinarily resident in Mauritius]. If the number falls below four (4) the remaining directors shall as soon as possible, and in any event not later than three months from the date the number of directors falls below the minimum, fill the vacancy or to fill the vacancy at a Meeting. After the expiry of the three-month period the remaining directors shall only be permitted to act for the purpose of filling vacancies or for calling Meetings.

12.1.2 Any director appointed under paragraph 12.1.1 shall hold office only until the next following annual meeting and shall then retire, but shall be eligible for appointment at that Meeting.

12.1.3 The quorum for all board meetings shall comprise the majority of directors, of which at least one must at all times be an executive director.

Qualification of Directors

12.2 Qualification

No director shall be required to hold shares in the Company to qualify him for an appointment.

Appointment of Directors

12.3 Appointment

12.3.1 The directors of the Company shall be appointed by the Company in special meeting or at meetings of the board, provided that, in the case of director/s having been appointed by the board, such director/s' appointments are approved by the Shareholders at the next general or annual special meeting.

Retirement of Directors

12.4 Retirement of directors

12.4.1 Life directorships are not permissible.

12.4.2 All of the directors shall retire from office and may make themselves available for re-election at the first Annual General meeting of Shareholders held.

12.4.3 At each Annual General Meeting of Shareholders following the first Annual General Meeting, at least one third of the directors shall retire from office, subject to paragraph 12.4.4 and may make themselves available for re-election. The board, through the nomination committee, should recommend eligibility taking into account past performance and contribution made.

12.4.4 The directors so to retire at each Annual General Meeting, in terms of paragraph 12.4.3 above, shall (unless they otherwise agree among themselves) be those who have been longest in office since their last election, but as between persons who become or were last elected directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a director has been in office shall, for the purposes of this paragraph, be computed from his last election, appointment or date upon which he was deemed re-elected.

12.4.5 The Company at the meeting at which a director retires under any provision of this Constitution may by ordinary resolution fill the office being vacated by electing thereto the retiring director or some other person eligible for appointment. In default, the retiring director shall be deemed to have been re-elected except in any of the following cases:

12.4.5.1 where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such director is put to the meeting and lost;

12.4.5.2 where such director has given notice in writing to the Company that he is unwilling to be re-elected;

12.4.5.3 where such director has attained any retiring age applicable to him as director.

12.4.6 The retirement shall not have effect until the conclusion of the meeting except where a resolution is passed to elect some other person in the place of the retiring director or a resolution for his re-election is put to the meeting and lost and accordingly a retiring director who is re-elected or deemed to have been re-elected will continue in office without a break.

12.4.7 At least seven days' notice shall be given to the Company of any intention to propose a person for election as a director at a meeting of the Shareholders and the consent of such person in relation thereto shall be communicated to the Company at least seven days before the date of the meeting.

12.4.8 Notwithstanding anything to the contrary contained herein and subject to as may otherwise be provided by law, any director, managing director or other executive director may, by ordinary resolution passed at meeting called for purposes that include their removal or ceasing to hold office pursuant to section 139 of the Companies Act 2001, be removed from office before the expiry of their period of office subject however, to the right of any such director to claim damages under any contract.

Remuneration of Directors	**12.5** Remuneration of directors **12.5.1** The remuneration of directors shall be determined by the Remuneration Committee. **12.5.2** The board may determine the terms of any service contract with a managing director or other executive director. **12.5.3** The directors may be paid all travelling, hotel and other expenses properly and necessarily incurred by them in attending any meetings of the board (or committees thereof) or in connection with the business of the Company. **12.5.4** A director may be employed in any other capacity in the Company or as a director or employee of a company controlled by, or itself a major subsidiary of, the Company and, in such event, his appointment and remuneration in respect of such other office must be determined by a disinterested quorum of directors. **12.5.5** If by arrangement with the board any director shall: (i) perform or render any special duties or extra services outside his ordinary duties as a director (and not in his capacity as a holder of employment or executive office), (ii) reside abroad, or (iii) be specifically occupied about the Company's business, he may be paid such reasonable additional remuneration (whether, by way of salary, commission, participation in profits or otherwise) as a disinterested quorum of directors may from time to time determine, which may be in addition to or in substitution for any other remuneration payable.
Alternate Directors	**12.6.4** Alternate directors A director may by a written instrument appoint an alternate who must already be a director. The alternate is entitled to attend meetings in the absence of the director who appointed him and to vote or consent in the place of that director.
Director voting rights	**12.6.5** Voting **12.6.5.1** Every director has one vote. **12.6.5.2** The chairperson shall not have a casting vote. **12.6.5.3** A resolution of the board is passed if it is agreed to by all director's present without dissent or if a majority of the votes cast on it are in favour of it. **12.6.5.4** A director present at a meeting of the board is presumed to have agreed to, and to have voted in favour of, a resolution of the board unless he expressly dissents from or votes against the resolution at the meeting.

13. POWERS AND DUTIES OF DIRECTORS

Borrowing Powers of Directors	**13.1** Borrowing Powers The directors may exercise all powers of the Company to borrow or raise or secure the payment of money or the performances or satisfaction by the Company of any obligation or liability and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue mortgages, charges, bonds, notes and other securities and other instrument whether outright or as security, for any debt liability or obligation of the Company or of any third party. In addition, such power shall be exercised, in compliance with Section 143 of the Companies Act 2001.

14. MISCELLANEOUS PROVISIONS

Ratification of ultra vires acts	**14.1** Ratification of ultra vires acts Where the provisions of this Constitution restrict or qualify the purposes, powers or activities of the Company, or limits the authority of the directors to perform an act on behalf of the Company, the Shareholders may not ratify any action by the Company or the directors that is inconsistent with any such limit, restriction or qualification or the JSE Listings Requirements, unless otherwise agreed with the JSE.
Shareholder rights to inspect accounts and other records	**14.4** Right to inspect accounts and other records **14.4.1** A Shareholder, subject to such conditions and regulations as the directors may determine having regard to any obligation binding upon the Company to keep confidential information supplied to it by other persons, may inspect personally or by his agent at any time and from time to time any account or book or document of the Company (and take and retain copies of them). **14.4.2** The Company will be audited on an annual basis. **14.4.3** A printed copy of the Annual Report of the Company prepared in accordance with the Companies Act 2001 shall, at least 21 days before the date of the meeting of Shareholders, be delivered or sent by post to the registered address of every member.
Variation of Shareholder rights	**14.6** Variation of Rights **14.6.1** Where the share capital of the Company is divided into different classes of shares, the Company shall not take any action which varies the rights attached to a class of shares unless that variation is approved by a special resolution of the holders of the shares of that class. **14.6.2** The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of one third of the issued shares of that class. **14.6.3** So long as the Company shall be a listed company, the Preferences, rights, limitations or other terms of any class of shares of the Company must not be varied and no resolution may be proposed to Shareholders for rights to include such variation in response to any objectively ascertainable external fact.
Record Date	**14.7** Record date **14.7.1** For as long as the company is listed on the JSE, the record date for any corporate action or event shall be determined in accordance with the JSE Listings Requirements.

16. DIVIDENDS AND RESERVES

Declaration of Dividends

16.1 Declaration of Dividends

16.1.1 The Company in special meeting may declare dividends but may not declare a larger dividend than that declared by the directors in accordance with the Companies Act 2001, and no dividend shall be declared and paid except out of profits and unless the directors determine that immediately after the payment of the dividend:

16.1.1.1 the Company will be able to satisfy the solvency test in accordance with Section 6 of the Companies Act 2001 and the JSE Listings Requirements; and

16.1.1.2 the realisable value of the assets of the Company will not be less than the sum of its total liabilities, other than deferred taxes, as shown in the books of account, and its capital.

16.1.2 Dividends may be declared and paid in money, shares or other property.

16.1.3 A repayment of capital to Shareholders may not be made on the basis that it may be called up again.

16.1.4 The Company may cease sending dividend warrants by post if such warrants have been left uncashed on two successive occasions.

16.1.5 Notwithstanding paragraph 16.1.3 above, the Company may cease sending dividend warrants after the first occasion on which such warrant is returned undelivered where after reasonable enquiries, the Company has failed to establish any new address of the registered holder.

16.1.6 Dividends are payable to Shareholders registered at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later.

Entitlement to dividends

16.4 Entitlement to dividends

16.4.1 Subject to the rights of holders of shares entitled to special rights as to dividends, all dividends shall be declared and paid to all Shareholders of the same class of the shares in issue at the date of declaration of the dividend.

16.4.2 If several persons are registered as joint holders of any share, any of them may give effectual receipt for any dividend or other monies payable on or in respect of the share.

Reserves

16.5 Reserves

The directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the directors, be applicable for meeting contingencies, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the directors may from time to time think fit.

Notice of distributions

16.6 Notice

		Notice of any dividend that may have been declared shall be given to each Shareholder in manner hereinafter mentioned and all dividends unclaimed shall be held in trust for ten years after having been declared may be forfeited by resolution of the directors for the benefit of the Company. The Company shall hold monies other than dividends due to Shareholders in trust indefinitely until lawfully claimed by such Shareholder.
Interest on distributions	**16.7**	Interest No dividend shall bear interest against the Company.

17. DEBT INSTRUMENTS

Debt Instruments	The board may create and issue secured or unsecured debentures and the board may authorise the Company to issue secured or unsecured debt instruments but no special privileges associated with any debt instruments to be issued by the Company may be granted and the authority of the board in such regard is limited by this Constitution.

18. CAPITALISATION SHARES

Capitalisation Shares	**18.1**	The board shall not have the power or authority to: **18.1.1** approve the issuing of any shares of the Company as capitalisation shares; or **18.1.2** to issue shares of one class as capitalisation shares in respect of shares of another class; or **18.1.3** to resolve to permit Shareholders to elect to receive a cash payment *in lieu* of a capitalisation share, **18.1.4** unless the JSE Listings Requirements have been complied with. **18.1.5** For the purposes of this section, "capitalisation shares" shall mean, shares issued by the Company, whether by way of a bonus award or otherwise, in such manner that the Company's reserves or unappropriated profits are in whole or in part applied in paying up such shares.

19. ACQUISITION BY THE COMPANY OF ITS OWN SHARES

Repurchases of Shares	Subject to JSE Listings Requirements and the Securities (Purchase of Own Shares) Rules 2007, the board may determine that the Company should acquire a number of its own shares.

20. ODD-LOT OFFERS

Odd-Lot Offers	**20.1**	For the purpose of this Constitution, "odd-lot" has the meaning given to it in the JSE Listings Requirements.
	20.2	Where the Company proposes to make an odd-lot offer, the Company shall do so in accordance with the JSE Listings Requirements and the Companies Act, 2011 and in such instances a two-way election shall be provided for in terms of which the Shareholders may: **20.2.1** elect to retain their odd-lot holding; or **20.2.2** elect to sell the odd-lot holding.

20.3 If any Shareholders who qualify to participate in the odd-lot offer do not make an election in terms of paragraph 20.2.2., such Shareholders (and any person with a beneficial interest in such odd-lots) shall be deemed to have agreed to sell their odd-lot holdings, and the Company shall be entitled (on implementation of the odd lot offer) to expropriate all of the odd-lots held by such holders, provided that the odd-lot offer has been approved by the Shareholders in a Meeting by ordinary resolution.

22. NOTICES

Notices

22.1 A notice, or any other document or communication, including but not limited to financial statements may be given by the Company to any Shareholder, whether in or outside of Mauritius, either personally or by sending it by post, electronic mail, facsimile or telex to him at his registered address or to the address supplied by him to the Company for the giving of notices to him.

22.2 Any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:

22.2.1 if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or

22.2.2 if sent by fax, at the time of transmission; or

22.2.3 if sent by registered post or another next working day delivery service at 9.00 am on the second Business Day after posting or at the time recorded by the delivery service; or

22.2.4 if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or

22.2.5 if sent or supplied by email, at the time of transmission; or

22.2.6 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

22.3 Any notice by the Company to any Shareholder may be given by electronic mail provided that:

22.3.1 the Shareholder has consented in writing to that form of communication being used by the Company or other person providing the notice; and

22.3.2 the Shareholder has provided an electronic address to which such notice may be sent.

22.4 Any consent under paragraph 21.2.1 may be revoked at any time on the provision of 5 days' notice in writing to the Company or other person providing the notice.

22.5 A notice may be given by the Company to the joint holders of a share by giving notice to the joint holder named first in the register in respect of the share.

22.6 A notice may be given by the Company to the persons entitled to a share in consequence of the death or bankruptcy of a Shareholder by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description, at the address supplied for the purpose by the persons claiming to be so entitled or (until such an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy has not occurred.

22.7 Any notice given by advertisement shall be published in one daily newspaper of wide circulation in each of South Africa, Zimbabwe and Mauritius.

22.8 Any Shareholder present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

22.9 Notice of every Meeting of Shareholders shall be given in any manner herein before authorised to:

22.9.1 every Shareholder, whether residing in or outside of Mauritius entitled to vote at such meeting and who has elected to receive such documents;

22.9.2 every person upon whom the ownership of a share devolves by reason of his being a legal representative or a trustee in bankruptcy of a Shareholder;

22.9.3 each director of the Company, such other person as the directors shall at any time and from time to time determine.

2. EXTRACTS FROM THE CONSTITUTION OF BRAINWORKS CAPITAL MANAGEMENT

Appointment of directors	
Remuneration of directors	The remuneration of directors shall from time to time be determined by the directors. Such remuneration shall be deemed to accrue from day to day.
Borrowing powers	The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part therefore, and to issue debentures, debenture stock and other securities whether outright or as security for debt, liability or obligations of the company or for any third part.

The full constitution of Brainworks Capital Management is available for inspection in terms of paragraph 32 of this Pre-Listing Statement.

3. EXTRACTS FROM THE CONSTITUTION OF AFRICAN SUN

Remuneration of directors	The remuneration of the directors shall from time to time be determined by the company in a general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of directors or general meetings of the Company or in connection with the business of the Company.

	Any director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs the serves which in the opinion of ta disinterested quorum of directors are outside the scope of the ordinary duties of a director, may be paid such extra remuneration as a disinterested quorum of the directors may determine. A director may be or become a director or other officer of, or otherwise interested in, any company promoted by the company or in which the company may be interested as a member or otherwise and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or officer of or form his interest in, such other company unless the company otherwise directs. If at any meeting of directors or committee of directors, the appointment or the terms therefore, or the remuneration of a director in his capacity as an employee of the company or in his capacity as a director and/or an employee of a subsidiary company shall be considered, such director shall not be counted in the quorum present and shall not be entitled to vote in respect of any such business so considered. Any director may act by himself or on behalf of a firm in a professional capacity for the company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director. The directors, on behalf of the company may pay a gratuity or pension or allowance on retirement to any director who has held any other salaried office or place of profit with the company, or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance
Qualification	It shall not be necessary for a director or alternate director to hold any shares in the company in order to qualify as a director or alternate director. The office of a director shall be vacated if the director: • becomes insolvent or makes any arrangement or composition with his creditors generally, or assigns his estate; or • become prohibited from being a director by the terms of section 173 of the Companies Act, (Chapter 24:03) or by reason of any order to this effect that may be made under the Companies Act; or • becomes of unsound mind; or • resigns his office by notice in writing to the Company; or • shall have been absent for more than six months without permission of the directors from meetings of the directors held during that period, provided that this shall not apply to a director who shall have been represented during such period by an alternate, and provided further that the directors shall have power to grant any director leave of absence for an indefinite period; or • shall be requested in writing to [assign]* by all the other directors for the time being of the company.

Borrowing powers	The directors may from time to time at their discretion raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company, save that the directors shall procure that the aggregate principal amount at any one time outstanding in respect of moneys borrowed or raised by the company and/or any of its subsidiaries for the time being (excluding monies borrowed or raised by any such companies from any other such companies but including the principal amount secured by any outstanding guarantees or suretyships given by the company or any of its subsidiaries for the time being for the share capital or indebtedness of any other company or companies whatsoever and not already included in the aggregate amount of the monies so borrowed or raised) shall not without the previous sanction of an ordinary resolution of the company in a general meeting exceed 50% of the issued and paid up capital of the company as set out in the latest consolidated audited balance sheet of the company and its subsidiaries which has been drawn up to be laid before the shareholders of the company in a general meeting at the relevant time. Provided further than no such sanction shall be required for the borrowing of any monies intended to be applied and actually applied within 90 days for the repayment (with or without any premium) of any monies then already borrowed and outstanding and notwithstanding that the new borrowing may result in the abovementioned limit being exceeding.

**Error in constitution of Brainworks of African Sun. Should read "resign".*

The full constitution of African Sun is available for inspection in terms of paragraph 32 of this Pre-Listing Statement.

The constitution of Dawn Properties does not contain any provisions relating to the qualification of directors, remuneration payable to directors and borrowing powers of directors. The full constitution of Dawn Properties is available for inspection in terms of paragraph 32 of this Pre-Listing Statement.

4. EXTRACTS FROM THE CONSTITUTION OF DAWN PROPERTIES

Remuneration	**Directors**
	The remuneration of the directors shall, from time to time, be determined by the company in general meeting. Such remuneration shall be deemed to accrue from day to day. The director may also be paid all travelling, hotel and other expenses properly incurred by them attending and returning from meetings of directors or any committee or directors or general meetings of the company or in connection with the business of the company. Any director who serves on any committee or who devotes special attention to the business of the company or who is otherwise required to perform extra services or to go reside abroad in connection with the company's business or otherwise shall be specifically occupied about the company's business in manner which, in the opinion of a disinterested quorum of directors, is outside the scope of ordinary duties of a director, shall be entitled to be paid such special and extra remuneration as a disinterested quorum of the directors may determine in addition to or in substitution for any other remuneration. **Holding of office in a subsidiary** A director of the company may be or become a director or other of, or otherwise be interested in, any company promoted by the company or in which the company may be interested as a shareholder or otherwise and no such director shall be accountable to the company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such company unless the company otherwise directs.

Managing director

A managing director shall receive such remuneration, whether by way of salary and or by way of percentage, not to exceed ten percent (10%) of the dividends distributed, as the directors may determine. If the directors shall decide that the remuneration is to be determined in some manner in addition to or *in lieu* of dividends distributed, such additional remuneration or the method of its calculation shall be determined by the board or a committee thereof.

Executive directors

An executive director shall receive such remuneration, whether by way of salary commission, or participation in profits, or partly in one way and partly in another, as the disinterested directors may determine.

Qualification

It shall be necessary for a director or an alternate director to hold any shares in the company in order to qualify as a director or an alternate director.

- The office of director shall be vacated if the director:
- becomes insolvent or makes any arrangement or composition with his creditors generally: or
- becomes prohibited from being a director by the terms of sanction 173 of the Companies Act, (Chapter 24:03) or by reason of any order made under section 344 of the Companies Act, (Chapter 24:03); or
- become of unsound mind or;
- resigns his office by notice in writing to the company; or
- shall have been absent for more than six months without permission of the directors from meetings of the directors held during that period. provided that this sub-clause shall not apply to a director who shall have been represented during such period by an alternate and provided further that the directors shall have power to grant any director leave of absence for an indefinite period; or
- shall be requested in writing to resign by all other directors for the time being of the company.

Borrowing Powers

The Directors may from time to time at their discretion raise or borrow or secure the payments of any sum or sums of money for the purposes of the company, save the directors shall procure that the aggregate principal amount at any one time outstanding in respect of monies borrowed or raised by the company and/or any of its subsidiaries for the time being of the company (excluding monies borrowed or raised by any such companies from any other of such companies but including the principal amount secured by any outstanding guarantees or surety-ship given by the company or any of its subsidiaries for the time being for the share capital or indebtedness or any other company or companies whatsoever and not already included in the previous sanction of an ordinary resolution of the company in general meeting, exceed the aggregate of:

- the nominal amount of the issued and paid-up share capital for the time being of the Company; and
- the aggregate of the amounts standing to the credit of all capital and revenue reserve accounts, any share premium account as set out in the latest consolidated audited balance sheet of the Company and its subsidiaries which has been drawn up to be laid before the shareholders of the Company in general meeting at the relevant time;

provided that no such sanction shall be required for the borrowings of any monies intended to be applied and actually applied within ninety days for the repayment (with or without premium) of any monies then already borrowed and outstanding and notwithstanding that the new borrowing may result in the abovementioned limit being exceeded.

MOVEMENTS IN SHARE CAPITAL OVER THE PAST THREE YEARS

1. CHANGES TO ISSUED AND AUTHORISED SHARE CAPITAL OF THE COMPANY

1.1 **Authorised share capital**

Other than the Share Conversion and the Share Consolidation, which was effected on 1 June 2017, there have been no changes in the authorised share capital of the Company.

1.2 **Issued share capital**

1.2.1 Other than the Share Repurchase that occurred on 1 February 2017, the shares issued pursuant to the Scheme of Reconstruction, and the shares to be issued pursuant to the Pre-listing Issue, there have been no changes in the issued share capital of the Company.

1.2.2 The Share Repurchase represented a repurchase by the Company of shares at a premium to the par value of the shares at the time, being in line with the Board's assessment of the value of the Company at the time.

1.2.3 The Shares expected to be issued under the Pre-listing Issue are issued at the Board's assessment of the value of the Company.

2. CHANGES TO ISSUED AND AUTHORISED SHARE CAPITAL OF BRAINWORKS CAPITAL MANAGEMENT

2.1 **Authorised share capital**

There have been no changes to the authorised share capital of Brainworks Capital Management in the three years preceding the Last Practicable Date.

2.2 **Issued share capital**

2.2.1 In 2014 Brainworks issued 34 498 997 shares at US$0,10 per share to the Brainworks Staff Trust for a total price of US$3,449,890, for the purpose of incentivising staff members.

2.2.2 During the 2015 financial year, Brainworks Capital Management issued 296,638,082 shares pursuant to a fully underwritten renounceable rights offer undertaking on 23 March 2015, at a subscription price of US$0.10 per share, offered in the ratio of 100,000 shares for every 161,835 shares held. The rights offer was fully underwritten by Red Rock Capital and Blue Air Capital.

2.2.3 The funds received from the issue of shares in 2015 were applied towards:

2.2.3.1 acquisition of a controlling interest in African Sun, at a total cost of US$3 500 000, which had a total NAV of US$2 464 161 at the time;

2.2.3.2 buy-out of minorities in Lengrah Investments (Private) Limited at a total cost of US$7 400 000, which had a NAV of US$15 782 004 at the time; and

2.2.3.3 buy-out of minorities in FML Logistics at a total cost of US$2 400 000 which had a NAV of US$1 713 531 at the time;

2.2.3.4 acquisition of a 33.12% stake in Dawn Properties, which had a total NAV of US$87 483 356 at the time;

2.2.3.5 capitalisation of GetSure to the tune of US$2.4 million in order to meet minimum capital requirements and commence operations; and

2.2.3.6 the remaining funds raised during 2015 were used to capitalise existing companies, reduce debt levels and provide capital for a pipeline of further investment opportunities.

2.2.4 All shares were issued at a premium to the par value of the shares, representing the directors' assessment of value of Brainworks Capital Management at the time.

3. CHANGES TO ISSUED AND AUTHORISED SHARE CAPITAL OF DAWN PROPERTIES

3.1 Authorised share capital

There have been no changes to the authorised share capital of Dawn Properties in the three years preceding the Last Practicable Date.

3.2 Issued share capital

3.2.1 In November 2014, the directors passed a resolution to convert the linked debentures into ordinary shares, at a ratio of 99 shares for every one debenture held.

3.2.2 Other than as set out above, there have been no changes in the issued share capital of Dawn Properties.

4. CHANGES TO ISSUED AND AUTHORISED SHARE CAPITAL OF AFRICAN SUN

4.1 Authorised share capital

There have been no changes to the authorised share capital of African Sun in the three years preceding the Last Practicable Date.

4.2 Issued share capital

4.2.1 During the 2015 financial year of the company, certain directors and selected employees of African Sun exercised options to acquire shares in African Sun. A total of 30 298 870 shares were issued to directors and employees during the course of the 2015 financial year pursuant to the share option scheme, at a total value of US$692 368. Share offer prices were equal to the share price of African Sun shares (traded on the ZSE) at the date of the grant of the options and were therefore not issued a premium or a discount to the share price. Due to the nature of this issue, the shares were not issued to all shareholders *pro rata* to their shareholding in African Sun.

4.2.2 Other than as set out above, there have been no changes in the issued share capital of African Sun.

CURRENT AND PAST DIRECTORSHIPS

The table below lists the companies and partnerships of which each Director of the Company, and each director of Major Subsidiaries, is currently a director or partner as well as the companies and partnerships of which each Director of the Company, and each director of Major Subsidiaries, was a director or partner within the five years preceding the Last Practicable Date.

1. DIRECTORS OF THE COMPANY

Name	Current directorships	Past directorships
George Manyere	GetBucks Microfinance Bank Limited Zimpapers (1980) Limited My Bucks S.A Mylesland Investment Holdings Limited Coporeti Support Services (Private) Limited Ecsponent Limited	African Sun Limited Dawn Properties Limited Getsure Life Assurance Limited Brainworks Capital Management (Private) Limited Ecobank Holdings Limited Ecobank Zimbabwe Limited Ecobank Asset Management (Private) Limited Lengrah Investments (Private) Limited Brainworks Gold (Private) Limited Brainworks Capital Mining (Private) Limited Brainworks Capital Management (Private) Limited Brainworks Petroleum (Private) Limited Lengrah Investments (Private) Limited Rimscorp Investments (Private) Limited FML Logistics (Private) Limited
Walter Tineyi Kambwanji	African Sun Limited Dawn Properties Limited FML Logistics (Private) Limited GetBucks Microfinance Bank Limited Getsure Life Assurance Zimbabwe (Private) Limited Coporeti Support Services (Private) Limited FML Logistics (Private) Limited Dawn Property Consultants (Private) Limited	Ecobank Holdings Zimbabwe Ecobank Zimbabwe Ecobank Asset Management Lengrah Investments (Private) Limited Brainworks Gold (Private) Limited Brainworks Capital Mining (Private) Limited Brainworks Capital Management (Private) Limited Brainworks Petroleum (Private) Limited Rimscorp Investments (Private) Limited
Richard Godfrey Muirimi	Comarton Consultants (Proprietary) Limited Atchison Actuarial (Proprietary) Limited Comarsoft Solutions (Private) Limited Weiland Enterprises (Private) Limited Blue Box Investments (Private) Limited	Brainworks Capital Financial Management (Private) Limited

Name	Current directorships	Past directorships
	Spiral Farming (Private) Limited Chardgol Rich Mine (Private) Limited DLWZ Properties (Private) Limited AM & M Associates (Private) Limited Zimbabwe Asset Management Corporation (Private) Limited Brainworks Capital Mining (Private) Limited	
Simon Fredrick William Village	Specialised Investment Solutions Limited Argentum Energy Limited Argentum Limited Mybucks S.A Redrock Capital	Banro Corporation Loncor Resources Delrand Resources
Brett Ivor Childs	Brait Capital International Limited Brait CM 1 Limited Brait Fund Investments (Proprietary) Limited Brait III Investments Limited Brait IV Limited Brait Malta Limited Brait Manager Mauritius Limited Brait Mauritius Limited Brait South Africa Holdings (Proprietary) Limited Capital Africa Investment Holdings Limited Fleet Holdings Limited Prem-Cap Holdings (Proprietary) Limited SAPEF GP Limited Andansonia Private Equity Opportunities Fund Novara Africa Fund Novare Staff Investment Limited Novare Staff Investment Beneficiaries NAPF II Staff Investment Scheme Novare Investments Limited Brainworks Limited African Sun Limited Dawn Properties Limited Getsure Life Assurance (Private) Limited Proplastics Limited MDT Management Company Limited Northfields International High School (Mauritius) Limited Northfields International Nursery and Junior School Limited Yorke Investments Limited Hansen Investment Corporation	Maitland International Holdings Plc Maitland (Mauritius) Corporate Services Limited Maitland (Mauritius) Limited Maitland (Mauritius) Management Services Limited Maitland (Mauritius) Nominees Limited Maitland Fiduciary Limited Maitland Malta Limited Maitland Nominees Limited Maitland Secretarial Maitland Trustees (Proprietary) Limited Maitland Trustees Limited Midocean Nominees Limited Midocean Management and Trust Services (BVI) Limited MM Authorised Representative Limited Momats Limited Theseus Limited Ocean Management Holdings Limited Anubis Resources Co Limited Indelible Inc Kosto Holdings Limited Southern View Finance (Mauritius) Properties Limited Southern View Finance Mauritius Limited Bien Holdings Afrasia Bank
George Sidney John Bennett	Argentum Energy Limited Summit Service Station	MDM Engineering Group Limited MDM Group Limited

Name	Current directorships	Past directorships
Audrey Mamoshoeshoe Mothupi	SystemicLogic Innovation Agency Proprietary Limited Systemic Logic Group Proprietary Limited SystemicLogic Proprietary Limited Pick n Pay Stores Limited Orange Babies South Africa Nordic Female Business Angel Network Blue Stream Education t/a Numeric EOH	None
Richard Nicholas Charrington	Griffon Solutions Limited Invicta Offshore Holdings Invicta Offshore Trading Southern African Temerlands Limited Swish Global Trading TC Maputo Properties Limited TC Mozambique Properties Limited Tradehold Collins JC Limited Tradehold Solar Limited Moyo Africa BMG Offshore Holdings Argentum Limited Incitatus Trading Limited EWF Water International Limited Gemini Logistics Limited Entheos Limited Humewood Investments Limited ROC Investments Mauritius Orion Telecom Limited Two Blue Trading Limited Orion Medical Four Oaks Capital N1 Mauritius Abbeymead Enterprises Limited Abbeymead Properties (Proprietary) Limited Tamarron Trading 12 (Proprietary) Limited Citiq Group Limited. Defacto Investments 74 (Proprietary) Limited SerecCapital (Proprietary) Limited – Branch SerecCapital (Proprietary) Limited – SA Real People Holdings International Limited Real People International Finance Limited Serec Investments Limited	None
Richard Nicholas Charrington	Synergy Manager (Mauritius) Limited RPAAF Limited	

Name	Current directorships	Past directorships
	Gewiss Holdings Limited Gewis Properties Limited Geb and Nut Resources	
Martin John Wood	Vicarage Capital Limited	Cypher Value Matrics Medweb Limited Nations Resources Petrocapital Resources
Peter Saungweme	Dawn Properties Limited Dawn Property Consultancy (Private) Limited GetBucks Microfinance Bank Limited Dawn Real Estate (Private) Limited Ekodey (Private) Limited Nhaka Properties (Private) Limited Laclede Investments (Private) Limited Goldcoast Properties (Private) Limited Calpine Investments (Private) Limited Windspike Investments (Private) Limited Dawn Properties Investment Management (Private) Limited Zimside Investments (Private) Limited	None

2. DIRECTORS OF BRAINWORKS CAPITAL MANAGEMENT

Name	Current directorships	Past directorships
Brett Ivor Childs	See above	See above
Peter Saungweme	See above	See above
Wayne John Waterworth	Brainworks Capital Management (Private) Limited FML Logistics (Private) Limited Central Farm (Private) Limited	None
Tendayi Nason Chiweshe	Dawn Properties Brainworks Capital Management (Private) Limited	None
Patrick Jabulani Matute	Dawn Properties Limited Dawn Property Consultancy (Private) Limited Brainworks Capital Management (Private) Limited Dawn Real Estate (Private) Limited Ekodey (Private) Limited Nhaka Properties (Private) Limited Laclede Investments (Private) Limited Goldcoast Properties (Private) Limited Calpine Investments (Private) Limited Windspike Investments (Private) Limited Dawn Properties Investment Management (Private) Limited Ecsponent Limited	None

3. DIRECTORS OF DAWN PROPERTIES

Name	Current directorships	Past directorships
Phibion Pasipanodya Gwatidzo	Baker Tilly Gwatidzo Chartered Accountants (Zimbabwe) Baker Tilly Gwatidzo Chartered Accountants (Botswana) Dawn Properties Limited Engen Petroleum (Private) Limited Engen Holdings (Private) Limited Fullview Investments (Private) Limited Goodroles Investments (Private) Limited Gwatidzo Agribusiness Consulting(Private) Limited Gwatidzo Chartered Accountants Proprietary Limited (Botswana) Gwatidzo and Company Chartered Accountants (Zimbabwe) Gwatidzo and Company Management Consultants (Private) Limited Zimpapers (1980) Limited Mandel Training Centre (Private) Limited Maranbay Ventures (Private) Limited Muku Investments (Private)) Limited N&G Agricultural Consultancy (Private) Limited The Move Investments (Private) Limited Mail and Guardian, SA	None
Peter Saungweme	See above	See above
Patrick Jabulani Matute	See above	See above
Muirisi Mukonoweshuro	Central Africa Building Society (CABS) Essence Media (Private) Limited Essence Media (Private) Limited Dawn Properties Limited Dawn Properties Investments (Private) Limited Dominion Consulting Services (Private) Limited' Standard Telephones and Cables Successors (Private) Limited Pegra Trading (Private) Limited Readykit Zimbabwe (Private) Limited Union Pillar Investments (Private) Limited	None
Tendayi Nason Chiweshe	See above	See above
Walter Tineyi Kambwanji	See above	See above
George Manyere	See above	See above

4. DIRECTORS OF AFRICAN SUN

Name	Current directorships	Past directorships
Herbert Nkala	Fbc Holdings Limited Idc Zimbabwe Tanganda Tea Company Ok Zimbabwe Limited Development Trust Zimbabwe Arena Investments (Private) Limited African Sun Limited	Astra Holdings Limited Turnall Holdings Limited African Sun Ghana (Private) Limited African Sun SA (Proprietary) Limited The Grace Hotel (Private) Limited Burypast Investments (Private) limited African Sun Limited PCC Leisure and Hotels Botswana
Emmanuel Anesu Fundira	Astoc Leisure Group Safari Club International (Sci) Mosi Oyatunya Travel And Tours Frontiers Adrenalin Makuti Game Safaris African Sun Limited Sunbird Bio-Ethanol	Allied Timbers (Private) Limited
Walter Tineyi Kambwanji	See above	See above
Alex Makamure	Mandel Training Centre (Private) Limited Wigglet Investments (Private) Limited Voteti Trading (Private) Limited Hotcard Investments (Private) Limited African Sun Limited Schweppes Zimbabwe Limited Food & Industrial (Private) Limited	None
Brett Ivor Childs	See above	See above
Nyaradzo Gilbertina Maphosa	Chengetedzai Depository Company Hillbrass (Private) Limited (Kentyre Estates) Said Trust Tumaini Trust African Sun Limited Multi – Help Trust	None
Tariro Mary Ndebele	African Sun Limited Harare Theological College	Hands of Hope
Edwin Timothy Shangwa	African Sun Limited Leisureair (Private) Limited African Sun Hotels (Private) Limited Penblet Investment (Private) Limited	African Sun Ghana (Private) Limited African Sun SA (Proprietary) Limited The Grace Hotel (Private) Limited Burypast Investments (Private) Limited African Sun Limited PCC Leisure and Hotels Botswana.
Believe Hatinzwanai Dirorimwe	African Sun Limited Leisure Air (Private) Limited African Sun Zimbabwe (Private) Limited	African Sun Ghana (Private) Limited African Sun SA (Proprietary) Limited The Grace Hotel (Private) Limited Burypast Investments (Private) Limited African Sun Limited PCC Leisure and Hotels Botswana.

DIRECTORS' REMUNERATION

The Directors' emoluments paid by Brainworks for the year ending 31 December 2016 are set out in the following table:

US$	Basic salary	Pension	Medical aid	Total
Executive Directors				
G Manyere	360 000	3 000	13 193	376 193
WT Kambwanji	330 000	3 000	14 739	347 739
Sub-total	**690 000**	**6 000**	**27 932**	**723 932**

	Board fees		
US$	**Retainer**	**Sitting fees**	**Total**
Non-executive Directors			
SFW Village	9 000	6 000	15 000
MJ Wood	4 500	3 000	7 500
RG Muirimi	15 000	9 000	24 000
GSJ Bennett	4 500	3 000	7 500
RN Charrington	4 500	3 000	7 500
AM Mothupi	4 500	3 000	7 500
B Childs	4 500	3 000	7 500
Mr Alwyn Scholtz	4 500	3 000	7 500
Mr Cornelis Vermaak	4 500	3 000	7 500
Mr Preetam Prayag	2 500	2 500	5 000
Mr Kiransingh Gulab	2 500	2 500	5 000
Sub-total	**60 500**	**41 000**	**101 500**
TOTAL EXECUTIVE AND NON-EXECUTIVE FEES			**825 432**

The Directors' emoluments to be paid by Brainworks for the year ending 31 December 2017 are set out in the following table.

US$	Basic salary	Pension	Medical aid	Total
Executive Directors				
BI Childs	200 000	–	12 000	212 000
P Saungweme	180 000	9 000	6 000	195 000
Sub-total	**480 000**	**9 000**	**18 000**	**507 000**

	Board fees	Audit and Risk	Remuneration and nominations	Investment committee	Social and ethics committee						Other fees	Total
US$	**Retainer**	**Sitting fees**	**Retainer**	**Sitting fees**	**Retainer**	**Sitting fees**	**Retainer**	**Sitting fees**	**Retainer**	**Sitting fees**		
Non-executive Directors												
SFW Village	38 462	15 385	–	–	–	–	–	–	–	–	–	53 847
MJ Wood	17 308	7 692	3 846	3 846	–	–	–	–	1 923	1 923	–	36 538
RG Muirimi	17 308	7 692	–	–	1 923	1 923	1 923	1 923	3 846	3 846	–	40 384
GSJ Bennett	17 308	7 692	1 923	1 923	3 846	3 846	1 923	1 923	–	–	–	40 384
RN Charrington	17 308	7 692	1 923	1 923	1 923	1 923	3 846	3 846	–	–	–	40 384
AM Mothupi	17 308	7 692	–	–	–	–	1 923	1 923	1 923	1 923	–	32 692
G Manyere	17 308	7 692	–	–	–	–	–	–	–	–	275 000[1]	300 000
WT Kambwanji	17 308	7 692	–	–	–	–	–	–	1 923	1 923	225 000[2]	253 846
Sub-total	**159 618**	**69 229**	**7 692**	**7 692**	**7 692**	**7 692**	**9 615**	**9 615**	**9 615**	**9 615**	**500 000**	**798 075**
TOTAL EXECUTIVE AND NON-EXECUTIVE FEES												**1 305 075**

1. Relates to payment of fees for *ad hoc* advisory services to be rendered, in terms of an advisory agreement entered into between G Manyere and the Company on 1 February 2017, for a period of 12 month from the date of the agreement.
2. Relates to payment to WT Kabwanju following his resignation as an executive director. WT Kabwanju's executive employment contract contained a one year notice period, for which WT Kabwanju will be on gardening leave and the payment threfore relates to remuneration payable to WT Kabwanju during his gardening leave period. WT Kambwanj will remain as a non-executive director on the Board.

Other than as set out in the table above, no other variation in directors' emoluments as a result of the Listing or the Offer is expected.

Other than as set out above, the Directors of the Company have not, and will not receive any other emoluments in the form of:

- management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a Director of the Company;
- bonuses and performance-related payments
- sums paid by way of an expense allowance;
- any other material benefits received;
- contributions paid under any pension scheme; or
- any commission, gain or profit-sharing arrangements.

No other amounts are paid to Directors for services as Directors of the Company from any other companies within the Group, or their associates or third parties that provide management or advisory services to the Company. Certain Directors sit on the boards of Group companies (see **Annexure 3**) and are remunerated accordingly by the applicable Group company.

PRO-FORMA FINANCIAL INFORMATION OF BRAINWORKS

Basis of preparation

The *Pro-Forma* Financial Information of Brainworks has been prepared to illustrate the impact of the Post Balance Sheet Events, the Listing and the capital raised pursuant to the Offer, on the audited consolidated Group financial information for the year ended 31 December 2016.

The Post Balance Sheet Events, the Listing and the capital raised pursuant to the Offer are assumed to have occurred on 31 December 2016 for the purpose of the *pro-forma* statement of financial position and on 1 January 2016 for the purpose of the *pro-forma* statement of comprehensive income.

The *Pro-Forma* Financial Information has been prepared for illustrative purposes only and because of its *pro-forma* nature may not fairly present the Group's financial position, changes in equity, results of operations or cash flow nor, the effect and impact of the Post Balance Sheet Events, the Listing, and the capital raised pursuant to the Offer going forward.

The directors of the Company are responsible for the compilation, contents and preparation of the *Pro-Forma* Financial Information. Their responsibility includes determining that the *Pro-Forma* Financial Information has been properly compiled on the basis stated, and that the *pro-forma* adjustments are appropriate for purposes of the *Pro-Forma* Financial Information disclosed pursuant to the JSE Listings Requirements.

The *Pro-Forma* Financial Information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited historic financial statements of the Group for the year ended 31 December 2016, as set out in **Annexure 12**.

The *Pro-Forma* Financial Information is presented in accordance with the JSE Listings Requirements and the Guide on *Pro-Forma* Financial Information issued by the South African Institute of Chartered Accountants.

The Independent Reporting Accountant's report on the *Pro-Forma* Financial Information is set out in **Annexure 11** to this Pre-listing Statement.

PRO-FORMA STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2016

		Post Balance Sheet Events								
US$000	**Before**	**Share Conversion**	**Share Repurchase**	**Share Consolidation**	**GetCash Restructure**	***Pro-forma* prior to Pre-listing Issue**	**Pre-listing Issue**	***Pro-forma* after Post Balance Sheet Events**	**Listing and capital raised pursuant to Offer**	***Pro-forma* after Listing and capital raised pursuant to Offer**
Notes	**1**	**2**	**3**	**4**	**5**	**6 = (1+2+3+4+5)**	**7**	**8 = (6+7)**	**9**	**10 = (8+9)**
Non-current assets										
Property and equipment	89 470	–	–	–	–	89 470	–	89 470	–	89 470
Investment property	24 176	–	–	–	–	24 176	–	24 176	–	24 176
Biological assets	165	–	–	–	–	165	–	165	–	165
Intangible assets	8 546	–	–	–	–	8 546	–	8 546	–	8 546
Investments in associates	3 276	–	–	–	1 735	5 011	–	5 011	–	5 011
Deferred tax assets	814	–	–	–	–	814	–	814	–	814
Trade and other receivables	383	–	–	–	–	383	–	383	–	383
	126 830	**–**	**–**	**–**	**1 735**	**128 565**	**–**	**128 565**	**–**	**128 565**
Current assets										**–**
Financial assets held at fair value through profit and loss	4 893	–	–	–	–	4 893	–	4 893	–	4 893
Inventories	4 794	–	–	–	–	4 794	–	4 794	–	4 794
Trade and other receivables	15 315	–	(2 750)	–	(1 476)	11 089	–	11 089	–	11 089
Insurance contract receivables	41	–	–	–	–	41	–	41	–	41
Cash and cash equivalents	5 593	–	–	–	–	5 593	214	5 807	8 305	14 112
	30 636	**–**	**(2 750)**	**–**	**(1 476)**	**26 410**	**214**	**26 624**	**8 305**	**34 929**
TOTAL ASSETS	**157 466**	**–**	**(2 750)**	**–**	**259**	**154 975**	**214**	**155 189**	**8 305**	**163 494**
Equity attributable to owners of the parent										
Stated capital	–	58 536	(2 615)	–	–	55 921	225	56 146	24 382	80 528
Share capital	79	(79)	–	–	–	–	–	–	–	–
Share premium	58 457	(58 457)	–	–	–	–	–	–	–	–
Foreign currency translation reserve	(291)	–	–	–	–	(291)	–	(291)	–	(291)
Non-distributable reserve	(643)	–	–	–	–	(643)	–	(643)	–	(643)

US$000	Before	Share Conversion	Share Repurchase	Share Consolidation	GetCash Restructure	*Pro-forma* prior to Pre-listing Issue	Pre-listing Issue	*Pro-forma* after Post Balance Sheet Events	Listing and capital raised pursuant to Offer	*Pro-forma* after Listing and capital raised pursuant to Offer
		Post Balance Sheet Events								
Notes	**1**	**2**	**3**	**4**	**5**	**6 = (1+2+3+4+5)**	**7**	**8 = (6+7)**	**9**	**10 = (8+9)**
Retained profit	7 705	–	(135)	–	259	7 829	(11)	7 818	(1 159)	6 659
Equity attributable to shareholders of parent	**65 307**	**–**	**(2 750)**	**–**	**259**	**62 816**	**214**	**63 030**	**23 223**	**86 253**
Non-controlling interests	31 085	–	–	–	–	31 085	–	31 085	–	31 085
Total equity	**96 392**	**–**	**(2 750)**	**–**	**259**	**93 901**	**214**	**94 115**	**23 223**	**117 338**
Non-current liabilities										
Borrowings	15 630	–	–	–	–	15 630	–	15 630	(2 500)	13 310
Deferred tax liability	7 688	–	–	–	–	7 688	–	7 688	–	7 688
Trade and other payables	1 730	–	–	–	–	1 730	–	1 730	–	1 730
	25 048	**–**	**–**	**–**		**25 048**	**–**	**25 048**	**(2 500)**	**22 548**
Current liabilities										
Borrowings	19 349	–	–	–	–	19 349	–	19 349	(12 418)	6 931
Trade and other payables	14 850	–	–	–	–	14 850	–	14 850	–	14 850
Insurance contract liabilities	463	–	–	–	–	463	–	463	–	463
Investment contract liabilities	292	–	–	–	–	292	–	292	–	292
Current income tax payable	1 072	–	–	–	–	1 072	–	1 072	–	1 072
	36 026	**–**	**–**	**–**	**–**	**36 026**	**–**	**36 026**	**(12 418)**	**23 608**
TOTAL LIABILITIES AND EQUITY	**157 466**	**–**	**(2 750)**	**–**	**259**	**154 975**	**214**	**155 189**	**8 305**	**163 494**
Number of shares in issue (000)*	785 312	–	(29 056)	(680 631)	–	75 625	254	75 879	27 524	103 403
NAV and diluted NAV per share (US$ cents)	8.32					83.06		83.07		83.41
TNAV and diluted TNAV per share (US$ cents)	7.12					70.59		70.64		74.29

Excluding treasury shares.

Notes and assumptions to the *pro-forma* statement of financial position:

1. Represents the unadjusted audited consolidated statement of financial position of the Group as at 31 December 2016 as extracted from the audited Group historical financial information contained in **Annexure 12** of this Pre-listing Statement. The Independent Reporting Accountant's report on the historical financial information of the Group is presented in **Annexure 13** of this Pre-listing Statement.

   Post Balance Sheet Events

2. Represents the effects of the Share Conversion whereby par value shares are converted into no par value shares, resulting in a change of disclosure of share capital and share premium to stated capital.
3. Represents the effects of the Share Repurchase whereby the Group acquires 30 555 555 shares (prior to the Share Consolidation) in the Company from Mr G Manyere in exchange for the Share Repurchase Receivable. Of these Shares, 29 055 555 were transferred to Brainworks Capital Management, a wholly owned subsidiary of the Company, and are treated as treasury shares. The remaining 1 500 000 Shares currently remain in the hands of Mr G Manyere and results in a loss of US$135k being recognised on the sale of the Share Repurchase Receivable. For purposes of the *pro-forma* financial information it is assumed, in terms of a provisional fair value exercise, that the carrying value of the Share Repurchase Receivable represents the fair value of the Shares repurchased. The fair value of the Shares repurchased for actual reporting purposes will finally be determined on the actual effective date and may therefore be different to the fair value assumption in the *pro-forma* financial information.
4. Represents the effects of the Share Consolidation, whereby Shares are consolidated on a 10 to 1 basis. This has no impact on the statement of financial position, other than an amendment to the number of shares in issue.
5. Represents the effects of the GetCash Restructure. Prior to the GetCash Restructure, the Group owns 100% of the issued share capital in GetCash. However, as a result of the GetCash Option, GetCash is recognised as an associate in the Group financial statements at 31 December 2016. Post the GetCash Restructure, the Group's interest in GetCash decreases to 49%:
   i. In terms of the GetCash Restructure, Brainworks Capital Management converts loan balances due from GetCash, equalling US$1 476k, into equity in GetCash. These loan balances consist of the existing balance of US$1 145k owing to Brainworks Capital Management as at 31 December 2016 plus an amount of US$331k which is owing to GetSure at 31 December 2016, but which is taken over by Brainworks Capital Management pursuant to the GetCash Restructure.
   ii. A gain of US$259k is recognised on the dilution of the interest in GetCash from 100% to 49%, calculated as the difference between the carrying value of 51% of the investment in associate, before this adjustment, and the proportionate fair value of GetCash with reference to the value of shares issued as part of the GetCash Restructure. The proportionate fair value of GetCash for purpose of the *pro-forma* financial information is based on a provisional fair value exercise. The proportionate fair value of GetCash will finally be determined on the actual effective date and may therefore be different to the fair value assumed in the *pro-forma* financial information.
6. Represents the *pro-forma* consolidated statement of financial position of the Group as at 31 December 2016 after the *pro-forma* financial effects of the Post Balance Sheet Events, excluding the Pre-listing Issue (i.e. prior to the Pre-listing Issue).
7. Represents the effects of the Pre-listing Issue. It is assumed that US$228k is raised though the issue of 254k Shares in the Pre-listing Issue, which is applied, in terms of par 5.2 of the Pre-listing Statement, towards settling of issue expenses and working capital requirements. Issue and listing expenses of R20.3 million (see par 31 of this Pre-listing Statement) are converted at the exchange rate at the Last Practicable Date, being 13.01 ZAR to 1 US$, to US$1 563k. Of these issue and listing expenses, US$14k has been allocated to the Pre-listing Issue and, of this amount, US$3k has been capitalised to the stated capital account and US$11k has been expensed through profit and loss.
8. Represents the *pro-forma* consolidated statement of financial position of the Group as at 31 December 2016 after the *pro-forma* financial effects of the Post Balance Sheet Events but prior to the financial effects of the Listing and the capital raised pursuant to the Offer. It assumes that total capital of US$228k is raised with the issue of 254k shares, at a price of US$0.9 per Share during the Pre-listing Issue. Should the actual capital raise be less than US$228k, the financial effect could range between the position set out in this column and the position set out in the column "*Pro-forma* prior to Pre-listing Issue".

   Listing and capital raised pursuant to the Offer

9. Represents the *pro-forma* financial effects of the Listing and the capital raised pursuant to the Offer. It is assumed that up to US$24.8 million of capital is raised in the Offer, which is applied, in terms of par 5.2 of the Pre-listing Statement, towards:
   i. settling of issue and listing expenses. Listing expenses of R20.3 million (see par 31 of this Pre-listing Statement) are converted at the exchange rate at the Last Practicable Date, being 13.01 ZAR to 1 US$, to US$1 563k. Of these issue and listing expenses, US$1 549k has been allocated to the Listing and the Offer and, of this amount, US$390k has been capitalised to the stated capital account and US$1 159k has been expensed through profit and loss;
   ii. reducing interest bearing debt by US$14 918k. Refer to paragraph 5.2 of the Pre-listing Statement which sets out the terms of the loans to be repaid; and
   iii. increasing cash and cash equivalents by US$8 305k. The remaining capital raised will be allocated by the Board within the Group for working capital and capital expansion requirements.
10. Represents the *pro-forma* statement of financial position of the Group as at 31 December 2016 after the Post Balance Sheet Events, the Listing and the capital raised pursuant to the Offer. It assumes that total capital of US$24.8 million is raised with the issue of 27 524k shares, at the Offer Price of US$0.9 per share. Should the actual capital raise be less than US$24.8 million, the financial effect could range between the position set out in this column and the position set out in the column "*Pro-forma* after the Post Balance Sheet Events".

PRO-FORMA STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		Post Balance Sheet Events							
US$000	**Before**	**Share Repurchase**	**Share Consolidation**	**GetCash Restructure**	***Pro-forma* prior to Pre-Listing Issue**	**Pre-listing Issue**	***Pro-forma* after Post Balance Sheet Events**	**Listing and capital raised pursuant to Offer**	***Pro-forma* after Listing and capital raised pursuant to Offer**
Notes	**1**	**2**	**3**	**4**	**5= (1+2+3+4)**	**6**	**7 = (5+6)**	**8**	**9 = (7+8)**
Continuing operations									
Revenue	48 064	–	–	–	48 064	–	48 064	–	48 064
Cost of sales	(14 308)	–	–	–	(14 308)	–	(14 308)	–	(14 308)
Gross profit	**33 756**	**–**	**–**	**–**	**33 756**	**–**	**33 756**	**–**	**33 756**
Fair value gains on financial assets at fair value through profit or loss	1 276	–	–	–	1 276	–	1 276	–	1 276
Operating expenses	(31 162)	(135)	–	–	(31 297)	(11)	(31 308)	(1 159)	(32 467)
Other gains	2 819	–	–	259	3 078	–	3 078	–	3 078
Sundry income	1 168	–	–	–	1 168	–	1 168	–	1 168
Operating profit before finance costs	**7 857**	**(135)**	**–**	**259**	**7 981**	**(11)**	**7 970**	**(1 159)**	**6 811**
Finance income	278	–	–	(54)	224	–	224	–	224
Finance costs	(3 697)	–	–	–	(3 697)	–	(3 697)	1 679	(2 018)
Share of net (losses)/profit of associates accounted for using equity method – net	(66)	–	–	(113)	(179)	–	(179)	–	(179)
Profit before income tax	**4 372**	**(135)**	**–**	**92**	**4 329**	**(11)**	**4 318**	**520**	**4 838**
Income tax expense	(814)	–	–	14	(800)	–	(800)	(432)	(1 232)
Profit/(loss) from continuing operations	**3 558**	**(135)**	**–**	**106**	**3 529**	**(11)**	**3 518**	**88**	**3 606**
Discontinued operations									
Loss from discontinued operations	(129)	–	–	–	(129)	–	(129)	–	(129)
Profit/(loss) for the year	**3 429**	**(135)**	**–**	**106**	**3 400**	**(11)**	**3 389**	**88**	**3 477**
Other comprehensive (loss)/income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exchange gains on translation of foreign operations	145	**–**	–	–	145	–	145	–	**145**
Recycled foreign currency translation reserve	(756)	–	–	–	(756)	–	(756)	–	(756)
Total comprehensive (loss)/income	**2 818**	**(135)**	**–**	**106**	**2 789**	**(11)**	**2 778**	**88**	**2 866**

US$000	Before	Post Balance Sheet Events: Share Repurchase	Share Consolidation	GetCash Restructure	*Pro-forma* prior to Pre-Listing Issue	Pre-listing Issue	*Pro-forma* after Post Balance Sheet Events	Listing and capital raised pursuant to Offer	*Pro-forma* after Listing and capital raised pursuant to Offer
Notes	**1**	**2**	**3**	**4**	**5= (1+2+3+4)**	**6**	**7 = (5+6)**	**8**	**9 = (7+8)**
Profit attributable to:									
Owners of the parent	1 057				1 028		1 017		1 105
Non-controlling interests	2 372				2 372		2 372		2 372
	3 429				**3 400**		**3 389**		**3 477**
Total comprehensive income attributable to:									
Owners of the parent	704				675		664		752
Non-controlling interests	2 114				2 114		2 114		2 114
	2 818				**2 789**		**2 778**		**2 866**
Number of Shares in issue (000)*	785 312	(29 056)	(680 631)		75 625	254	75 879	27 524	103 403
Earnings per share from continuing operations (US$ cents)	0.14				1.46		1.44		1.14
Earnings per share from discontinued operations (US$ cents)	(0.01)				(0.10)		(0.10)		(0.07)
Earnings per share from total operations (US$ cents)	0.13				1.36		1.34		1.07
Headline earnings per share from continuing operations (US$ cents)	(0.10)				(1.47)		(1.48)		(1.00)
Headline earnings per share from discontinued operations (US$ cents)	(0.01)				(0.10)		(0.10)		(0.07)
Headline earnings per share from total operations (US$ cents)	(0.11)				(1.57)		(1.58)		(1.07)
Reconciliation of earnings to headline earnings:									
Profit attributable to owners of parent	1 057	–	–	–	1 028	–	1 017	–	1 105
Adjusted for:									
Profit on dilution of investment in associate				(259)	(259)		(259)		(259)
Profit from disposal of subsidiary	(1 176)				(1 176)		(1 176)		(1 176)
Recycled foreign currency translation reserve	(756)				(756)		(756)		(756)

US$000	Before	Post Balance Sheet Events: Share Repurchase	Share Consolidation	GetCash Restructure	*Pro-forma* prior to Pre-Listing Issue	Pre-listing Issue	*Pro-forma* after Post Balance Sheet Events	Listing and capital raised pursuant to Offer	*Pro-forma* after Listing and capital raised pursuant to Offer
Notes	**1**	**2**	**3**	**4**	**5= (1+2+3+4)**	**6**	**7 = (5+6)**	**8**	**9 = (7+8)**
Fair value gain on investment property	(887)				(887)		(887)		(887)
Profit from disposal of property and equipment	(282)				(282)		(282)		(282)
Impairment of property and equipment	103				103		103		103
Tax effect of headline earnings adjustments	202				202		202		202
Non-controlling interest effect of adjustments	840				840		840		840
Headline earnings/(loss) attributable to owners of the parent	(899)				**(1 187)**		**(1 198)**		**(1 110)**

**Excluding Treasury Shares.*

Notes and assumptions to the pro-forma statement of comprehensive income:

1. Represents the unadjusted audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2016 as extracted from the audited Group historical financial information, set out in **Annexure 12** of this Pre-listing Statement. The Independent Reporting Accountants' report on the historical financial information of the Group is presented in **Annexure 13** of this Pre-listing Statement.

Post Balance Sheet Events

2. Represents the effects of the Share Repurchase whereby the Group acquires 30 555 555 Shares (prior to the Share Consolidation) in the Company from Mr G Manyere in exchange for the Share Repurchase Receivable. Of these Shares, 29 055 555 were transferred to Brainworks Capital Management, a wholly owned subsidiary of the Company, and are treated as treasury shares. The remaining 1 500 000 Shares currently remain in the hands of Mr G Manyere and results in a loss of US$135k being recognised on the sale of the Share Repurchase Receivable. For purposes of the *pro-forma* financial information it is assumed, in terms of a provisional fair value exercise, that the carrying value of the Share Repurchase Receivable represents the fair value of the Shares repurchased. The fair value of the Shares repurchased for actual reporting purposes will finally be determined on the actual effective date and may therefore be different to the fair value assumption in the *pro-forma* financial information. The change in shares is expected to have a continuing effect on the Group. The loss of US$135k is not expected to have a continuing effect on the Group.
3. Represents the effects of the Share Consolidation, whereby the issued Shares are consolidated on a 10 to 1 basis. This has no impact on the statement of comprehensive income, other than to reduce the number of Shares in issue. This will have a continuing effect on the Group.
4. Represents the effects of the GetCash Restructure. Prior to the GetCash Restructure, the Group owned 100% of the issued share capital in GetCash. However, as a result of the GetCash Option, GetCash is recognised as an associate in the Group financial statements at 31 December 2016. Post the GetCash Restructure, the Group's interest in GetCash decreases to 49%. The adjustments in this column include:
   i. interest income foregone by GetSure equal to net US$54k. GetSure had a loan owing from GetCash on 31 December 2016 equal to US$644k. A portion of this loan is settled by Brainworks Capital Management (equal to US$331k) and the remaining balance is converted into a promissory note that carries interest at a reduced rate of 5% per annum. The portion of the loan taken over by Brainworks Capital Management is converted into equity in GetCash by Brainworks Capital Management. Tax is adjusted on the net interest income foregone. The adjustment is expected to have a continuing effect.
   ii. equity accounted losses of GetCash for the year ended 31 December 2016, as if GetCash had been accounted for as a 49% associate from 1 January 2016. The adjustment of US$113k to the share of associate losses increases the total equity accounted loss of GetCash to US$1,090k , which represents:
      a. the 49% equity share of losses in GetCash of US$2 163k (refer note 10.2 to the audited financial information of the Group contained in **Annexure 12**), adjusted for an after-tax net interest saving of US$79k following the conversion of the Convertible MyBucks Loan and the restructuring of the loans due to GetSure, based on the actual interest paid;

b. an additional notional amortisation charge, after deferred tax, of US$34k on notional intangible assets included in the carrying value of the investment in the associate (refer note 10.2 to the audited financial information of the Group contained in **Annexure 12**) to reflect the full year effect thereof.

The adjustment is expected to have a continuing effect.

iii. A gain of US$259k is recognised on the dilution of the interest in GetCash from 100% to 49%, calculated as the difference between the carrying value of 51% of the investment in associate, before this adjustment, and the proportionate fair value of GetCash with reference to the value of shares issued as part of the GetCash Restructure. The proportionate fair value of GetCash for purpose of the *pro-forma* financial information is based on a provisional fair value exercise. The proportionate fair value of GetCash will finally be determined on the actual effective date and may therefore be different to the fair value assumed in the *pro-forma* financial information. This adjustment is not expected to have a continuing effect on the Group.

5. Represents the *pro-forma* consolidated statement of comprehensive income of the Group for the year ended 31 December 2016 after the *pro-forma* financial effects of the Post Balance Sheet Events, but prior to the financial effects of the Pre-Listing Issue, the Listing and the capital raised pursuant to the Offer.
6. Represents the *pro-forma* financial effects of the Pre-listing Issue. It is assumed that US$228k of capital is raised in the Pre-listing Issue, which is applied towards payment of listing expenses and for working capital purposes. Listing expenses of US$11k is expensed through the statement of comprehensive income. This adjustment is not expected to have a continuing effect. No interest adjustment is made as the net capital raised is to be used for working capital requirements.
7. Represents the *pro-forma* consolidated statement of comprehensive income of the Group for the year ended 31 December 2016 after the *pro-forma* financial effects of the Post Balance Sheet Events, but prior to the financial effects of the Listing and the capital raised pursuant to the Offer. It assumes that total capital of US$228k is raised with the issue of 254k shares, at a price of US$0.9 per Share during the Pre-listing Issue. Should the actual capital raise be less than US$228k, the financial effect could range between the position set out in this column and the position set out in the column "*Pro-forma* prior to Pre-listing Issue".

Listing and capital raised pursuant to the Offer

8. Represents the *Pro-forma* financial effects of the Listing and the capital raised pursuant to the Offer. It is assumed that up to US$24.8 million of capital is raised in the Offer, of which:
   i. US$10 078k is applied towards reducing debt bearing interest at a rate of 10% per annum and taxation thereon at 25.75%. This adjustment is expected to have a continuing effect;
   ii. US$2 340k is applied towards reducing debt bearing interest at a rate of 18% per annum and taxation thereon at 25.75%. This adjustment is expected to have a continuing effect; and
   iii. US$2 500k is applied towards reducing debt bearing interest at a rate of 10% per annum and taxation thereon at 25.75%. This adjustment is expected to have a continuing effect

   Listing expenses of US$1 159k have been expensed through profit and loss. This adjustment is not expected to have a continuing effect.
9. Represents the *Pro-forma* statement of comprehensive income of the Group for the year ended 31 December 2016 after the Post Balance Sheet Events, the Listing and the capital raised pursuant to the Offer, assuming that 27 524k Shares are issued pursuant to the Offer at the Offer Price. Should the actual capital raise be less than US$24.8 million, the financial effect could range between the position set out in this column and the position set out in the column "*Pro-forma* after Post Balance Sheet Events".

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE *PRO-FORMA* FINANCIAL INFORMATION OF BRAINWORKS

"20 September 2017
The Board of Directors
Brainworks Limited
C/O FiducieForte Management Services Limited
Level 2, Alexander House
Silicon Avenue
Ebène Cybercity
Republic of Mauritius

Independent reporting accountant's assurance report on the compilation of *pro-forma* financial information of Brainworks Limited ("Brainworks" or "the Company")

Introduction

The Company is issuing a Pre-listing Statement to its shareholders ("the Pre-listing Statement") regarding the intended listing of shares on the Johannesburg Stock Exchange and the raising of capital ("the Proposed Transaction").

At your request and for the purposes of the Pre-listing Statement to be dated on or about 26 September 2017, we present our assurance report on the compilation of the *pro-forma* financial information of Brainworks by the directors. The *pro-forma* financial information, presented in paragraph 13.2 and Annexure 10 to the Pre-listing Statement, consists of the *pro-forma* statement of financial position as at 31 December 2016, the *pro-forma* statement of comprehensive income for the year ended 31 December 2016 and the *pro-forma* financial effects ("the *Pro-forma* Financial Information"). The *Pro-forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *Pro-forma* Financial Information has been compiled by the directors to illustrate the impact of the Proposed Transaction and the Post Balance Sheet Events (as defined on page 17 of the Pre-listing Statement to which this report is attached") subsequent to 31 December 2016, but prior to the intended listing on the company's reported financial position as at 31 December 2016, and the company's financial performance for the year then ended, as if the Proposed Transaction and the Post Balance Sheet Events had taken place at 31 December 2016 and 1 January 2016, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's financial statements for the year ended 31 December 2016, on which an audit report has been published.

Directors' responsibility

The directors of the Company are responsible for the compilation, contents and presentation of the *Pro-forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 13.2 and Annexure 10. The directors of the Company are also responsible for the financial information from which it has been prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *Pro-forma* Financial Information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro-forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro-forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro-forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro-forma* Financial Information.

As the purpose of *Pro-forma* Financial Information included in a Pre-listing Statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro-forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro-forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro-forma* adjustments give appropriate effect to those criteria; and
- the *Pro-forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro-forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro-forma* Financial Information.

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

Opinion

In our opinion, the *Pro-forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 13.2 and Annexure 10 of the Pre-listing statement.

Purpose of this report

This report has been prepared for the purpose of the Pre-listing Statement and for no other purpose.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor

Sunninghill
20 September 2017"

REPORT ON HISTORICAL FINANCIAL INFORMATION OF BRAINWORKS LIMITED AND ITS SUBSIDIARIES FOR THE YEARS ENDED 31 DECEMBER 2014 TO 31 DECEMBER 2016

The historical financial information of Brainworks Limited ("Brainworks") and its subsidiaries (together "the Group") set out below has been extracted from the audited financial statements of Brainworks and its subsidiaries for the years ended 31 December 2014 to 31 December 2016. The historical financial information of Brainworks and its subsidiaries is the responsibility of the Directors of Brainworks.

COMMENTARY ON 2016 FINANCIAL RESULTS

Strategic Achievements

During the year ended 31 December 2016, the Group achieved a number of strategic goals and acquisitions, notably:

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

Performance Review – Group

The Group generated total revenue of US$48.1 million for the year ended 31 December 2016 an increase of 22.3% 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 31 March 2015 and 30 April 2015 respectively, were accounted for as associates. Total Group revenues comprised:

- US$43.6 million generated from hotel operations;
- US$1.9 million from property consultancy business;
- US$1.1million from life assurance premiums;
- US$1.3 million from fuel transportation; and
- US$0.2 million from other trading income.

Total operating expenses amounted to US$31.2 million compared to US$44.7 million in the prior year. This reduction of about 31% was a result of the positive impact of the cost containment initiatives implemented in 2015, chief of which was the reduction in staff numbers carried out by the major subsidiaries namely Dawn Properties Limited and African Sun Limited.

The Group achieved profit for the year of US$3.4 million compared with US$7.2 million achieved in 2015. Increase in finance charges by US$1.1 million in 2016 had an adverse impact on profitability.

Business and financial review – African Sun Limited ("African Sun")

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 by 12% to US$43.60 million compared to the same period in 2015. The first half to 30 June 2016 witnessed a 20% decrease in revenue to US$17.98 million compared to same period in the prior year, whilst the second half was weak, declining by 6% to US$25.62 million. The decrease in revenues was partially due to a 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 Southern Africa Development Community ("SADC") and African Union ("AU") chairmanship also impacted negatively on regional and international business as conferences associated with these institutions usually follow the chairmanship. Local average daily rate ("ADR") dropped by a 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 introduced in 2015. Lower revenues mitigated by savings in operating costs resulted in a marginal decrease in 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% savings in finance costs, down from US$1.9 million in 2015 to US$0.75 million in the year under review. African Sun also successfully completed its exit from its unsuccessful foray into regional markets with the disposal of its foreign subsidiary – African Sun Limited PCC, realising a gain on 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 a strong recovery. With a planned drive to improve occupancy levels, the Company is confident that profitability will continue to improve.

Business and financial review – Dawn Properties Limited ("Dawn Properties")

Dawn Properties' revenue was US$4.4 million, with the hotel lease and property consultancy segment contributing 55.8% and 44.2% respectively. Revenue for the nine months 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 Properties' operating segments decreasing relative to prior period, Dawn Properties 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 Properties is working with African Sun, its only lessee for its hotel properties, on a soft renovation programme to improve the appeal of the hotels in preparation for the recovery expected in 2017 and beyond. Once this is completed, this is expected to increase the appeal of the hotels and improve revenues.

Dawn Properties has traditionally been prudent with the management of the balance sheet. Historically, the Dawn Properties has never had any debt or similar facilities with any financial institution. Having considered the need for Dawn properties to diversify its revenue streams and hedge against rental decline from hospitality, emphasis was put on unlocking value on Dawn properties residential land bank. In that regard, Dawn properties acquired approximately 2.2ha of land in the Harare Gardens for US$2.024 million towards the end of 2016. The process to transfer legal title to the land was still underway as at the reporting date.

As at 31 December 2016, Dawn Properties had total debt of US$4.3 million. US$2.03 million was deployed towards the acquisition of the land from City of Harare, US$1.8 million towards development of the 58 residential units in Marlborough, Harare, and the balance of US$0.2 million towards acquisition of land shares in one of Harare's affluent suburbs under a five-year mortgage structure. The impact of finance costs on profitability was very minimal given the fact that the interest cost on the US$1.8 million would be capitalised as part of the development costs, whilst the US$2.03 million was accessed towards the end of the year.

Dawn Properties, in its quest to diversify its revenue streams initiated its first residential housing development project – the Elizabeth Windsor Gardens, a 58-unit cluster home development in Marlborough, Harare at the beginning of 2016. The project, which is anticipated to cost about US$5 million, would be funded through a combination of debt and equity and is expected to have been commissioned by the end of September 2017. This particular project marks the beginning of a roll out of a number of similar projects which are in the pipeline.

COMMENTARY ON 2015 FINANCIAL RESULTS

Strategic achievements

Notwithstanding the tough economic environment, Brainworks made significant strategic achievements during 2015 notably:

- Approval and consummation of a Scheme of Reorganisation which resulted in the creating of a Mauritian registered holding company – Brainworks Limited;

- Successfully launched a US$35 million rights offer which raised US$30 million in March 2015;
- Acquisition of a controlling stake in African Sun Limited which paved the way for consolidation of African Sun Limited into the Brainworks Group from 30 April 2015;
- Acquisition of a controlling stake in Dawn Properties Limited which paved the way for consolidation of Dawn Properties Limited into the Brainworks Group from 31 March 2015;
- Capitalisation of GetSure Life Assurance to US$2.4 million and commencement of operations;
- GetBucks successfully converted from a credit only Microfinance company to a deposit taking Microfinance Institution;
- Successful exit from Ecobank Zimbabwe Holdings Limited for a total of US$12.5 million which enabled the Group to focus on GetBucks – a licensed deposit taking Microfinance institution;
- Distribution of US$4.7 million in dividends to shareholders through a combination of cash and in-specie dividend; and
- Growing the FML fleet of trucks and tankers by an additional 18 trucks to bring the total fleet to a sizeable 30.

Financial review – Group

The financial results for the year ended 31 December 2015 should be read and interpreted cognisant of the fact that the Group undertook a reorganisation that was effective 17 June 2015. The reorganisation created a new holding company – Brainworks Limited from that date.

The Group generated total revenue of US$39.3 million for the year ended 31 December 2015. The significant increase in revenue compared to the prior year revenue of US$4.3 million was attributable to the consolidation of Dawn Properties Limited and African Sun Limited previously accounted for as associates. Included in revenue was also the share of associate income of US$2.5 million comprising the share of profits from Ecobank and GetBucks.

Operating costs were US$44.7 million comprising of staff costs (US$22.1 million), administration costs (US$15.9 million) and impairment and depreciation (US$13.7 million). The staff costs includes US$2.1 million that was incurred by African Sun Limited during the staff rationalisation exercise.

The Group posted a profit for the year of US$7.2 million, relative to a loss of US$3.1 million in the previous year.

The Group's total assets grew to US$146.1 million from US$51.8 million as at 31 December 2014. This was driven by the acquisitions of significant shareholding in subsidiaries Dawn Properties Limited and African Sun Limited leading to the consolidation of the two companies on to the Brainworks balance sheet.

Shareholders' equity grew from US$31.39 million in 2014 to US$64.6 million following the rights offer that was undertaken during the year which raised US$30 million in new capital.

Financial and business review – African Sun

2015 was another difficult year for the tourism industry in Zimbabwe, caused by the slow global economic recovery, a weak South African Rand and a strong US dollar which made Zimbabwe an expensive destination within the region. African Sun was not spared from the prevailing conditions in the sector. African Sun's revenue for the fifteen-month period ended 31 December 2015 was US$63.15 million. On a like for like comparison, revenue actually decreased by 8% as African Sun experienced a noticeable decline in average monthly revenues during the period under review. The drop in average monthly revenue was mainly as a result of a 5% reduction in the ADR from US$98 achieved in the prior year to US$93. The ADR drop is partially attributable to the introduction of VAT on foreign revenue which could not be recovered from guests resulting in reduced revenues for the hotels. Occupancy marginally increased to 49% from 48%. Overall there was a 4% drop in revenue per available room ("RevPAR"), from US$47 to US$45.

EBITDA increased by 2% to US$7.09 million from US$6.95 million achieved in the prior period. On another positive note, finance costs for the period under review decreased by 19% from US$3.09 million to US$2.5 million following repayments of borrowings amounting to US$9.61 million during the period. The loss for the period was US$8.31 million compared to a loss of US$2.29 million posted last year. The loss for the period was a result of the following once-off significant events:

- Impairment loss on property and equipment of US$2.34 million as a result of a change in accounting policy necessitated by the need to harmonise accounting policies within the Group;

- Change in accounting estimate for service stocks which increased the impairment charge for the period by US$1.93 million which was brought about by the need to reflect the correct pattern of usage of the services stocks;
- Staff retrenchments and separation costs of US$2.24 million; and
- Provision for closure costs of foreign operations of US$1 million.

During 2015, Brainworks acquired an additional shareholding of 15% in African Sun, increasing its stake from 43% to 58%. This resulted in African Sun becoming a subsidiary of Brainworks, and African Sun changing its year end from 30 September to 31 December. Having taken control of African sun, Brainworks implemented a series of transactions that were expected to turnaround performance and return African Sun to profitability in 2016 and beyond. These included:

- Implementing a staff rationalisation exercise that reduced the number of African Sun employees from 1 490 to 1 179. This was done at a cost of US$2.24 million. Annual savings expected from this initiative is about US$2.7 million;
- Change in business model from a hotel operator to hotel investment company. This resulted in the appointment of Legacy Hotels as a manager for selected hotels, and retaining the IHG franchise on others. These changes also meant that head office staff complement reduced from 44 to 17, and a consequent reduction in annual costs from US$4.1 million to US$2.77 million;
- Closure of loss making hotels namely Amber Accra Hotel, Ghana and Beitbridge Express Hotel. The two hotels were not self-sustaining, with a combined loss of US$2.62 million for the period under review, which will be avoided going forward;
- Abandoned the regional strategy to focus on the Zimbabwe operations. Consequently, all foreign operations (Nigeria, Ghana, South Africa and Mauritius) were closed, and this will stop the cash drain from the profitable Zimbabwe operations; and
- Continued the drive to clean the balance sheet by reducing borrowings, from a total of US$17.35 million reported in September 2014, to US$7.74 million at 31 December 2015. This helped to reduce financing costs by 31% on a like for like basis, and African Sun's effective cost of funds to 11% from 13% reported as at September 2014.

Financial and business review – Dawn Properties

During 2015, Brainworks acquired additional shareholding of 38% in Dawn Properties, increasing its stake from 29% to 67%. This resulted in Dawn Properties becoming a subsidiary of Brainworks and Dawn Properties consequently changing its financial year – end from 31 March to 31 December. For the period ended 31 December, the financial results covered a period of nine months.

Dawn Properties achieved revenue of US$3.5 million in the period under review compared to US$5.2 million for the twelve months ended 31 March 2015. Operating expenses were US$3.6 million. Included in these operating expenses were significant once off charges namely retrenchment costs of US$0.5 million and impairment allowances on the property consultancy segment debtors of US$0.36 million.

Fair value losses recognised on the investment property further increased losses by US$0.2 million.

Dawn Properties recognised an income tax charge of US$3.6 million. Included in the income tax charge was an income tax expense of US$0.93 million relating to the 2009 to 2014 financial periods and deferred tax impact of US$2.3 million, which arose from the finalisation of the court case between Dawn Properties and the Zimbabwe Revenue Authority, which Dawn Properties lost.

As a result of the tax charge and other significant once–off costs namely retrenchment and impairment costs aforementioned, Dawn Properties posted an after-tax loss for the nine months of US$3.8 million, compared to after tax profit of US$0.15 million for the twelve months ended 31 March 2015.

COMMENTARY ON 2014 FINANCIAL RESULTS

Strategic achievements

Notwithstanding the challenging economic environment, Brainworks achieved the following key milestones:

- Successfully acted as advisors to Atlas Mara Co-Nvest Limited ("Atlas Mara") on the acquisition of a controlling shareholding in ABC Holdings Limited ("ABCH");

- Consolidated its influence through the appointment of its Board representatives on the African Sun Board;
- Secured an advisory mandate with a listed mining entity;
- Completed the restructuring of the FML Oil Company of Zimbabwe (Private) Limited ("FML Oil") business;
- Obtained approval of the life assurance licence application by the Insurance and Pensions Commissions ("IPEC") in December 2014 paving way for establishment of a company now known as Getsure Life Assurance Company of Zimbabwe Limited; and
- Increased its shareholding in Dawn Properties to a direct interest of 29%.

Financial review – Group

The Group generated revenue of US$4.3 million for the year ended 31 December 2014. This was on the back of advisory fees of US$2.8 million and logistics net revenue of US$1.5 million.

Operating costs were US$7.3 million, these largely being made up of staff costs of US$1.1 million, administration costs of US$5.2 million, and impairment and depreciation of US$1.0 million. Included in administration costs was an expense of US$3.4 million attributable to the conversion of the carry structure, and represents shares issued to Brainworks Private Equity Staff Trust.

The Group further incurred US$1.5 million in finance charges from borrowings and further losses of US$2.6 million on the consolidation of subsidiaries Lengrah (US$ 1.7 million) and FML Oil (US$ 0.9 million). The losses in Lengrah were driven by the African Sun loss of US$3.6 million for the 12 months to 31 December 2014, while the loss in FML Oil was on the back of restructuring and retrenchment costs incurred at the beginning of 2014 as FML Oil repositioned itself primarily as a fuel logistics company.

On the back of these necessary adjustments, the Group incurred a loss of US$3.1 million which was primarily driven by the various adjustments aforementioned.

The Group's total assets grew to US$51.8 million from US$49.9 million as at 31 December 2013 on the back of increases in the investment portfolio. The Group's assets comprised of cash and cash equivalents (US$ 0.9 million), receivables (US$5.2 million), investment in associates (US$41.0 million), deferred tax asset (US$ 0.9 million), and property and equipment (US$2.4 million).

Shareholders' equity grew from US$28.9 million in 2013 to US$31.4 million mainly due to further subscriptions that were made during the year and the allotment of Unalloted shares in the prior year. The unalloted capital balance in the current year of US$37 million emanated from the shares issued to the Staff Trust, in lieu of the carry structure that was discontinued as the Group prepared for a listing on a publicly-traded stock exchange, as well as the impact of accounting for the 2015 group re-organisation that was accounted for retrospectively.

Financial and business review – African Sun

While occupancy remained flat on last year at 48%, both ADR and RevPAR receded with ADR decreasing by 2% to US$98, from US$100 and RevPAR coming down to US$47, from US$48. This was largely driven by the contraction in the Zimbabwe ADR domestic market.

Revenue increased by 1.3% to US$56.72 million up from US$55.97 million achieved last year. The increase is fully attributed to the revenue contribution of African Sun Amber Hotel Accra Airport (i.e. 3.8 % of revenue), which was opened during the year albeit it is still to achieve full potential. On a like for like basis (i.e. excluding the new Ghana hotel), revenue decreased by 2.5% on last year.

Gross profit remained flat compared to last year as cost of sales grew by 4% with the addition of the new hotel. Operating costs reduced by 4.7%, resulting in a saving of US$1.8 million compared to prior year as cost reduction measures begin to bear fruit. Resultantly, EBITDA increased by 70% to US$6.95 million up from US$4.1 million achieved last year, whilst operating profit grew by 134% to US$3.25 million up from $1.38 million last year.

Financing costs charged to the statement of comprehensive income increased by 15% from US$3.07 million last year to US$3.53 million, due to the fact that interest on refurbishment loans is no longer being capitalized (but charged to the statement of comprehensive income) following completion of hotel refurbishments. No borrowing costs were capitalized during the year compared to US$1.05 million capitalized in the prior year.

In order to comply with the requirements of IFRS 13,"Fair Value Measurements", the investment in Dawn Properties Limited, which was classified as a "non-current asset held for sale" was marked to market (US$0.009 per linked unit) at the reporting date, resulting in an impairment charge of US$3.13 million.

African Sun reported a loss for the year of US$2.29 million, which was an improvement of 74% from a restated loss of US$8.83 million incurred in 2013.

The directors approved the disposal of the staff housing in order to help reduce borrowings. Total debt decreased by 22% from the prior year, closing at US$ 17.4 million, following repayments amounting to US$6.8 million made in this financial year.

Financial and business review – Dawn Properties

Dawn Properties recognised revenues amounting to US$5.5 million, 3.5% lower than the prior year of US$5.7 million. Hotel lease revenues stood at US$2.4 million, 7.5% lower than the prior period revenues of US$2.6 million. The reduction reflects the challenges the tourism industry was facing during the period. The reduction in lease revenues generally was offset by growth in the property consulting business revenues of 6.6% from US$3 million in the prior year to US$3.2 million.

Notwithstanding the increase in revenues from the property consultancy cluster, the performance of this particular cluster was negatively impacted by the tough economic conditions that were prevalent during the period under review. Property management fees, the principal contributor to revenues, came under severe pressure as rent collections suffered due to the poorly performing economy.

On an aggregate basis, revenues decreased by 3.5%.

Operating profit at US$2.2 million, this being 44% higher than the comparative period of US$1.7 million. The increase in profitability was predominantly driven by the recognition of fair value gains on investment properties of US$1.1 million during the year.

THREE YEAR HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016, 2015, AND 2014

	Notes	2016 US$	2015 Restated US$	2014 Restated US$
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 associates	10	3 276 024	2 530 862	41 015 270
Deferred tax assets	12	813 984	996 512	889 463
Trade and other receivables	14.1	382 523	465 485	–
		126 830 366	**125 868 116**	**44 352 828**
Current assets				
Financial assets at fair value through profit or loss	11	4 892 962	3 499 950	1 250 113
Inventories	13	4 793 764	2 538 617	–
Trade and other receivables	14.1	15 315 019	8 167 900	5 243 633
Insurance contract receivables	14.3	40 904	12 818	–
Cash and cash equivalents	15	5 593 010	5 967 091	909 496
		30 635 659	**20 186 376**	**7 403 242**
Total assets		**157 466 025**	**146 054 492**	**51 756 070**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	19.1	78 532	78 532	48 193
Share premium	19.1	58 456 976	58 456 976	–
Foreign currency translation reserve		(291 388)	61 324	–
Non-distributable reserve		(643 428)	(643 428)	(2 039 107)
Unallocated capital		–	–	36 598 592
Retained profits/(accumulated losses)		7 705 220	6 647 945	(3 218 772)
		65 305 912	**64 601 349**	**31 388 906**
Non-controlling interest	20	31 085 243	28 971 705	–
Total equity		**96 391 155**	**93 573 054**	**31 388 906**
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
Trade and other payables	18	14 850 318	20 180 198	10 366 361
Insurance contract liabilities	18.5	463 400	145 116	–
Investment contract liabilities	18.6	292 308	12 487	–
Current income tax payable		1 071 920	1 244 709	–
		36 027 255	**36 681 119**	**17 867 164**
Total liabilities		**61 074 870**	**52 481 438**	**20 367 164**
Total equity and liabilities		**157 466 025**	**146 054 492**	**51 756 070**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016, 2015 AND 2014

	Notes	2016 US$	2015 Restated US$	2014 Restated US$
Continuing operations				
Revenue	5	48 063 843	39 303 075	4 297 165
Cost of sales	5	(14 307 988)	(10 732 078)	(959 047)
Gross profit		**33 755 855**	**28 570 997**	**3 338 118**
Fair value gains on financial assets at fair value through profit or loss	11	1 276 215	2 249 837	1 349 112
Operating expenses	21	(31 161 524)	(44 701 509)	(7 266 013)
Other gains	22	2 818 709	27 439 189	–
Sundry income	23	1 167 796	171 129	48 696
Operating profit/(loss) before finance cost		**7 857 051**	**13 729 643**	**(2 530 087)**
Finance income	24.1	278 109	131 695	200 659
Finance costs	24.2	(3 697 165)	(2 641 351)	(1 501 921)
Net finance costs		**(3 419 056)**	**(2 509 656)**	**(1 301 262)**
Share of profit/(losses) of associates accounted for using equity method	10	(65 853)	2 250 465	1 430 801
Profit before income tax		**4 372 142**	**13 470 452**	**(2 400 548)**
Income tax expense	25	(813 642)	(3 815 235)	(656 787)
Profit/(loss) from continuing operations		**3 558 500**	**9 655 217**	**(3 057 335)**
Discontinued operations				
Loss from discontinued operations	26.3	(129 325)	(2 489 123)	–
Profit/(loss) for the year		**3 429 175**	**7 166 094**	**(3 057 335)**
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 losses on translation of discontinued operations		–	170 467	–
Share of other comprehensive loss from associates		–	(145 356)	(756 887)
Recycled foreign currency translation reserve		(755 651)	–	–
Total other comprehensive loss for the year		**(611 074)**	**(39 112)**	**(756 887)**
Total comprehensive income/(loss) for the year		**2 818 101**	**7 126 982**	**(3 814 222)**
Profit/(loss) attributable to:				
Owners of the parent		1 057 275	12 035 778	(2 187 647)
Non-controlling interests		2 371 900	(4 869 684)	(869 688)
		3 429 175	**7 166 094**	**(3 057 335)**
Total comprehensive income/(loss) attributable to:				
Owners of the parent		704 563	11 951 746	(2 598 412)
Non-controlling interests		2 113 538	(4 824 764)	(1 215 810)
		2 818 101	**7 126 982**	**(3 814 222)**

	Notes	2016 US$	2015 Restated US$	2014 Restated US$
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	19.2.1	0.14	1.90	(0.45)
From discontinued operations	19.2.1	(0.01)	(0.20)	–
From profit/(loss) for the year		**0.13**	**1.70**	**(0.45)**
Diluted earnings/(loss) per share				
From continuing operations	19.2.1	0.14	1.90	(0.45)
From discontinued operations	19.2.1	(0.01)	(0.20)	–
From profit/(loss) for the year	19.2.1	0.13	1.70	(0.45)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2014 – 2016

		ATTRIBUTABLE TO OWNERS OF BRAINWORKS LIMITED										
	Notes	Share capital US$	Share premium US$	Non-distributable reserve US$	Unallotted capital US$	Merger reserve US$	Share-based payment reserve US$	Translation reserve US$	(Accumulated losses)/ retained profits US$	Total US$	Non-controlling interests US$	Total US$
YEAR ENDED 31 DECEMBER 2014												
Balance as at 1 January 2014 as previously stated		86 307	86 219 889	117 664	2 500 000	(60 609 311)	–	–	613 037	**28 927 586**	6 491 922	**35 419 508**
Prior period adjustments	30.7	(38 114)	(86 219 889)	–	25 648 692	60 609 311	–	–	–	**–**	**–**	**–**
Balances as restated		**48 193**	**–**	**117 664**	**28 148 692**	**–**	**–**	**–**	**613 037**	**28 927 586**	**6 491 922**	**35 419 508**
Total comprehensive income:												
Loss for the year		–	–	–	–	–		–	(2 187 647)	**(2 187 647)**	(869 688)	**(3 057 335)**
Other comprehensive income as restated	30.11	–	–	–	–	–		–	(410 765)	**(410 765)**	(346 122)	**(756 887)**
		–	**–**	**–**	**–**	**–**		**–**	**(2 598 412)**	**(2 598 412)**	**(1 215 810)**	**(3 814 222)**
Transactions with owners in their capacity as owners:												
Issue of shares		–	–	–	5 000 000	–	–	–	–	**5 000 000**	–	**5 000 000**
Share based payments to employees	21.3	–	–	–	–	–	3 449 900	–	–	**3 449 900**		**3 449 900**
Shares awaiting allotment to employees	21.3	–	–	–	3 449 900	–	(3 449 900)	–	–	**–**	–	**–**
Loss on change in degree of control		–	–	(2 156 771)	–	–	–	–	(1 233 397)	**(3 390 168)**	(5 276 112)	**(8 666 280)**
		–	**–**	**(2 156 771)**	**8 449 900**	**–**	**–**	**–**	**(1 233 397)**	**5 059 732**	**(5 276 112)**	**(216 380)**
Balance at 31 December 2014		**48 193**	**–**	**(2 039 107)**	**36 598 592**	**–**	**–**	**–**	**(3 218 772)**	**31 388 906**	**–**	**31 388 906**
YEAR ENDED 31 DECEMBER 2015									**–**			
Balance as at 1 January 2015 (restated)		**48 193**	**–**	**(2 039 107)**	**36 598 592**	**–**		**–**	**(3 218 772)**	**31 388 906**	**–**	**31 388 906**
Total comprehensive income:												
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**

	Notes	Share capital US$	Share premium US$	Non-distributable reserve US$	Unallotted capital US$	Merger reserve US$	Share-based payment reserve US$	Translation reserve US$	(Accumulated losses)/ retained profits US$	Total US$	Non-controlling interests US$	Total US$
		ATTRIBUTABLE TO OWNERS OF BRAINWORKS LIMITED										
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**

The Company 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.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2014 TO 31 DECEMBER 2016

	Notes	2016 US$	2015 Restated US$	2014 US$
Profit/(loss) before income tax from continuing operations		**4 372 142**	**13 470 452**	**(2 400 548)**
Loss from discontinued operations	26.3	(129 325)	(2 489 123)	–
Profit/(loss) for the year		**4 242 817**	**10 981 329**	**(2 400 548)**
Adjusted for:				
Depreciation	6	4 021 323	6 419 344	166 590
Exchange difference on property and equipment	6	(517)	248 451	–
Impairment of property and equipment	6	103 037	2 722 387	–
Dividends received	23.1	–	(30 387)	(35 194)
Share of (loss)/profit of associate	10	65 853	(2 250 465)	(1 430 801)
Net share swap effect		–	(207 257)	–
Loss from disposal of associate	22	–	(3 935 005)	–
Revaluation gain on re-measurement to fair value	11	(1 276 215)	(2 249 837)	(1 349 112)
Provisions	18.4	271 526	1 759 438	–
Impairment allowance on trade and other receivables	21	(2 979 738)	3 426 623	–
Trade and other receivables written off	21	–	2 428 913	370 314
Share based payment expense		–	–	3 449 900
Impairment of investments	21	56 235	1 446 972	455 252
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 gain 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	(13 502)
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)	(200 659)
Interest expense	24.2	3 697 165	2 641 351	1 501 921
		4 777 951	**(8 211 806)**	**514 161**
Working capital changes				
Changes in inventory		(2 255 147)	(440 932)	–
Changes in trade and other payables		(3 782 320)	(7 544 203)	(547 007)
Changes in trade and other receivables		(4 112 505)	6 753 099	(882 669)
Cash utilised in operations		**(5 372 021)**	**(9 443 842)**	**(915 515)**
Interest received	24.1	278 109	131 695	200 659
Interest paid		(3 697 165)	(2 482 736)	(1 016 494)
Dividends received	10	233 985	480 387	515 452
Capital gains tax paid		–	–	(55 642)
Income tax paid		(835 648)	(611 772)	(24 417)
Net cash utilised in operating activities		**(9 392 740)**	**(11 926 268)**	**(1 295 957)**

	Notes	2016 US$	2015 Restated US$	2014 US$
Cash flows from investing activities				
Acquisition of investments		(1 045 000)	(23 371 693)	(8 612 632)
Disposal of investments		45 468	13 005 875	8 154 422
Discontinued operation		–	–	214 984
Purchase of property and equipment	6	(3 070 558)	(4 389 963)	(51 115)
Purchase of investment property	7	(807 449)	(400 000)	–
Disposal of property and equipment		803 743	2 523 009	5 214
Net cash utilised in investing activities		**(4 073 796)**	**(12 632 772)**	**(289 127)**
Cash flows from financing activities				
Proceed from issue of Brainworks Capital Management (Private) Limited shares		–	30 133 357	5 000 000
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	6 500 000
Repayment of borrowings		(12 250 796)	(25 944 664)	(9 184 487)
Dividends paid to company's shareholders	23.1	–	(420 486)	–
Net cash generated from financing activities		**13 592 435**	**24 083 923**	**2 315 513**
Net increase/(decrease) in cash and cash equivalents		**125 899**	**(475 118)**	**730 429**
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	179 067
Cash and cash equivalents at end of year	15.1	**5 593 010**	**5 454 914**	**909 496**

Notes to the consolidated financial statements for the year ended 31 December 2014, 2015 and 2016

1. **GENERAL INFORMATION**

Brainworks Limited ("the Company") and its subsidiaries and associates, (together "the Group") have a diversified portfolio of business interests in financial services, hospitality, real estate and energy logistics sectors in Zimbabwe. The principal activity of the Company is that of investment holding, consulting and advisory services.

The Company is the holder of a Category 1 Global Licence under the Mauritius Companies Act 2001 and the Financial Services Act 2007. As the Company operates in an international environment and conducts most of its transactions in foreign currencies, the Company has elected the United States Dollar (" US$") as its reporting and presentation currency.

Brainworks Limited was incorporated in the Republic of Mauritius on 22 April 2013 as a private company limited by shares 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.

During the 2015 financial year, the Board, in their meeting held on 18 June 2015, approved the share swap transaction for 1:1 share with Brainworks Capital Management (Private) Limited.

As a result of the share swap between the Company and Brainworks Capital Management (Private) Limited, the results of the entities have been combined for the purposes of preparation of these financial statements for the year ended 31 December 2014 to 31 December 2015. The acquisition method under IFRS 3 – "Business Combinations" is not applicable as the share swap qualifies as a capital re-organisation as defined in IAS 27 "Separate financial statements"

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.

2.1 Basis of preparation

The financial statements of the Group 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. 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.

2.1.1 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$29.4 million 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) Restructuring all 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; and

(b) Embarking on an equity capital raising exercise. The contemplated initiative would involve listing the parent company, Brainworks Limited ("Brainworks") on the Johannesburg Stock Exchange, with a target to raise at least US$25 million through issue of new shares as well as disposal of the treasury shares disclosed in note 19.1 to these financial statements. 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 2.1.1(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.

2.1.2 (a) New standards, amendments and interpretations, effective on or after 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 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 agriculture	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
IAS 5 (amendment)	Non-current assets held for sale and discontinued operations	1 January 2016
IAS 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 method to calculate depreciation of an asset is not appropriate.

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.

Amendments to IAS 1,'Presentation of financial statements' disclosure initiative effective 1 June 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.

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 reporting'; 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, 'Disclosure – offsetting financial assets and financial liabilities' 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 'Financial Instruments: 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.

(b) New standards amendments and interpretations effective for accounting periods beginning on or after 1 January 2016

The following new standards, amendments and interpretations are effective for the accounting period beginning on 1 January 2016 and are not relevant to the Group.

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 amendments 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 on or after 1 January 2016 and not 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 and are relevant and have not been early adopted by the Group:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 9 (new)	Financial instruments	1 January 2018
IFRS 15 (new)	Revenue from contracts with customers	1 January 2018
IFRS 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)
IFRS 7	Insurance contracts	1 January 2021
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

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”). IFRS 16 is effective from

1 January 2019. A company can choose to apply IFRS 16 before that 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.

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 disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities.

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.

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

Annual improvements 2014 – 2016

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

2.2 Principles of consolidation and equity accounting

(a) *Subsidiaries*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The Group comprises the holding company, Brainworks Limited 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 ("Dawn Properties") at 66.81% shareholding (31 December 2015: 66.81%, 31 December 2014: 29.29%) and is listed on the Zimbabwe Stock Exchange;
- African Sun Limited ("African Sun") 57.67% shareholding (31 December 2015: 57.67%, 31 December 2014: 43.31%) and is listed on the Zimbabwe Stock Exchange;
- Brainworks Petroleum (Private) Limited ("Brainworks Petroleum") 100% shareholding. Brainworks Petroleum holds an investment in FML Logistics (Private) Limited ("FML Logistics). The shareholding in FML Logistics is 100% (31 December 2015: 100%, 31 December 2014:100%);
- Brainworks Hotels and Real Estate (Private) Limited 100% shareholding (31 December 2015: 100%, 31 December 2014: 100%); and
- GetSure Life Assurance (Private) Limited ("GetSure") 100% shareholding (31 December 2015: 100%, 31 December 2014: nil); and
- Lengrah Investments (Private) Limited 100% shareholding (31 December 2015: 100%, 31 December 2014: 56%).

(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 Zimbabwe Limited, 31.14% shareholding (31 December 2015: 45%) and listed on the Zimbabwe Stock Exchange and;
- Corporeti Support Services (Private) Limited t/a GetCash, 100% shareholding (31 December 2015: nil). Refer to note 4(d) for reasons why the investment in 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 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.

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 by African Sun Limited, 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.

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 presentation currency.

(b) **Translation 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.

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, and of borrowings and other currency instruments designated as hedges of such investments, 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, plant and equipment**

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

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

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

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

Land is not depreciated.

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 hotels 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 plantations

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

(a) it is technically feasible to complete the software so that it will be available for use;

(b) management intends to complete the software and use or sell it;

(c) there is an ability to use or sell the software;

(d) it can be demonstrated how the software will generate probable future economic benefits;

(e) adequate technical, financial and other resources to complete the development and to use or sell the software are available; and

(f) the expenditure attributable to the software during its development can be reliably measured.

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

Research and development – research expenditure and development expenditure that do not meet the criteria set above are 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 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 its 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. Land is valued using the sales comparison method. Fair value is based on prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

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 it 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 service 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.

2.9 Classification of property

Owner occupied property comprise property which is owned by the Group but is significantly occupied by group companies, regardless of the leasing of the property being at market related rentals and terms. Significant occupation by group companies is considered as 25% 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 amount 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 valueless 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 balance sheet. 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.

2.12 Financial assets

2.12.1 Classification

The Group classifies its 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.

1. **Loans and receivables**

   Loans and receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted inactive 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.

2. **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 instruments

Assets carried at amortised cost

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

Evidence of impairment may include indications that a 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 loss 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 loss 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 loss 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 on 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.
- office consumables and/or property under development with a view to sell in the ordinary course of business. Stationery and other office consumables are stated at cost, using the first-in, first out ("FIFO") method, whilst property under development would be 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.

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

2.17 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 change 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 equity 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 effect 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:

(a) that are likely to be a significant portion of the total contractual benefits;

(b) whose amount or timing is contractually at the discretion of the Group; and

(c) that are contractually based on:

- the performance of a specified pool of contracts or a specified type of contract; and/or
- realised and/or unrealised investment returns on a specified pool of assets held by the Group.

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

Gross written premiums

Premiums are accounted for as income when the risk related to the insurance policy commences and are amortised over the contractual period of risk cover by using an unearned 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 time value of money. No provision for equalisation or catastrophe reserves is recognised. 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.

Commissions

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

2.20 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. Gains or losses on buying reinsurance are recognised in profit or loss immediately at the date of purchase and are not amortised. 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. Reinsurance contracts that do not transfer significant insurance risk are accounted for directly through the statement of financial position. 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.

2.23 Income tax

The income tax expense for the period 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's 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 has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

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

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.

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 entity recognises costs for a restructuring that is 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 have 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, food, beverages, electricity, airtime and shop merchandise. Revenue is recognised when room nights, food, electricity, airtime, beverages and shop merchandise are sold.

(b) **Revenue from gaming (casinos)**

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

(c) **Revenue from rentals**

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

(d) **Revenue from valuation and consultancy services**

Revenue 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 oil 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 earned on advisory services are 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 flow 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 rate. Interest income on bank deposits is recognised using the effective interest method when it is due and payable to the Group.

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.

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 shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the directors.

3. **FINANCIAL RISK MANAGEMENT**

3.1 **Financial risk factors**

The Group's activities expose it to a variety of financial risks; market risk (including currency 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 entities. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(i) **Market risk**

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

(a) **Foreign exchange risk**

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and 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.

The table below summarises the Group's exposure to foreign exchange risk as at 31 December 2014 to 2016. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency.

	2016 US$	2015 US$	2014 US$
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	–
British pound	494	1 954	–
Ghanaian cedi	–	575 383	–
	5 182 636	**4 742 844**	**–**
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**	**–**

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 would have been US$509 198 lower (2015: US$261 183 higher 2014: US$nil), mainly as a result of foreign exchange gains/(losses) on translation of the Euro, South African Rand and Ghanaian Cedi' denominated cash and bank balances, trade receivables, trade payables and borrowings.

There are no hedges in place as at 31 December 2016 (2015 and 2014: nil).

(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 currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk.

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

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

The table below summarises the impact of increases/(decreases) of these index on the Group'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:

	2016 US$	2015 US$	2014 US$
Impact of 5% change in fair value			
– Impact on profit or loss	244 648	174 997	62 506

(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 rate.

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$nil, 2014: US$nil).

(i) **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.

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

	2016 US$	**2015 US$**	**2014 US$**
Trade and other receivables (excluding pre-payments)	12 978 283	9 874 962	5 243 633
Insurance contract receivables	40 904	12 818	–
Cash at hand	5 593 010	5 967 091	909 496
	18 612 197	**15 854 871**	**6 153 129**

The fair value of cash at hand as at 31 December 2014 to 2016 approximates the carrying amount. Trade and other receivables excluding pre-payments are shown before specific allowance for impairment.

There is no concentration of credit risk with respect to cash at bank balances as the Group holds 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 have the following external credit ratings:

	2016 US$	2015 US$	2014 US$
AA	537 239	1 058 972	–
AA-	1 250 012	1 073 180	–
A+	239 338	226 960	505
A	2 232 352	1 915 171	27
A-	24 676	21 126	–
BBB+	836 096	715 803	
BBB	–	–	–
BBB-	90 649	93 255	–
BB+	186 481	744 947	415 132
BB	76 795	–	493 832
BB-	90 172	106 690	–
No rating	29 200	10 987	–
	5 593 010	**5 967 091**	**909 496**

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

(ii) **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 Finance. Group Finance monitors 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 national nostro accounts and delay due to exchange control priority backlog.

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

- Engagement with the foreign supplier;
- 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 cashflows.

	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total contractual cashflows US$	Total carrying amount US$
As at 31 December 2016					
Liabilities					
Borrowings	27 599 739	11 074 525	–	38 674 264	34 979 208
Trade and other payables	10 243 781	611 650	–	10 855 431	17 336 169
Total liabilities	**37 843 520**	**11 686 175**	**–**	**49 529 695**	**52 315 377**
Assets held for managing liquidity risk					
Trade and other receivables	12 078 187	382 523	–	12 460 710	12 435 453
Cash at banks	5 593 010	–	–	5 593 010	5 593 010
Total assets held for managing liquidity risk	**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)**	**–**	

	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total contractual cashflows US$	Total carrying amount US$
As at 31 December 2015					
Liabilities					
Borrowings	21 374 479	5 051 548	–	26 426 027	22 363 205
Trade and other payables	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	5 606 344	465 485	–	6 071 829	6 046 571
Cash at banks	5 697 091	–	–	5 967 091	5 967 091
Total assets for managing liquidity risk	**11 303 435**	**465 485**	**–**	**12 038 920**	**12 013 662**
Liquidity gap	**(28 514 608)**	**(5 833 020)**	**–**	**(34 077 628)**	
Cumulative liquidity gap	**(28 514 608)**	**(34 077 628)**	**(34 077 628)**	**–**	

	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total contractual cashflows US$	Total carrying amount US$
As at 31 December 2014					
Liabilities					
Borrowings	7 875 798	2 729 781	–	10 605 579	10 000 803
Trade and other payables	9 946 196	–	–	9 946 196	11 820 002
Total liabilities	**17 821 994**	**2 729 781**	**–**	**20 551 775**	**21 820 805**
Assets held for managing liquidity risk					
Trade and other receivables	5 243 633	–	–	**5 243 633**	**5 243 633**
Cash at banks	909 496	–	–	**909 496**	**909 946**
Total assets for managing liquidity risk	**6 153 129**	**–**	**–**	**6 153 129**	**6 153 129**
Liquidity gap	**(11 668 865)**	**(2 729 781)**	**–**	**(14 398 646)**	
Cumulative liquidity gap	**(11 668 865)**	**(14 398 646)**	**–**	**–**	

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 Group is 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 19) and equity which comprises issued ordinary share capital and premium, accumulated losses and other reserves. There were no changes in the components of debt and equity in the prior year.

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

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.

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 below 45%.

The gearing ratio at 31 December 2016, 2015 and 2014 was as follows:

	2016 US$	**2015 US$**	**2 014 US$**
Total borrowings (note 16)	34 979 208	22 363 205	10 000 803
Less cash and cash equivalents (note 15)	(5 593 010)	(5 967 091)	(909 496)
Net debt	**29 386 198**	**16 396 114**	9 091 307
Total equity	96 391 155	93 573 054	31 388 906
Total capital	**125 777 353**	**109 969 168**	**40 480 213**
Gearing ratio	**23%**	**15%**	**22%**

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

In addition, for financial reporting purposes, 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 inactive markets that the Group has the ability to access;

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

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

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%.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Recurring fair value measurements				
31 December 2016				
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**
31 December 2015				
Financial assets at fair value through profit or loss:				
– Unlisted equity securities	–	–	3 499 950	**3 499 950**
31 December 2014				
Financial assets at fair value through profit or loss:				
– Unlisted equity securities	–	–	1 250 113	**1 250 113**

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 S.A. shares on the Frankfurt Stock Exchange on 23 June 2016.

The fair value of the 2.5% shareholding in MyBucks S.A. as at 31 December 2015 was based on amount that was included in the initial public offer document of MyBucks S.A. 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.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2014 – 31 December 2016:

	Unlisted equity securities US$
Year ended 31 December 2014	
At the beginning of the year	1 250 113
Purchases	–
Gains/(losses) recognised in other income	–
At the end of the year	**1 250 113**
Year ended 31 December 2015	
At the beginning of the year	**1 250 113**
Purchases	–
Gains recognised in other income	2 249 837
At the end of the year	**3 499 950**
Year ended 31 December 2016	
At the beginning of the year	**3 499 350**
Transfer to level 1	(3 499 350)
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**

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. 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:

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 positions as at year end have been disclosed under note 29, contingencies.

(b) **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.

(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:

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

(d) **Impairment**

To determine whether assets are impaired, the Group evaluates the extent to which the fair value of the asset is less than its cost. 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 losses are recognised in a separate provision for impairment.

4.2 **Key judgements**

(a) **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.

(b) **Actuarial assumptions – determination of policyholder liabilities**

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

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	Prudent assumptions +ve reserves	Prudent assumptions -ve reserves
Base mortality	SA 85 – 90	–	–	–
Scaling	100.00%	–	–	–
Aids mortality	HA1 (2013)	–	–	–
Aids scaling	20.0%	–	0.0%	–
Mortality claims margin	–	7.5%	0.0%	–
Discount rate	6.6%	–0.30%	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.

(c) **Policyholders insurance and investment contract liabilities**

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

The 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.

(d) **Accounting for investment in Coporeti Support Services (Private) Limited t/a Getcash**

Brainworks 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 the Company. However, personal guarantee for the payment of principal and interest by Mr. George Manyere (former Chief Executive Officer of Brainworks Limited); and

(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 GetCash, 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 GetCash. 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	2014	Principal activities
African Sun Limited	Hospitality	√	√	X	Leasing and managing of hotels
Getsure Life Assurance (Private) Limited	Financial services	√	√	X	Life assurance products
FML Logistics (Private) Limited	Other	√	√	√	Fuel transportation services
Dawn Properties Limited	Real estate	√	√	X	Property holding, property development and property consulting
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

√ – Entity was part of the Group and results included in the segment results.

X – Entity was not part of the Group.

5. SEGMENT INFORMATION (continued)

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

	Hospitality US$	Real estate US$	Financial services US$	Other US$	Intersegment transactions US$	Consolidated US$	Discontinued operations US$	Continuing operations US$
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**
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								
EBITDA	5 436 684	2 675 720	(382 958)	75 951	–	**7 805 398**	48 147	**7 853 545**
Depreciation and amortisation	(2 788 568)	(188 225)	(42 871)	(1 022 877)	–	**(4 042 541)**	10 170	**(4 032 371)**
Impairment (charge)/reversal	(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)	(5 141 473)	544 356	**(6 233 608)**	–	**(6 233 608)**
Profit/(loss) before income tax	**4 835 445**	**1 674 167**	**(696 709)**	**(1 570 086)**	**–**	**4 242 816**	**129 325**	**4 372 142**
Total assets as at 31 December 2016	**33 616 814**	**95 013 458**	**4 946 720**	**80 470 036**	**(56 581 003)**	**157 466 025**	**–**	**157 466 025**
Total assets include:								
Non-current assets (other than financial instruments and deferred tax assets):								
– Property and equipment	21 270 729	63 776 106	235 406	4 187 686	–	**89 469 927**	–	**89 469 927**
– Goodwill	–	–	–	8 261 050	–	**8 261 050**	–	**8 261 050**
	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**

5. SEGMENT INFORMATION (continued)

	Hospitality US$	Real Estate US$	Financial Services US$	Other US$	Intersegment transactions US$	Consolidated US$	Discontinued operations US$	Continuing Operations US$
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)	–	**(7 206 623)**	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								
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 charge	(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**
Gain on bargain 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)	(3 266 962)	–	**(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**
– Goodwill	–	–	–	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**

5. **SEGMENT INFORMATION (continued)**

	Hospitality US$	Real Estate US$	Financial Services US$	Other US$	Intersegment transactions US$	Consolidated US$	Discontinued operations US$	Continuing Operations US$
Year ended 31 December 2014								
Revenue:								
Oil distribution and logistics	–	–	–	1 502 480	–	**1 502 480**	–	**1 502 480**
Commission and fee Income	–	–	–	2 794 685	–	**2 794 685**	–	**2 794 685**
Total revenue	**–**	**–**	**–**	**4 297 165**	**–**	**4 297 165**	**–**	**4 297 165**
Material expenses								
Cost of sales	–	–	–	(959 047)	–	**(959 047)**	–	**(959 047)**
Employee benefit expenses	–	–	–	(4 520 315)	–	**(4 520 315)**	–	**(4 520 315)**
Operating lease costs	–	–	–	(97 747)	–	**(97 747)**	–	**(97 747)**
	–	**–**	**–**	**(5 577 109)**	**–**	**(5 577 109)**	**–**	**(5 577 109)**
Other information								
EBITDA	–	–	–	(1 279 944)	–	**(1 279 944)**	–	**(1 279 944)**
Depreciation	–	–	–	(166 590)	–	**(166 590)**	–	**(166 590)**
Impairment charge	–	–	–	(825 566)	–	**(825 566)**	–	**(825 566)**
Finance income	–	–	–	660 097	(459 438)	**200 659**	–	**200 659**
Finance costs	–	–	–	(1 961 359)	459 438	**(1 501 921)**	–	**(1 501 921)**
Other income	–	–	–	1 384 306	–	**1 384 306**	–	**1 384 306**
Share of net profit/(losses) of associates accounted for using equity method	–	–	–	1 430 801	–	**1 430 801**	–	**1 430 801**
Other expenses	–	–	–	(1 642 293)	–	**(1 642 293)**	–	**(1 642 293)**
Profit before income tax	**–**	**–**	**–**	**(2 400 548)**	**–**	**(2 400 548)**	**–**	**(2 400 548)**
Total assets as at 31 December 2014	**–**	**–**	**–**	**80 160 918**	**(28 404 848)**	**51 756 070**	**–**	**51 756 070**
Total assets include:								
Non-current assets (other than financial instruments and deferred tax assets):								
– Property and equipment	–	–	–	2 448 095	–	**2 448 095**	–	**2 448 095**
Total liabilities as at 31 December 2014	**–**	**–**	**–**	**29 021 028**	**(8 653 864)**	**20 367 164**	**–**	**20 367 164**

The Group acquired investments in the hotels and real estate segments during the year ended 31 December 2015. In 2014 the two operating segments that existed and which have been aggregated in the other column were (i) investment holdings and (ii) fuel logistics. These have been further analysed below:

	Investment holdings US$	Fuel logistics US$	Intersegment transactions US$	Continuing operations US$
Year ended 31 December 2014				
Revenue:				
Oil distribution and logistics	–	1 502 480	**–**	**1 502 480**
Commission and fee Income	2 794 685	–	**–**	**2 794 685**
Total revenue	**2 794 685**	**1 502 480**	**–**	**4 297 165**
Material expenses				
Cost of sales	–	(959 047)	**–**	**(959 047)**
Employee benefit expenses	(3 976 126)	(544 189)	**–**	**(4 520 315)**
Operating lease costs	(36 000)	(61 747)	**–**	**(97 747)**
	(4 012 126)	**(1 564 983)**	**–**	**(5 577 109)**
EBITDA	(1 217 441)	(62 503)	**–**	**(1 279 944)**
Depreciation	(25 821)	(140 769)	**–**	**(166 590)**
Impairment charge	(825 566)	–	**–**	**(825 566)**
Finance income	660 097	–	(459 438)	**200 659**
Finance costs	(1 762 357)	(199 002)	459 438	**(1 501 921)**
Other income	1 374 990	9 316	**–**	**1 384 306**
Share of net profit/(losses) of associates accounted for using equity method	1 430 801	–	**–**	**1 430 801**
Other expenses	(1 114 747)	(527 546)	**–**	**(1 642 293)**
Loss before income tax	**(1 480 044)**	**(920 504)**	**–**	**(2 400 548)**
Total assets as at 31 December 2014	**49 877 353**	**1 878 717**	**–**	**51 756 070**
Total assets include:				
Non-current assets (other than financial instruments and deferred tax assets):				
– Property and equipment	1 206 490	1 241 605	**–**	**2 448 095**
Total liabilities as at 31 December 2014	**20 201 976**	**165 188**	**–**	**20 367 164**

6. **PROPERTY AND EQUIPMENT**

Year ended 31 December 2016

	Land and buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
Cost										
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**
Transfers	–	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 buildings	361 802	(361 802)	–	–	–	–	–	–	–	**–**
Transfer to investment property	(6 525 000)	(1 053 333)	–	–	–	–	–	–	–	**(7 578 333)**
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										
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**
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 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**

Year ended 31 December 2015

	Land and buildings US$	Leasehold improvements US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Hotel equipment US$	Capital work in progress US$	Farming equipment US$	Total US$
Cost										
At 1 January	**1 216 226**	**–**	**1 366 176**	**29 555**	**56 905**	**47 090**	**–**	**–**	**–**	**2 715 952**
Acquisition of subsidiary	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)**
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										
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)**
Disposals	–	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)**
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 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**

Year ended 31 December 2014

	Land and buildings US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture and fittings US$	Capital work in progress US$	Total US$
Cost							
At 1 January	1 216 226	242 123	30 709	69 805	49 584	1 291 333	**2 899 780**
Additions	–	–	1 311	1 100	–	48 704	**51 115**
Transfer from work in progress	–	1 125 053	–	–	–	(1 125 053)	**–**
Recovery input VAT		–				(214 984)	**(214 984)**
Disposals		(1 000)	(2 465)	(14 000)	(2 494)	–	**(19 959)**
At 31 December 2014	**1 216 226**	**1 366 176**	**29 555**	**56 905**	**47 090**	**–**	**2 715 952**
Accumulated depreciation							
At 1 January	(8 674)	(45 479)	(9 863)	(26 141)	(20 066)	**–**	**(110 223)**
Depreciation charge	(9 118)	(130 628)	(5 873)	(11 425)	(9 546)	**–**	**(166 590)**
Disposal		500	1 032	7 000	424	**–**	**8 956**
At 31 December 2014	**(17 792)**	**(175 607)**	**(14 704)**	**(30 566)**	**(29 188)**	**–**	**(267 857)**
Net carrying amount at 31 December 2014	**1 198 434**	**1 190 569**	**14 851**	**26 339**	**17 902**	**–**	**2 448 095**

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 and 2014: nil).

There were no borrowing costs capitalised during the year (2015 and 2014: nil) on qualifying assets.

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

7. **INVESTMENT PROPERTY**

	2016 US$	2015 US$	2014 US$
At beginning of the year	**14 828 712**	**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: nil, 31 December 2014: nil). Refer to note 16 to these financial statements for further detail of the securitization arrangements.

Valuation processes

Investment property worth US$22.7 million was valued as at 31 December 2016 (2015: 31 December US$14.8 million) by Dawn Property Consultancy (Private) Limited and US$1.5 million (31 December 2015: 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 in 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. 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 hotel buildings were vacant as at the reporting date and not generating any income. With respect to the timeshare properties, the revenue being generated by those assets was also very low owing to the challenging economic environment and the much needed renovations on these properties before they could be actively marketed. As a result, the depreciated replacement cost was considered as the most appropriate valuation model in the circumstances.

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

	2016 US$	2015 US$	2014 US$
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 these results is as follows:

	2016 US$	2015 US$	2014 US$
Gross replacement cost	15 265 000	8 625 000	–
Depreciated replacement cost, buildings only	5 951 000	1 777 000	–
Existing use value of land	3 830 000	2 350 000	–
Land value plus depreciated replacement cost	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 that was used for valuing land is the market comparison method. The method entailed 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.

Valuation techniques underlying management's estimation of fair value

(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 its 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. All four classes are classified a level 3 fair value measurement in terms of the fair value hierarchy.

	Hotel properties US$	Land US$	Timeshares US$	Office property US$	Total US$
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**
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**

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 illiquid, 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.

	Cost approach US$	Sales comparison US$
Sensitivity on managements estimates:		
Change in depreciated replacement cost/square metre (cost/sqm):		
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)
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)

8. **INTANGIBLE ASSETS**

	Software US$	Goodwill US$	Total US$
YEAR ENDED 31 DECEMBER 2015			
Cost			
Balance at beginning of the year	**–**	**–**	**–**
Goodwill recognised on acquisition of subsidiary (African Sun Limited) (note 9.1.1)	-	8 261 050	**8 261 050**
Balance at the end of the year	**–**	**8 261 050**	**8 261 050**
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 the year	**296 534**	**8 261 050**	**8 557 584**
Amortisation			
Balance at the beginning of the year	**–**	**–**	**–**
Amortisation charge for the year	(11 048)	–	**(11 048)**
Balance at the end of the 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, 2014: nil).

The Group assessed all intangible assets 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 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: nil, 2014: nil).

Goodwill

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

A segment summary of the goodwill allocation is presented below:

	Hospitality US$	Total US$
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:

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

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

9. INVESTMENT IN SUBSIDIARIES

Details of the investment in subsidiaries for the year ended 31 December 2016, which are the same as at 31 December 2015 are as follows:

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

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 31 December 2014: 29.29%) and is listed on the Zimbabwe Stock Exchange;
- African Sun Limited 57.67% shareholding (31 December 2015: 57.67% and 31 December 2014: 43.31%) and is listed on the Zimbabwe Stock Exchange;
- Brainworks Petroleum (Private) Limited 100% shareholding. Brainworks Petroleum owns FML Logistics (Private) Limited ("FML Logistics). The shareholding in FML Logistics is 100% (31 December 2015: 100% and 31 December 2014: 100%);

- Lengrah Investments (Private) Limited 100% shareholding (31 December 2015: 100% and 31 December 2014: 56%);
- Brainworks Hotels and Real Estate (Private) Limited; 100% shareholding (31 December 2015: 100% and 31 December 2014: 100%); and
- Getsure Life Assurance (Private) Limited 100% shareholding (31 December 2015: 100% and 31 December 2014: nil).

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% and 31 December 2014: 45%). 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 and 31 December 2014: nil)

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

9.1.1 **Acquisition of a controlling interest in 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$3.038 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 Africa Sun was 30 September but was changed to 31 December in order to align with the Group financial year-end.

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:

	African Sun US$
Property, plant and equipment	26 227 287
Non-current asset held for sale	4 176 090
Deferred tax asset	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.

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:

	Dawn Properties US$
Property, plant and equipment	1 230 815
Investment property	85 135 000
Deferred tax asset	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**
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 **Non-controlling interest on acquisition of subsidiaries**

	US$ 2016	US$ 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
Total	–	**37 909 202**

African Sun Limited and Dawn Properties Limited 3 year historical financial information

	2016		2015		2014	
Statement of financial position	African Sun Limited US$	Dawn Properties Limited US$	African Sun Limited US$	Dawn Properties Limited US$	African Sun Limited* US$	Dawn Properties Limited# US$
ASSETS						
Non-current assets						
Property and equipment	21 270 729	973 145	23 978 944	1 135 043	27 678 255	1 246 890
Investment property	–	86 263 037	–	84 428 712	–	85 435 000
Other non-current assets	344 030	–	555108	–	2 116 932	120 186
	21 614 759	**87 236 182**	**24 534 052**	**85 563 755**	**29 795 187**	**86 802 076**
Current assets						
Inventories	1 453 628	3 329 532	1 639 079	899 537	1 644 492	26 898
Trade and other receivables	5 663 267	4 051 134	4 132 627	1 333 613	13 881 454	823 772
Cash and cash equivalents	4 885 160	396 610	3 079 533	1 018 536	2 734 576	1 604 770
	12 002 055	**7 777 276**	**8 851 239**	**3 251 686**	**18 260 522**	**2 455 440**
Total assets	**33 616 814**	**95 013 458**	**33 385 291**	**88 815 441**	**48 055 709**	**89 257 516**
EQUITY AND LIABILITIES						
Equity						
Share capital and share premium	33 741 401	1 965 738	33 741 401	1 965 738	33 049 033	17 699 085
Other reserves	(3 500 446)	24 884 648	(1 615 451)	24 884 648	(1 134 217)	7 560 605
(Accumulated losses)/retained profits	(23 581 158)	57 687 276	(29 661 789)	56 652 441	(21 351 348)	60 685 406
	6 659 797	**84 537 662**	**2 464 161**	**83 502 827**	**10 563 468**	**85 945 096**
Non-controlling interests	–	–	–	–	–	495 210
Non-current liabilities						
Borrowings	3 013 848	1 509 300	2 317 534	–	6 742 795	1 590 696
Deferred tax	3 617 873	4 058 394	3 589 137	3 787 498	4 536 415	703 677
Trade and other payables	1 730 148	–	1 165 237	–	2 203 358	–
	8 361 869	**5 567 694**	**7 071 908**	**3 787 498**	**13 482 568**	**2 294 373**
Current liabilities						
Borrowings	5 255 692	2 749 448	5 419 433	–	10 605 950	–
Trade and other payables	13 339 456	2 158 654	18 429 789	1 525 116	13 403 723	522 837
	18 595 148	**4 908 102**	**23 849 222**	**1 525 116**	**24 009 673**	**522 837**
Total equity and liabilities	**33 616 814**	**95 013 458**	**33 385 291**	**88 815 441**	**48 055 709**	**89 257 516**

	2016		2015		2014	
Summarised statement of comprehensive income	**African Sun Limited US$**	**Dawn Properties Limited US$**	**African Sun Limited** US$**	**Dawn Properties Limited## US$**	**African Sun Limited* US$**	**Dawn Properties Limited# US$**
Revenue	43 600 924	4 348 771	34 370 494	3 436 892	56 716 145	5 541 258
Cost of sales	(12 993 608)	–	(9 896 989)	–	(15 899 794)	–
Gross profit	**30 607 316**	**4 348 771**	**24 473 505**	**3 436 892**	**40 816 351**	**5 541 258**
Other income/(loss)	3 246 933	72 531	(1 293 346)	(123 177)	(2 706 540)	1 189 286
Operating expenses	(28 265 629)	(2 693 264)	(31 074 820)	(3 582 055)	(37 680 216)	(4 485 190)
Finance charges/(income)	(753 174)	(53 870)	(902 503)	42 585	(3 534 180)	23 110
Profit/(loss) before tax	**4 835 446**	**1 674 168**	**(8 797 164)**	**(225 755)**	**(3 104 585)**	**2 268 464**
Income tax expense/(credit)	(28 736)	(639 333)	293 693	(3 618 171)	818 883	(118 502)
Profit/(loss) for the year	**4 806 710**	**1 034 835**	**(8 503 471)**	**(3 843 926)**	**(2 285 702)**	**2 149 962**
Other comprehensive (loss)/income	(611 074)	–	106 243	–	(1 690 042)	–
Total comprehensive income/(loss)	**4 195 636**	**1 034 835**	**(8 397 228)**	**(3 843 926)**	**(3 975 744)**	**2 149 962**

	2016		2015		2014	
Summarised statement of cashflows	**African Sun Limited US$**	**Dawn Properties Limited US$**	**African Sun Limited** US$**	**Dawn Properties Limited## US$**	**African Sun Limited* US$**	**Dawn Properties Limited# US$**
Cash generated from/(utilised in) operating activities	2 172 853	(2 884 858)	2 285 000	(780 380)	2 864 072	1 043 530
Cash utilised in investing activities	(911 997)	(1 932 120)	(1 135 131)	(442 174)	505 279	(621 535)
Cash generated from/(utilised in) financing activities	1 149 353	4 195 061	(1 510 754)	–	(3 776 645)	(196 574)
Net increase/(decrease) in cash and cash equivalents for the year	**2 410 209**	**(621 917)**	**(360 885)**	**(1 222 554)**	**(407 294)**	**225 421**
Cash and cash equivalents at the beginning of the period	2 462 754	1 018 536	2 853 543	2 241 090	1 608 123	1 379 349
Exchange gain/(loss) on cash and cash equivalents	12 197	–	(29 904)	–	(97 338)	–
Cash and cash equivalents at the end of the period	**4 885 160**	**396 619**	**2 462 754**	**1 018 536**	**1 103 491**	**1 604 770**

** Based on financial statements for the year ended 30 September 2014.*

*** Based on financial statements for the eight months ended 31 December 2015.*

 # Based on financial statements for the year ended 31 March 2014.

Based on financial statements for the nine months ended 31 December 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 that is responsible for foreign and regional sales and marketing.

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

	As at 01 June 2016 US$
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 of	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. INVESTMENT IN ASSOCIATES

Set out below are the associates and joint ventures of the Group as at 31 December 2014 to 2016 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All associates are incorporated in Zimbabwe.

	2016 US$	2015 US$	2014 US$
GetBucks Financial Services Limited	3 208 208	2 530 862	2 000 006
Coporeti Support Services (Private) Limited t/a Getcash	67 816	–	–
Investment in Ecobank Zimbabwe Limited	–	–	15 959 270
Investment in African Sun Limited	–	–	10 561 449
Investment in Dawn Properties Limited	–	–	12 494 545
	3 276 024	**2 530 862**	**41 015 270**
Reconciliation of carrying amount of associates			
As at 1 January	**2 530 862**	**41 015 270**	**33 469 597**
Additions	1 045 000	5 231 663	7 352 018
Disposals	–	(16 435 005)	–
Dividends received	(233 985)	(450 000)	(480 259)
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	1 430 801
– Getbucks	911 330	1 999 736	631 218
– Ecobank Zimbabwe Limited	–	475 735	1 279 934
– African Sun Limited	–	24 702	(776 725)
– Dawn Properties Limited	–	(249 708)	296 374
– Coporeti Support Services (Private) Limited t/a GetCash	(942 698)	–	–
– Amortisation of intangible asset recognised on acquisition of Coporeti Support Services (Private) Limited t/a GetCash (note 10.2)	(46 445)	–	–
– Release of deferred tax on amortization of intangible asset recognised on acquisition of GetCash	11 960	–	–
Share of associates' other comprehensive loss	–	(145 356)	(756 887)
Transfer to subsidiary	–	(26 756 129)	–
	3 276 024	**2 530 862**	**41 015 270**

Investments in associates are accounted for using the equity method.

Investment in Ecobank Zimbabwe Limited

The 29% interest held in Ecobank Zimbabwe Limited was disposed of on the 30 June 2015. The investment was sold for US$12.5 million and a loss on disposal of US$3.9 million was realised. At the date of disposal, the carrying amount was US$16.4 million.

Investment in GetBucks Zimbabwe Limited

The shareholding in GetBucks Financial Services Limited (a microfinance company), a listed investment, was 31.14% as at 31 December 2016 (2015: 34.06%, 2014: 45%).

Investment in African Sun Limited

The investment in African Sun Limited, a hotel group listed on the Zimbabwe Stock Exchange ("the ZSE"), ceased to be an associate on 30 April 2015 when the Group acquired a controlling stake in the company. As at 31 December 2016, the interest in African Sun Limited was 57.67% (2015: 57.67%, 2014: 43.31%) and Brainworks exercises control over African Sun Limited.

Investment in Dawn Properties Limited

The investment in Dawn Properties Limited, a property company listed on the ZSE, ceased to be an associate on 31 March 2015 when the Group acquired controlling equity in Dawn Properties Limited. As at 31 December 2016, the Group's interest held in Dawn Properties Limited was 66.81% (2015: 66.81%, 2014: 29.29%) and Brainworks exercises control over Dawn Properties Limited.

Investment in Coporeti Support Services (Private) Limited t/a GetCash

Refer to note 10.2 for further disclosures on this investment.

10.1 **The summarized financial statements of the associates for the years ended 31 December 2014 – 2016**

Set out below is the financial information of the associates of the Group which, in the opinion of the directors, are material to the Group. The relationship is an associate and is measured via the equity method.

Year ended 31 December 2016	**GetBucks Unaudited US$**	**GetCash Audited US$**	**Total US$**
Statement of comprehensive income			
Revenue	11 033 757	1 070 620	**12 104 377**
Total expenses	(8 296 153)	(3 234 031)	**(11 530 184)**
Profit/(loss) before income tax	**2 737 604**	**(2 163 411)**	**574 193**
Share of profit/(loss) of associate	911 330	(942 698)	**(31 367)**
Statement of financial position			
Total assets	**23 612 789**	**–**	**23 612 789**
Total liabilities	11 742 752	5 221 550	16 964 302
Equity	11 870 037	(2 313 283)	9 556 754
Total equity and liabilities	**23 612 789**	**2 908 267**	**26 521 056**

Year ended 31 December 2015	**Unaudited GetBucks 12 months to 31-Dec-15 Unaudited US$**	**Unaudited Ecobank 6 months to 30-Jun-15 Unaudited US$**
Statement of comprehensive income		
Revenue	9 406 468	6 442 000
Total expenses	(4 801 418)	(4 825 000)
Profit/(loss) before income tax	**4 605 050**	**1 617 000**
Share of profit of associate	475 735	1 999 736
Statement of financial position		
Total assets	**15 945 105**	**15 945 105**
Total liabilities	9 158 018	150 210 000
Equity	6 787 087	44 278 000
Total equity and liabilities	**15 945 105**	**194 488 000**

Year ended 31 December 2014	Audited Ecobank US$	Unaudited Getbucks US$	Unaudited African Sun US$	Unaudited Dawn US$	Total US$
Revenue	19 145 000	7 586 418	58 002 438	6 409 282	**91 143 138**
Total expenses	(16 871 000)	(4 632 506)	(59 802 913)	(4 417 521)	**(85 723 940)**
Profit before income tax	**2 274 000**	**2 953 912**	**(1 800 475)**	**1 991 761**	**5 419 198**
Share of profit/(loss) of associate	631 218	1 279 934	(776 725)	296 374	**1 430 801**
Statement of financial position					
Total assets	**157 524 000**	**8 452 993**	**47 340 025**	**89 846 673**	**303 163 691**
Total liabilities	115 140 000	4 080 605	36 771 395	9 158 018	**165 150 018**
Equity	42 384 000	4 372 388	10 568 630	6 787 087	**64 112 105**
Total equity and liabilities	**157 524 000**	**8 452 993**	**47 340 025**	**15 945 105**	**229 262 123**

Share of contingent liabilities incurred jointly with other investors of the associate contingent	2016 US$	2015 US$	2014 US$
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.	–	–	–

10.2 **Corporeti 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 4.2 (d).

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 goodwill of US$2.01 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 controlling equity interest in Getcash.

	GetCash US$
Property, plant and equipment	740 700
Intangible assets	181 701
Trade and other receivables	379 618
Inventory	367 707
Deferred tax assets	807 304
Cash and cash equivalents	541 014
Loans and borrowings	(3 191 415)
Trade and other payables	(1 465 580)
Total identifiable net liabilities 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
Excess of purchase consideration over net assets acquired	**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.

Summarised financial information for GetCash:

	2016 US$	2015 US$
Statement of financial position		
ASSETS		
Non-current assets		
Vehicles and equipment	702 088	1 140 380
Intangible assets	224 527	179 585
Deferred tax asset	807 303	807 303
	1 733 918	**2 127 268**
Current assets		
Inventory	262 898	–
Other receivables	201 074	237 530
Cash and cash equivalents	710 377	2 937
	1 174 349	**240 467**
	2 908 267	**2 367 735**
EQUITY AND LIABILITIES		
Equity		
Share capital	100	100
Share premium	4 327 745	4 327 745
Accumulated losses	(6 441 128)	(4 477 717)
	(2 313 283)	**(149 872)**
Liabilities		
Non-current liabilities		
Borrowings	2 678 804	**–**
Due to Brainworks Capital Management (Private) Limited	1 145 080	–
Due from Everprosperous Worldwide Limited	602 250	–
Due to other parties	931 474	–
Current liabilities		
Borrowings	786 130	–
Trade and other payables	1 756 616	1 417 602
Bank overdraft	–	1 100 005
	2 542 746	**2 517 607**
Total liabilities	**5 221 550**	**2 517 607**
Total equity and liabilities	**2 908 267**	**2 367 735**

	Year ended 31 December 2016 US$	Year ended 31 December 2015 US$
Statement of comprehensive income		
Revenue	1 070 620	1 290 671
Cost of sales	(665 996)	(722 362)
Gross profit	**404 624**	**568 309**
Selling and administrative costs	(2 203 081)	(3 398 796)
Operating loss	**(1 798 457)**	**(2 830 487)**
Net finance costs	**(373 031)**	**(151 271)**
Finance income	6 529	1 751
Finance costs	(379 560)	(153 022)
Other income	8 076	13 821
Loss before income tax	**(2 163 412)**	**(2 967 937)**
Income tax credit	–	691 865
Loss for the year	**(2 163 412)**	**(2 276 072)**
Other comprehensive income	–	–
Total comprehensive loss for the year	**(2 163 412)**	**(2 276 072)**

	1 January to 30 June 2016 Unrelated US$	1 July to 31 October 2016 Associate US$	1 November to 31 December 2016 Associate US$	Year ended 31 December 2016 Associate US$
Equity accounted for	**–**	**49%**	**100%**	**Total**
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	(235 636)	(86 088)	(51 308)	**(373 032)**
Other income and other gains or losses	(4 895)	10 422	2 549	**8 076**
Loss before income tax	**(887 014)**	**(654 311)**	**(622 087)**	**(2 163 412)**
Income tax expense	–	–	–	–
Loss for the year	**(887 014)**	**(654 311)**	**(622 087)**	**(2 163 412)**
Other comprehensive income	–	–	–	–
Total comprehensive loss for the year	**(887 014)**	**(654 311)**	**(622 087)**	**(2 163 412)**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 US$	2015 US$	2014 US$
Balance at beginning of the year	3 499 950	1 250 113	8 055 423
Purchases	116 797	–	–
Disposals			(8 154 422)
Fair value gains	1 276 215	2 249 837	1 349 112
Balance at the end of the year	**4 892 962**	**3 499 950**	**1 250 113**

On 30 June 2014, the Group disposed of the investment in ABC Holdings Limited, a company listed on the Zimbabwe Stock Exchange. The shares were sold at fair value amounting to US$8 154 422.

Financial assets at fair value through profit or loss comprise of the following:

	2016 US$	2015 US$	2014 US$
Shares in MyBucks SA Limited	4 737 232	3 499 950	1 250 113
Treasury bills	155 730	–	–
	4 892 962	**3 499 950**	**1 250 113**

Shares held in MyBucks SA Limited

Investee company	Country of incorporation	% Holding 2016	Market Value 2016	% Holding 2015	Market Value 2015	% Holding 2014	Market Value 2014
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, 2014: nil).

Treasury bills

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 ASSET**

	2016 US$	Recognised in profit/ loss US$	2015 US$	Recognised in profit/ loss US$	2014 US$	Recognised in profit/ loss US$
The movement on the deferred tax account is shown below:						
Fair value on listed investments	–	(17 743)	17 743	–	17 743	49 452
Fair value on unlisted investments	267 632	826 989	(559 357)	–	(559 357)	(533 190)
Allowance for credit losses	2 625	(84 542)	87 167	–	87 167	87 167
Leasehold improvements	–	563	(563)	–	(563)	(69)
Provisions	11 311	11 311	–			
Property and equipment	(103 842)	54 342	(158 184)	(76 654)	(81 530)	(254 082)
Prepayments	–	11 199	(11 199)	(3 503)	(7 696)	(7 696)
Assessable tax losses	636 258	(984 647)	1 620 905	187 206	1 433 699	85 808
Unconsolidated subsidiary loss	–	–	–	–	–	13 625
Deferred tax asset	**813 984**	**(182 528)**	**996 512**	**107 049**	**889 463**	**(558 985)**

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.

13. **INVENTORIES**

	2016 US$	2015 US$	2014 US$
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$6 520 017, 2014: US$nil).

There were no items of inventory impaired during the year (2015: US$52 225; 2014: US$nil).

13.1 **Property under construction**

	2016 US$	2015 US$	2014 US$
Land value (transferred from property and equipment)	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

	2016 US$	2015 US$	2014 US$
Trade receivables	4 807 759	6 450 148	235 223
Less: allowance for impairment (note 14.2)	(542 830)	(3 828 391)	–
	4 264 929	**2 621 757**	**235 223**
Other receivables	5 261 320	1 123 824	551 941
Prepayments	3 262 089	2 586 814	–
Staff receivables	1 110 748	1 760 362	38 506
Receivables from related parties	1 798 456	540 628	4 417 963
	15 697 542	**8 633 385**	**5 243 633**

14.1 Analysis of receivables

Non-current receivables	382 523	465 485	–
Current receivables	15 315 019	8 167 900	5 243 633
	15 697 542	**8 633 385**	**5 243 633**

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:

	2016 US$	2015 US$	2014 US$
United States of America dollars	15 519 685	7 818 190	5 243 633
South African rand	177 857	169 245	–
Botswana pula	–	77 116	–
Ghanaian cedi	–	568 834	–
	15 697 542	**8 633 385**	**5 343 633**

14.2 **Ageing of trade receivables**

	2016 US$	2015 US$	2014 US$
As at 31 December 2016, trade receivables of US$1 890 113 (2015: US$2 868 451, 2014: US$235 223) were fully performing.			
The ageing of these trade receivables is as follows:			
Up to 30 days	1 890 113	2 868 451	235 223
As at 31 December 2016 trade receivables of US$2 421 792 (2015: US$2 705 860, 2014: nil) 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	–
	2 421 792	**2 705 860**	**–**
As at 31 December 2016, trade receivables of US$495 854 (2015: US$875 837, 2014: nil) were impaired and fully provided for. The individually impaired receivables 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**	**235 223**

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

	2016 US$	2015 US$	2014 US$
As at 1 January	**3 828 391**	**401 768**	**–**
	(2 979 738)	3 426 623	–
Allowance for receivables impairment (net of amounts recovered)	(263 139)	3 436 623	–
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 generally written off when there is no expectation of recovering additional cash.

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, 2014: nil) were pledged as security to a short-term loan of US$891 146 (2015: US$1 390 308, 2014: nil).

14.3 Insurance contract receivables

	2016 US$	2015 US$	2014 US$
Insurance contract receivable	40 904	12 818	–
Ageing of contract receivables			
As at 31 December 2016, contract receivables of US$40 904 (2015: US$12 818, 2014: nil) 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.

15. CASH AND CASH EQUIVALENTS

	2016 US$	2015 US$	2014 US$
Current assets			
Cash at bank and on hand	5 593 010	4 961 342	909 496
Short term money market investments	–	1 005 749	–
	5 593 010	**5 967 091**	**909 496**
The net exposure to foreign currency balances was:			
United States of America dollars	5 293 265	5 539 031	909 496
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**	**909 496**

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$104 602, 2014: US$nil) held in an offshore account by Africa Export-Import Bank as part of 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.

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:

	2016 US$	2015 US$	2014 US$
Cash and cash equivalents			
Cash and bank balances	5 593 010	5 967 091	909 496
Less: restricted cash	–	(512 177)	–
Cash and cash equivalents	**5 593 010**	**5 454 914**	**909 496**

16. **BORROWINGS**

	2016 US$	2015 US$	2014 US$
Facilities			
Bank loans	16 629 863	14 045 407	7 000 803
Private financer loans	13 585 077	5 475 797	3 000 000
Finance lease liability	3 766	34 949	–
Amounts due to related parties	2 651 853	1 163 687	–
Other Institutions	2 108 649	1 643 365	–
Total	**34 979 208**	**22 363 205**	**10 000 803**
Current	19 349 309	15 098 609	7 500 803
Non-current	15 629 899	7 264 596	2 500 000
	34 979 208	**22 363 205**	**10 000 803**

	Note	2016 US$	2015 US$	2014 US$
Analysis of facilities by funder				
African Century Limited	16.1.1	3 766	34 949	–
African Export-Import Bank	16.1.2	–	1 250 490	–
Carcharias Holdings Limited	16.1.3	–	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	16.1.6	13 585 077	5 424 002	3 000 000
Ecobank Ghana Limited	16.1.7	–	1 826 448	–
Ecobank Zimbabwe Limited	16.1.8	6 029 573	6 571 112	2 500 000
Ecobank Transnational Incorporated	16.1.9	–	–	4 500 803
FBC Bank Limited	16.1.10	1 749 988	2 322 093	–
Getbucks Financial Services Limited	16.1.11	2 339 872	961 432	–
MBCA Bank Limited	16.1.12	891 146	1 390 308	–
MyBucks S.A	16.1.13	311 981	202 255	–
NMB Bank Limited	16.1.14	2 006 258	684 956	–
		34 979 208	**22 363 205**	**10 000 803**

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 and matured 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 was 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 was 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 the loan matures on 31 August 2021.

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 the loan 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%, 2014: nil) and is secured by 77 750 000 Brainworks Limited shares held by Brainworks Capital Management (Private) Limited ("Brainworks"), 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 the 17th of October 2017. The balance was US$10 million as at the reporting date (2015 and 2014: US$nil).

The US$5.4 million and US$3 million that was due to Everprosperous in 2015 and 2014 respectively was attributable to Brainworks Capital Management (Private) Limited. These loans attracted interest at 30% per annum in both years.

African Sun Limited

The facility attracts interest at 10% per annum and is unsecured. The balance on this facility as at 31 December 2016 was 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 of 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%, 2014: 12.5%) per annum and was secured by 360 900 000 Dawn Property Limited shares, 146 299 461 shares in African Sun and 26 099 050 in Getbucks Financial Services Limited. The balance on this facility as at 31 December 2016 was US$5.8 million (2015; US$5.9 million, 2014: US$2.5 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 (31 December 2015: US$0.9 million).

16.1.9 The loan balance of U$4.5 million that was due to Ecobank Transnational Corporation Limited in 2014 was held by Brainworks Capital Management (Private) Limited. The loan, which matured on 30 June 2015 attracted interest at 10% per annum and was secured through 70 000 000 shares in Ecobank Zimbabwe Limited which Brainworks Capital Management (Private) Limited held at the time

16.1.10 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 was US$1.7 million (31 December 2015: US$2.3 million) and matures on 30 July 2020.

16.1.11 The GetBucks Financial Services Limited loan was held by Brainworks Capital Management (Private) Limited and attracted interest at 18% per annum. The loan was 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 the loan matures on 30 September 2017.

16.1.12 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 was US$0.9 million (31 December 2015: US$1.4 million) and matures on 31 August 2018.

16.1.13 The outstanding loan from MyBucks SA, which is held by Brainworks Limited, 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.

16.1.14 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 m^2, 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

	31 December 2016 US$	Recognised in profit/loss US$	31 December 2015 US$	Recognised in profit/loss US$	Acquired on acquisition of subsidiaries	31 December 2014 US$	Recognised in profit/loss US$
The movement on the deferred tax account is shown below:							
Accelerated depreciation	7 501 160	36 150	7 465 010	822 132	6 642 878	–	–
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 losses	30 549	30 549	–	1 886 851	1 886 851	–	–
Others	154 748	1 091 975	(937 227)	–	–	–	–
Deferred tax liability	**7 687 568**	**317 082**	**7 370 486**	**2 708 983**	**8 529 729**	**–**	**–**

	2016 US$	2015 US$	2014 US$
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**	**–**

18. **TRADE AND OTHER PAYABLES**

	2016 US$	2015 US$	2014 US$
Payable to African Union Special Investments Limited (note 18.2)	–	–	2 375 000
Payable to Mudhut (Jersey) Limited and Wallal Superannuation Fund (note 18.3)	–	–	7 358 627
Trade payables	4 277 040	4 313 049	–
Bank overdraft	–	512 117	–
Payroll accruals	770 540	1 201 113	34 302
Other payables	3 109 431	3 428 117	598 432
Provisions for other liabilities (note 18.4)	1 499 126	1 759 497	–
Accruals and guest deposits	2 927 920	2 792 520	–
Statutory liabilities (note 18.1)	3 996 409	7 339 022	–
	16 580 466	**21 345 435**	**10 366 361**
Current	14 850 318	20 180 198	10 366 361
Non-current – statutory liabilities payment plan	1 730 148	1 165 237	–
	16 580 466	**21 345 435**	**10 366 361**

18.1 **Statutory liabilities**

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

The non-current portion of statutory liabilities which is payable monthly on a fixed monthly instalment plan relate to African Sun Limited. This was renegotiated in 2016 to being payable over the next 64 months (2015: 46 months; 2014 nil).

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.

18.2 **Payable to African Union Special Investments Limited ("UASIL")**

UASIL exercised the option to exit FML Oil and put the ordinary and preference shares to the Group, which assumed the liability of US$ 2 375 000 as per the agreement. The exit of UASIL means that the Company now holds a 100% interest in FML Oil. The liability was settled on 31 March 2015.

18.3 **Payable to Mudhut (Jersey) Limited and Wallal Superannuation Fund**

Mudhut and Wallal exercised the option to exit Lengrah Investments (Private) Limited and put the ordinary shares to the Group, which assumed the liability of US$7 358 627 in terms of the agreement. The exit of Mudhut and Wallal means that the Group now holds a 100% interest in Lengrah Investments (Private) Limited. This amount was guaranteed by 43 322 773 African Sun Limited shares and 365 716 551 Dawn Properties Limited shares. The liability was paid on 31 May 2015.

18.4 **Provisions 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.

	31 December 2016			
	Balance as at 1 January 2016 US$	**Additional provision US$**	**Utilised/ reversed provision US$**	**Balance as at 31 December 2016 US$**
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**

	31 December 2015			
	Balance as at 1 January 2015 US$	**Additional provision US$**	**Utilised/ reversed provision US$**	**Balance as at 31 December 2015 US$**
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**

(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.

18.4 **Insurance contract liabilities**

	2016 US$	2015 US$	2014 US$
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.

	Unearned premiums US$	Life insurance contract liabilities US$	Unallocated premiums US$	Claims reported but not paid US$	Claims incurred but not reported US$	Total US$
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**
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**

18.5 **Investment contract liabilities**

	2016 US$	2015 US$	2014 US$
Savings plan liability	292 308	12 487	**–**

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

19. SHARE CAPITAL

19.1 Issued and paid up share capital

	Number of shares	Ordinary share capital US$	Share premium US$	Total US$
Balance at 1 January 2014	**481 924 869**	**48 193**	**–**	**48 193**
Issued during the year	–	–	–	–
Balance as at 31 December 2014	**481 924 869**	**48 193**	**–**	**48 193**
Issued during the year	381 137 079	38 114	66 224 201	**66 262 315**
Recognition of treasury shares (note 30.1)	(77 750 000)	(7 775)	(7 767 225)	**(7 775 000)**
Balance as at 31 December 2015	**785 311 948**	**78 532**	**58 456 976**	**58 535 508**
Issued during the year	–	–	–	–
Balance 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.

19.2 Earnings per share

		2016 US$	2015 US$	2014 US$
19.2.1	**Basic and diluted earnings/(loss) per share (cents)**			
	From continuing operations	0.14	1.90	(0.45)
	From discontinued operations	(0.01)	(0.20)	–
	Total basic earnings/(loss) attributable to owners of parent	**0.13**	**1.70**	**(0.45)**
19.2.2	**Headline earnings per share (cents)**			
	From continuing operations	(0.10)	(1.82)	(0.46)
	From discontinued operations	(0.01)	(0.20)	–
	Total headline losses attributable to owners of parent	**(0.11)**	**(2.02)**	**(0.46)**
19.2.3	**Diluted headline losses per share**	**(0.11)**	**(2.02)**	**(0.46)**
19.2.4	**Reconciliation of earnings used in calculating earnings per share:**			
	Profit attributable to owners of the parent arising from:			
	From continuing operations	1 131 921	13 472 499	(2 187 641)
	From discontinued operations	(74 646)	(1 436 722)	–
		1 057 275	**12 035 777**	**(2 187 641)**
	Profit from disposal of subsidiary (note 22)	(1 176 165)	–	–
	Fair value (loss)/gain on investment property (note 7)	(886 893)	200 000	–
	Gain on bargain purchase (note 22)	–	(29 433 967)	–
	Recycled foreign currency translation reserve (note 22)	(755 651)	–	–

	2016 US$	2015 US$	2014 US$
Fair value gain on equity securities (note 22)	–	(3 301 393)	–
(Profit)/loss from disposal of property and equipment (note 23)	(281 992)	157 096	(13 502)
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)	–
Non-controlling interests share of headline earnings adjustments	839 683	(1 217 325)	–
Headline loss attributable to owners of the parent	**(898 863)**	**(14 364 108)**	**(2 201 143)**

19.2.5 **Weighted average number of shares used as the denominator**

	Number 2016	Number 2015	Number 2014
Shares in issue at the beginning of the year	863 061 948	481 924 869	481 924 869
Shares issued during the year (note 19.2.6)	–	285 852 809	–
Recognition of treasury shares (note 19.2.7)	(77 750 000)	(58 312 500)	–
	785 311 948	**709 465 178**	**481 924 869**
Weighted average number of shares in issue for basic earnings/(loss) per share	785 311 948	709 465 178	481 924 869
Weighted average number of shares in issue for diluted earnings/(loss) per share	785 311 948	709 465 178	481 924 869

19.2.6 Shares issued during the year

The Company issued 381 137 079 shares on 1 April 2015. These shares were 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.

19.2.7 Recognition of treasury shares

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

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 (31 December 2015 and 31 December 2014: nil), there were no potentially dilutive share options or other potentially dilutive financial instruments.

Net asset value per share (cents)	**2016 US$**	**2015 US$**	**2014 US$**
Net assets excluding non-controlling interests	65 305 912	64 601 349	31 388 906
Number of ordinary shares	785 311 948	709 465 178	481 924 869
Net asset value per share (cents)	**8.32**	**9.11**	**6.51**

	2016 US$	**2015 US$**	**2014 US$**
Net tangible assets per share (cents)			
Net tangible assets excluding non-controlling interests	55 876 857	55 343 787	30 499 443
Number of ordinary shares	785 311 948	709 465 178	481 924 869
Tangible asset value per share (cents)	**7.12**	**7.80**	**6.33**

Reconciliation of net asset to net tangible assets

	2016 US$	**2015 US$**	**2014 US$**
Net assets per statement of financial position excluding non-controlling interests	65 305 193	64 601 349	31 388 906
Non-tangible assets	(9 428 336)	(9 257 562)	(889 463)
Deferred tax asset	(813 984)	(996 512)	(889 463)
Notional goodwill on acquisition of Coporeti Support Services (Private) Limited t/a GetCash *	(67 816)	–	–
Intangible assets (note 8)	(8 546 536)	(8 261 050)	–
Net tangible assets	**55 876 857**	**55 343 787**	**30 499 443**

* Although the goodwill realised on the acquisition of GetCash was US$2 018 473 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.

20. **NON-CONTROLLING INTEREST**

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

	31 December 2016		31 December 2015	
Summarised statement of financial position	**Dawn Properties US$**	**African Sun US$**	**Dawn Properties US$**	**African Sun US$**
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	**81 668 488**	**13 252 890**	**81 776 257**	**17 462 144**
Net assets	**84 537 662**	**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 period	**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)**
Total comprehensive income allocated to NCI	**339 623**	**1 773 915**	**(1 274 416)**	**(3 550 348)**
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)**

21. OPERATING EXPENSES

	2016 US$	2015 US$	2014 US$
Staff costs	10 388 485	8 899 316	999 062
Share based payment expense (note 21.3)	–	–	3 449 900
Pension contribution	713 566	707 463	71 353
Retrenchment and separation costs	1 359	1 081 194	–
Tax penalty provision	–	168 198	–
Operating lease expenses – offices	266 325	278 447	97 747
Operating lease expenses – hotels	2 953 765	4 605 481	–
Administration costs	6 087 339	6 689 606	1 270 399
Directors fees	327 649	362 030	37 500
Transaction costs	360 751	224 203	214 863
Audit and legal fees	642 278	751 314	133 033
Depreciation	4 021 323	6 419 344	166 590
Amortisation 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	–	–
Consulting fees	559 329	154 165	–
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	370 314
Impairment of other investments	56 235	1 446 972	455 252
	31 161 524	**44 701 509**	**7 266 013**

21.1 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.

21.2 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.

21.3 **Share based payments expense**

Shareholders resolved to discontinue the management carry structure in 2014 whereby management and staff were entitled to an incentive on profitable exit from investee companies, as the Company changed its strategy to being an investment holding company that would be listed in the foreseeable future. In lieu of this cancellation, 34 449 900 shares were issued at US$0.10 per share to Brainworks Capital Management (Private) Limited employees. The valuation at US$ 0.10 was based on actual share issues that had been undertaken at that price per share, prior to and subsequent to the conversion of the carry structure.

The share vested immediately to the employees and have been expensed in the statement of comprehensive income. A share based payment reserve has been created and shares allotted there-in to the employees.

22. OTHER GAINS/LOSSES

	2016 US$	2015 US$	2014 US$
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**	**–**

	2016 US$	2015 US$	2014 US$
22.1 **Fair value loss on previously held investment on step up acquisition**			
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)	–
Loss on changes in degree of control	–	**(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.

23. SUNDRY INCOME

	2016 US$	2015 US$	2014 US$
Dividends received	–	30 387	35 194
Unwinding of interest of staff debtors	44 725	264 870	–
Profit from disposal of property and equipment	281 992	(157 096)	13 502
Insurance claim	225 000	–	–
RBZ export incentive	278 889	–	–
African Sun – Sun vacations management fees receivable	139 107	–	–
Other items	198 083	32 968	–
	1 167 796	**171 129**	**48 696**

24. FINANCE COST AND INCOME

		2016 US$	2015 US$	2014 US$
24.1	**Finance income**			
	Interest income on bank deposits	5 133	4 554	200 659
	Interest on short term investments	272 976	127 141	–
		278 109	**131 695**	**200 659**
24.2	**Finance costs**			
	Interest costs on borrowings	(4 050 656)	(2 188 896)	(1 501 921)
	Interest reversal/(cost) on statutory liabilities	353 491	(452 455)	–
		(3 697 165)	**(2 641 351)**	**(1 501 921)**
	Net financing costs for the period	**(3 419 056)**	**(2 509 656)**	**(1 301 262)**

25. INCOME TAX

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

	2016 US$	2015 US$	2014 US$
Current year charge	378 751	1 077 430	24 417
Withholding tax	135 087	509 536	–
Capital gains tax	–	–	73 385
Deferred tax	299 804	2 228 269	558 985
	813 642	**3 815 235**	**656 787**
A reconciliation of the income tax expense based on accounting profit and the actual income tax expense is as follows:			
Profit/(loss) before income tax	**4 372 142**	**13 470 452**	**(2 400 548)**
Tax at applicable rates	903 062	3 082 560	(707 576)
Non-taxable income	–	(1 039 644)	–
Deferred tax asset not recognised	282 771	2 056 799	189 494
Prior year income tax under-provision	370 423	928 808	–
Foreign tax credit	(607 583)	(194 626)	(97 666)
Withholding tax	135 087	509 536	–
Other deductible items	(270 118)	(1 528 198)	1 272 535
	813 642	**3 815 235**	**656 787**

The applicable tax rates in the different counties for the year were; South Africa 28% (2015: 28%), Zimbabwe 25.75% (2015: 25.75%, 2014: 25.75%) and Mauritius 15% (2015: 15%, 2014: 15%).

Prior year income tax under provision

Dawn Properties Limited ("Dawn") which is one of the subsidiaries had a long outstanding 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.

26. DISCONTINUED OPERATIONS

26.1 Zimbabwe

African Sun Limited mutually terminated the lease agreement of Beitbridge Express Hotel with Dawn Properties Limited effective 31 January 2016. This was following approval by the Board on 19 November 2015 to exit from the lease. The rationale for discontinuing was as a result of prolonged losses by the hotel which was eroding the Group's equity. The hotel reported a loss of US$129 325 for the period ended 31 December 2016 (2015: US$374 472, 2014: US$290 034).

26.2 Ghana and Nigeria

During the 2015 financial year African Sun resolved to exit its foreign operations in Ghana and Nigeria.

There was no financial impact from the exit of Nigeria as African Sun was in a net liability position. The exit from Nigeria was effective 30 September 2015.

The Group closed the Amber Accra Hotel in Ghana on 31 August 2015. The decision to exit Ghana was premised on the sustained losses driven by the low revenues and high fixed costs which were pushed by fixed operating lease costs. Management's efforts to engage the landlord to revise the operating lease costs were fruitless resulting in a mutual termination of the lease contract and disposal of operating assets to the landlord on 31 August 2015.

Included in the loss from discontinued operations for the year ended 31 December 2015 is a loss of US$2.1 million from this hotel. 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.

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.

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

	2016 US$	2015 US$
Loss from sale of assets after tax	–	(342 677)
–Amber Accra Hotel	–	(342 677)
–Beitbridge Express Hotel	–	–
Loss from discontinued operations	(129 325)	(2 489 123)
–Amber Accra Hotel	–	(2 489 123)
–Beitbridge Express Hotel	(129 325)	–
Other comprehensive income from discontinued operations		
Exchange differences on translation of discontinued operations	–	(473 531)
–Amber Accra Hotel	–	(473 531)
–Beitbridge Express Hotel	–	–
Other comprehensive income from discontinued operations	–	(527 357)
–Amber Accra Hotel	–	(527 357)
–Beitbridge Express Hotel	–	–
Analysis of cash flows from discontinued operations		
Net cash used in discontinued operations		
Net cash outflow from operating activities	(11 864)	(787 913)
–Amber Accra Hotel	–	(787 913)
–Beitbridge Express Hotel	(11 864)	–
Net cash outflow from investing activities		(107 387)
–Amber Accra Hotel	–	(107 387)
–Beitbridge Express Hotel	–	–
Net cash (outflow)/inflow from financing activities		(815 680)
–Amber Accra Hotel	–	(815 680)
–Beitbridge Express Hotel	–	–
Net cash used in discontinued operations	(11 864)	(1 710 980)
–Amber Accra Hotel	–	(1 710 980)
–Beitbridge Express Hotel	(11 864)	–
Analysis of the disposal of operating assets		
Consideration receivable	–	754 928
–Amber Accra Hotel	–	754 928
–Beitbridge Express Hotel	–	–
Carrying amount of operating assets sold		
Property and equipment	–	(1 060 560)
–Amber Accra Hotel	–	(1 060 560)
–Beitbridge Express Hotel	–	–
Inventory	–	(37 045)
–Amber Accra Hotel	–	(37 045)
–Beitbridge Express Hotel	–	–
Loss from sale of operating assets	–	(342 677)
–Amber Accra Hotel	–	(342 677)
–Beitbridge Express Hotel	–	–

27. **CAPITAL COMMITMENTS**

	2016 US$	2015 US$	2014 US$
Authorised and contracted for	–	2 356 571	2 000 000
Authorised and not contracted for	6 262 291	14 565 782	2 000 000
	6 262 291	**16 922 353**	**4 000 000**

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**

Directors and key management remuneration

Key management includes both executive and non-executive directors of 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, Chief Finance Officer, Head of Treasury, Head of Advisory and Head of Corporate Development and Investor Relations.

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

	2016 US$	2015 US$	2014 US$
Short-term employee benefits	2 855 386	3 077 290	555 422
Non-executive directors' fees	327 649	362 030	37 500
	3 183 035	**3 439 320**	**592 922**

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

The Executive Directors' remuneration paid by Brainworks Limited is as follows:

	George Manyere				Walter Kambwanji			
	2016 US$	**2015 US$**	**2014 US$**	**Total US$**	**2016 US$**	**2015 US$**	**2014 US$**	**Total US$**
Basic salary	360 000	240 000	120 000	**720 000**	330 000	225 120	120 000	**675 120**
Bonuses	–	–	94 600	**94 600**	–	–	71 700	**71 700**
Pension contributions	3 000	3 000	3 000	**9 000**	3 000	3 000	3 000	**9 000**
Medical aid	13 193	11 400	10 260	**34 853**	14 739	12 432	11 189	**38 360**
	376 193	**254 400**	**227 860**	**858 453**	**347 739**	**240 552**	**205 889**	**794 180**

The Non-Executive Directors' remuneration paid by Brainworks Limited is as follows:

	2016			2015			2014			
Director	**Retainer US$**	**Sitting Fees US$**	**Total US$**	**Retainer US$**	**Sitting Fees US$**	**Total US$**	**Retainer US$**	**Sitting Fees US$**	**Other fees US$**	**Total US$**
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**	3 000	7 500	–	**10 500**
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**	2 000	5 000	–	**7 000**
C Vermaak	4 500	3 000	**7 500**	2 500	2 500	**5 000**	2 000	5 000	–	**7 000**
P Prayag	2 500	2 500	**5 000**	2 500	2 500	**5 000**	–	–	–	**–**
V. Ndlovu	–	–	**–**	–	–	**–**	2 000	5 000	6 000	**13 000**
K Gulab	2 500	2 500	**5 000**	–	–	**–**	–	–	**–**	**–**
	60 500	**41 000**	**101 500**	**21 500**	**15 500**	**37 000**	**9 000**	**22 500**	**6 000**	**37 500**

Other related party transactions and balances

The details of other related party transactions were as follows:

	Nature of relationship	Nature of transaction	2016 US$	2015 US$	2014 US$
Related party					
GetBucks Financial Services Limited	Associate	Finance cost	519 357	32 205	–
Getcash#	Associate	Rental income	10 000	–	
Getcash#	Associate	Finance income	61 197	–	
MyBucks S.A.	Parent of GetBucks*	Finance cost	–	–	–
Ecobank Transnational Incorporated	Parent of Ecobank**	Finance cost	–	46 754	426 620
Ecobank Zimbabwe Limited	Associate	Finance cost	–	94 874	305 266
Getcash#	Associate	Receivable	1 153 995	–	–
Getcash#	Associate	Loan receivable	644 461	–	–
Meikles Limited	Joint control	Receivables	–	242 221	–
Brainworks Capital Private 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	2 500 000

* GetBucks refers to Getbucks Financial Services Limited

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

** Ecobank refers to Ecobank Zimbabwe Limited. The Group sold its equity investment in Ecobank Zimbabwe during the year ended 31 December 2015

Loan 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 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 recapitalization 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, 2014: nil) payable by the executive management of Brainworks Limited. The 2016 loan balances were assumed upon the Group's disposal of its shareholding in Ecobank Zimbabwe and repaid in 2016.

The current year loans arose from loans advanced to management under the Brainworks motor vehicle scheme whereby the Group avails loans at concessionary rates to staff for the acquisition of motor vehicles. The motor vehicles financed secures the loans.

The staff loans bear interest at 7% per annum (2015: 7%) and are generally repayable over a period of 12 months.

29. CONTINGENCIES

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 guest 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.

Dawn Properties Limited

City of Harare allocated land registered in the name of one of the Group'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.

Brainworks Capital Management (Private) Limited

A claim by the Zimbabwe Revenue Authority ("ZIMRA") against Brainworks Capital Management (Private) Limited ("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 a 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 Combination on accounting for the acquisition of African Sun Limited and Dawn Properties 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 the 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

30.12 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.

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.

30.13 Application of IFRS 3 – Business Combination on accounting for the acquisition of African Sun Limited and Dawn Properties 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 gain on change in degree of control of US$376 886 in the Group statement of comprehensive income for the year ended 31 December 2015.

30.14 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.

30.15 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.

30.16 **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.

30.17 **Overstatement of the goodwill impaired from investment in African Sun Limited**

On 30 April 2015, Brainworks Capital Management (Private) Limited – a wholly owned subsidiary of Brainworks 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 were 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.

30.18 **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 ("BCM") 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 financial statements. 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.

30.19 **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.

30.20 **Errors arising from use of preliminary numbers for consolidation purposes**

The 2015 Group financial statements were prepared using preliminary figures for 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.

30.21 **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 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 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.

30.22 **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:

Statement of comprehensive income (extract)	31 December 2015 Previously stated US$	Increase/ (decrease) US$	31 December 2015 Restated US$
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)	8 127 526	(44 701 508)
Impact on (loss)/profit before income tax	**(19 297 013)**	**4 456 288**	**(14 840 725)**
Income tax expense	(3 775 326)	(39 909)	(3 815 235)
Impact on profit from continuing operations	**(23 072 339)**	**4 416 379**	**(18 655 960)**
Discontinued operations	(2 289 843)	(199 280)	(2 489 123)
Impact on profit for the year	**(25 362 182)**	**4 217 099**	**(21 145 083)**
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)**	**4 242 211**	**(21 119 971)**

	31 December 2015 Previously stated US$	Increase/ (decrease) US$	31 December 2015 Restated US$
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**

Basic and headline earnings per share for the year ended 31 December 2015 have also been restated.

31. **SUBSEQUENT EVENTS**

31.1 **Key employees' resignation**

Mr. G Manyere and Mr W. Kambwanji stepped down as executive directors of Brainworks Limited 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**

Subsequent to the reporting date, Dawn Properties successfully arranged a drawdown of US$2.3million 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 would commence on 31 August 2017, that is, after a grace period of six months from the drawdown date.

31.3 **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.

31.4 **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 (excluding the shares issued pursuant to the Pre-listing Issue).

31.5 **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$1.5m 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$1.14million 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 be converted into a 5 year promissory note bearing interest at 5% per annum.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF BRAINWORKS AND ITS SUBSIDIARIES

"20 September 2017

The Board of Directors
Brainworks Limited
C/O FiducieForte Management Services Limited
Level 2, Alexander House
Silicon Avenue
Ebène Cybercity
Republic of Mauritius

Independent reporting accountant's audit report on the historic financial information of Brainworks Limited and its Subsidiaries

Our opinion

Brainworks Limited is issuing a pre-listing statement to its shareholders ("the Pre-listing Statement") regarding the proposed listing of Brainworks Limited on the Johannesburg Securities Exchange ("JSE") (the "Proposed Transaction").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brainworks Limited ("the Company") and its subsidiaries (together "the Group") as at 31 December 2016, 31 December 2015 and 31 December 2014 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Pre-listing Statement to be dated on or about 26 September 2017, Brainworks Limited's consolidated financial statements as set out on pages 129 to 223 of the Pre-listing Statement comprise:

- the consolidated statements of financial position as at 31 December 2016, 31 December 2015 and 31 December 2014;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

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

Purpose of this report

This report has been prepared for the purpose of the Pre-listing statement and for no other purpose.

Responsibilities of the directors for the consolidated financial statements

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

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

Reporting Accountant's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor

Sunninghill
20 September 2017"

MATERIAL BORROWINGS

1. **MATERIAL LOANS AND BORROWINGS ADVANCED TO THE GROUP**

1.1 As at the Last Practicable Date, the material borrowings of the Group are as detailed below:

Borrower	Lender name	Amount as at 31 December 2016 (US$)	Purpose of loan	Interest rate	Terms and conditions of repayment or renewal	Details of security provided
Brainworks	MyBucks	311 981	Working capital facility	30% per annum	Matures on 31 December 2017	Unsecured
	Ever Prosperous Worldwide Limited	10 077 500	Finance investee company activities and refinance debt advanced for the Dawn Properties and African Sun mandatory offers, and working capital facility	10% per annum (1% as fees and 9% as interest)	Matures on 17 October 2017, renewable subject to reasonable obligations being satisfied	77 750 000 Shares (before the Share Consolidation of 10:1) held in Brainworks and 380 million shares in Dawn Properties and power of attorney to register surety mortgage bonds over certain fixed properties in the Group
	Various[1]	–[2]	Working capital facility	20% per annum	Matures on 30 Nov 2017	249 050 shares held in MyBucks.
Brainworks Capital Management	GetBucks	2 339 872	Working capital facility	18% per annum	Matures on 30 Sept 2017	Secured by 227 645 661 shares in African Sun
	CBZ Bank	3 824 687	Acquisition of GetCash and working capital facility	12% per annum[3]	Matures on 28 Feb 2018	Secured by 380 000 000 shares in Dawn Properties
	Ecobank Zimbabwe Limited	5 828 582	Acqusition of 77 750 000 Brainworks Shares (before Share Consolidation of 10:1) from a previous Shareholder in 2015	8% per annum	Matures on 30 Aug 2019	Secured by 360 900 000 shares in Dawn Property, 146 299 461 shares in African Sun and 26 099 050 shares in GetBucks

Borrower	Lender name	Amount as at 31 December 2016 (US$)	Purpose of loan	Interest rate	Terms and conditions of repayment or renewal	Details of security provided
Dawn Properties	NMB Bank	1 701 314	Project Finance for the development of the Elizabeth Windsor Gardens	9% per annum[4]	Five-year US$5 million facility, maturing on 31 Oct 2020	Secured by first mortgage bonds over the Beitbridge Hotel, Great Zimbabwe Hotel, stand number 3204, New Marlborough Township, and an unlimited guarantee by Brainworks Capital Management (Private) Limited
	CBZ Bank	212 139	Acquisition of Stand No 913, Mandara	12% per[5] annum[4]	Matures on 31 Aug 2021	First mortgage bond over Lichendale Property, Stand 913, Mandara Township, under Deed of Transfer No. 1512/2004 dated 5 March 2004
African Sun	Al Shams Global Limited[5]	3 507 577[6]	Refinancing of Ecobank Ghana and Ecobank Zimbabwe loans, which were working capital facilities	10% per annum	Matures on 30 September 2019[5]	Unsecured
	FBC Bank[7]	1 749 988	Working capital facility	Banks Minimum Lending Rate (11% at the time the latest facility was entered into) less a margin of 3.5%	Matures on 31 July 2020	Gaurantee by Brainworks and various deeds of hypothecation by African Sun over stands in the Victorial Falls Township situated in the district of Wankie, the Nyamhunga Township, Kariba and the Muchurara Township, Kariba

Borrower	Lender name	Amount as at 31 December 2016 (US$)	Purpose of loan	Interest rate	Terms and conditions of repayment or renewal	Details of security provided
	MBCA Bank	891 146	Working capital facility	11% per annum	Matures on 31 Aug 2018	Secured by a notarial general covering bond
	Ecobank Zimbabwe Limited[3]	200 991[5]	Working capital facilities	13% per annum	Matured on 31 Jan 2017[5]	Unsecured
FML	NMB Bank	304 943	Acquisition of trucks	20% per annum	Payable on demand	Secured by 32.2 million shares in African Sun, 45 million shares in Dawn Properties, stand 19 211, Harare Township, property No. 25, Rhodesville Avenue, Harare, and an unlimited guarantee by Brainworks Capital Management
	Comarton managed Pension Funds	2 108 649	Acquisition of trucks	15% per annum	Staggered maturities with the final maturity on the 5 May 2019	Secured by 106 400 000 shares in GetBucks

1. Lendors include Mr Boisvenue Jean-Francois, trustees of the Fewelll Family Trust, Axys Investment Partners Limited, Horizon Corporation Limited and The Challenger Trade Finance Segregated Portfolio fo the Sough African SPC.
2. The loan amount was USD1.35 million and was drawn down post 31 December 2016, being the latest year-end of the Company, and accordingly there was no balance outstanding as at 31 December 2016.
3. Interest rate increased to 12% from 10% post 31 December 2016, being the latest year-end of the Company.
4. Interest rate was reduced from 12% per annum to 9% per annum post 31 December 2016, being the latest year-end of the Company.
5. Interest rate was reduced from 16% per annum to 12% per annum post 31 December 2016, being the latest year-end of the Company.
6. Repaid in full post 31 December 2016, being the latest year-end of the Company, and prior to publication of this Pre-listing Statement.
7. This facitliy limit was increased to USD6.4 million post 31 December 2016, being the latest year-end of the Company, resulting in additional security taken by the lendor.

1.2 The payment of the loan due by Brainworks to Ever Prosperous Worldwide Limited and Brainworks Capital Management to GetBucks will be financed from the proceeds of the capital to be raised pursuant to the Offer.

1.3 The repayment of the loan due by FML Logistics to NMB Bank will be paid from internal cash resources.

1.4 The repayment of the loan due by Brainworks Capital Management to CBZ Bank will be funded from the capital to be raised persuant to the offer and/or from dividends to be received from various underlying subsidiaries.

1.5 None of the borrowings disclosed in the above table have any conversion or redemption rights attached to them.

MATERIAL CONTRACTS

Summaries of material contracts entered into by the Company and its Major Subsidiaries, outside of the ordinary course of business, are provided below, where those contracts have been entered into in the past two years preceding the date of this Pre-listing Statement, or where the contracts contain obligations that are still outstanding as at the Last Practicable Date.

BRAINWORKS CAPITAL MANAGEMENT (PRIVATE) LIMITED

1. **AFRICAN SUN ADVISORY AGREEMENT**

Parties to the agreement	Brainworks Capital Management and African Sun
Effective Date	1 January 2016
Recitals	Brainworks Capital Management has specialised knowledge in the field of advisory services and in commercial, financial and administrative management techniques, as well as specific knowledge on strategic planning, treasury, insurance, risk management and investor relations In terms of the African Sun Advisory Agreement, Brainworks Capital Management has made certain support services available to African Sun, as set out below.
Remuneration	African Sun shall pay Brainworks a monthly fee equal to 0.0065% of the monthly revenue of African Sun, capped at a maximum amount of US$35,000 (exclusive of VAT).
Term of agreement and termination provisions	The agreement will endure for an initial term of 12 months and shall automatically continue thereafter unless terminated on 3 months' written notice. Both parties have the right to extraordinary termination for good cause.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

2. **DAWN PROPERTIES ADVISORY AGREEMENT**

Parties to the agreement	Brainworks Capital Management and Dawn Properties
Effective Date	1 January 2016
Recitals	Brainworks Capital Management has specialised knowledge in the field of advisory services and in commercial, financial and administrative management techniques, as well as specific knowledge on strategic planning, treasury, insurance, risk management and investor relations. In terms of the Dawn Properties Advisory Agreement, Brainworks Capital Management has made certain management and technical services available to Dawn Properties and its subsidiaries, as set out below.
Remuneration	Dawn Properties shall pay Brainworks: – 10% of rental revenues collected per month from hotels leased by Dawn Properties and its subsidiaries to African Sun, payable monthly; – a property consulting fee of 5% of monthly gross revenue, payable monthly; and – a property development fee of 20% of realised development profit.
Term of agreement and termination provisions	The agreement may be terminated on 3 months' written notice. The parties may terminate the agreement in the event of: – failure to make requisite payments within seven days after such payment is due; – a party being placed under liquidation or judicial management, or if the party enters into a compromise or scheme of arrangement with its creditors; and – a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all, or substantially all, of the property, assets and revenues of Dawn Properties and which is not discharged or stained within 30 days.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

AFRICAN SUN LIMITED (FORMERLY ZIMSUN)

1. **MANAGEMENT AGREEMENTS CONCLUDED WITH LEGACY**

(a) **Legacy management agreement – Amended and Restated Management Agreement in respect of Elephant Hills Resort and Conference Centre, Monomotapa Hotel, Troutbeck Resort and Hwange Safari Lodge**

Parties to the agreement	African Sun and Legacy
Effective Date	1 October 2015
Recitals	African Sun is the owner/lessee of the property on which Elephant Hills Resort and Conference Centre, Monomotapa Hotel, Troutbeck Resort and Hwange Safari Lodge ("the Hotels") are situated. The parties have agreed that African Sun appoints Legacy to render management services to African Sun.

Remuneration	African Sun shall pay Legacy: – a basic fee in an amount equal to 3% of the aggregate adjusted gross revenue derived from the operation of each Hotel; plus – an incentive fee in an amount equal to 8% of the gross operating profit of the Hotels; plus – an international group marketing contribution of 3% of the gross room revenue of the business of the Hotels; plus – a rooms management and central reservations fee of US$8 per room booked for the Hotel reserved through Legacy's central reservation services, which fee shall escalate annually at the official Consumer Price Index for all Urban Consumers in the United States of America; – the reimbursement of all other expenses of Legacy specifically referred to in the agreement; – the reimbursement of any disbursements and expenses incurred by Legacy in the fulfilment of its obligations in terms of the agreement; and – provided that such amounts have been agreed upon in the operational budget, a consultancy fee equal to the pro-rata salaries, wages, direct expenses, other employee benefits and overhead costs of certain employees of Legacy who provide services pursuant to the agreement but who are not employed on the premises.
Term of agreement and termination provisions	The agreement shall terminate where a material default of the agreement has occurred and remedial action has not diligently commended within 7 days, or in the event of a breach of contract by either of the parties, including *inter alia*: – the event of any of the parties failing to make payment of any amount due to the other on the due date and within 30 (thirty) days of receipt by it of written notice calling upon it to do so; – a party committing a fraudulent act; – a court or tribunal of competent jurisdiction finding that a party has repudiated the agreement; and – Legacy becoming insolvent or being adjudicated bankrupt.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(b) **Legacy management agreement – Amended and Restated Management Agreement in respect of The Kingdom at Victoria Falls and Makasa Sun Casino**

Parties to the agreement	African Sun and Legacy
Effective Date	1 October 2015
Recitals	African Sun is the owner/lessee of the property on which The Kingdom at Victoria Falls and Makasa Sun Casino ("the Hotels") are situated. The parties have agreed that African Sun appoints Legacy to render management services to African Sun.

Remuneration	African Sun shall pay Legacy: – a basic fee in an amount equal to 3% of the aggregate adjusted gross revenue derived from the operation of each Hotel; plus – an incentive fee in an amount equal to 8% of the gross operating profit of the Hotels; plus – an international group marketing contribution of 3% of the gross room revenue of the business of the Hotels; plus – a rooms management and central reservations fee of US$8 per room booked for the Hotels reserved through Legacy's central reservation services, which fee shall escalate annually at the official Consumer Price Index for all Urban Consumers in the United States of America; – the reimbursement of all other expenses of Legacy specifically referred to in the agreement; – the reimbursement of any disbursements and expenses incurred by Legacy in the fulfilment of its obligations in terms of the agreement; and – provided that such amounts have been agreed upon in the operational budget, a consultancy fee equal to the pro-rata salaries, wages, direct expenses, other employee benefits and overhead costs of certain employees of Legacy who provide services pursuant to the agreement but who are not employed on the premises.
Term of agreement and termination provisions	The agreement shall terminate where a material default of the agreement has occurred and remedial action has not diligently commended within 7 days, or in the event of a breach of contract by either of the parties, including *inter alia*: – the event of any of the parties failing to make payment of any amount due to the other on the due date and within 30 (thirty) days of receipt by it of written notice calling upon it to do so; – a party committing a fraudulent act; – a court or tribunal of competent jurisdiction finding that a party has repudiated the agreement; and – Legacy becoming insolvent or being adjudicated bankrupt.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

2. **FRANCHISE AGREEMENTS CONCLUDED WITH IHG**

(a) **Holiday Inn Bulawayo Franchise Agreement**

Parties to the agreement	IHG Hotels Limited ("Licensor") and African Sun ("Licensee") ("the Parties")
Purpose of agreement	Non-assignable, non-exclusive licence for the use of the Holiday Inn Brand at Milnerton Drive, Ascot, Bulawyao, Zimbabwe
Commencement date	1 January 2016
Initial term	10 years from commencement date
Renewal term	By mutual agreement between the Parties

Licensing fee	Fees payable include: • Licencing fee of 3.5% of Gross Rooms Revenue, payable each calendar month; • Marketing and Reservation Contribution of 3% of Gross Rooms Revenue, payable each calendar month; • Frequency Marketing Contribution of 4.75% of Full Folio • Technology services fee of US$12.75 per room per month; and • Other add-hoc fees as set out in the agreement.

(b) **Holiday Inn Harare Franchise Agreement**

Parties to the agreement	IHG Hotels Limited ("Licensor") and African Sun ("Licensee") ("the Parties")
Purpose of agreement	Non-assignable, non-exclusive licence for the use of the Holiday Inn Brand at Corner Samora Machel Avernue and 5th Street, Harare, Zimbabwe
Commencement date	1 January 2016
Initial term	10 years from commencement date
Renewal term	By mutual agreement between the Parties
Licensing fee	Fees payable include: • Licencing fee of 2.5% of Gross Rooms Revenue, payable each calendar month; • Marketing and Reservation Contribution of 3% of Gross Rooms Revenue, payable each calendar month; • Frequency Marketing Contribution of 4.75% of Full Folio • Technology services fee of US$12.75 per room per month; and • Other ad hoc fees as set out in the agreement.

(c) **Holiday Inn Mutare Franchise Agreement**

Parties to the agreement	IHG Hotels Limited ("Licensor") and African Sun ("Licensee") ("the Parties")
Purpose of agreement	Non-assignable, non-exclusive licence for the use of the Holiday Inn Brand at the corner of Aerodrome Road and Third Street, Mutare, Zimbabwe ("the Hotel")
Commencement date	The date on which the Licensor authorises the Licensee in writing to open and operate the Hotel as a Brand hotel.
Initial term	10 years from commencement date
Renewal term	By mutual agreement between the Parties
Licensing fee	Fees payable include: • Licencing fee of 3.5% of Gross Rooms Revenue, payable each calendar month; • Marketing and Reservation Contribution of 3% of Gross Rooms Revenue, payable each calendar month; • Frequency Marketing Contribution of 4.75% of Full Folio; • Technology services fee of US$12.75 per room per month; and • Other ad-hoc fees as set out in the agreement.

3. **LEASE AGREEMENTS CONCLUDED WITH THE DAWN PROPERTIES GROUP**

(a) **Amended Lease Agreement in respect of Carribea Bay Sun**

Parties to the agreement	Gold Coast and African Sun ("Lessee") (previously ZimSun)
Effective Date	Initial agreement: 1 July 2003 Addendum: 1 December 2005
Recitals	Gold Coast has, with effect from 1 July 2003, acquired ownership of a property known as Carribea Bay Sun ("the Property"). Gold Coast wishes to let the Property to African Sun, who wishes to hire same.
Remuneration	Each month, African Sun shall pay to Gold Coast 10% of its trading turnover (being all monies received or receivable by African Sun for the use and occupation of the Property) and 5% of food and beverage related revenue each month, commencing on 1 July 2003.
Term of agreement and termination provisions	The lease shall commence on the effective date and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of subsequent renewal period, whichever is applicable). The agreement shall also terminate upon breach by either party of the agreement and the subsequent failure to remedy such breach. The agreement may also be terminated if the Lessor determines that the business of African Sun is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turn over, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(b) **Amended Lease Agreement in respect of Troutbeck Resort**

Parties to the agreement	Gold Cost (the "Lessor") and African Sun (the "Lessee")
Effective Date	Initial agreement: 1 July 2003 First addendum: 1 December 2005 Second addendum: 1 May 2016
Recitals	The Lessor has acquired ownership of a certain piece of land known as Troutbeck Inn and Estate (the "Property"), which the Lessor wishes to let to the Lessee.
Remuneration	Each month, the Lessee shall pay to the Lessor, 10% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 5% of food and beverage related revenue each month, commencing on 1 July 2003.

Term of agreement and termination provisions	The lease shall commence on the effective date and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of subsequent renewal period, whichever is applicable). The agreement shall also terminate upon breach by either party of the Agreement and the subsequent failure to remedy such breach. The agreement may also be terminated if the Lessor determines that the business of the Lessee is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turn over, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(c) **Lease Agreement in respect of Hwange Safari Lodge, and addendum thereto**

Parties to the agreement	Gold Cost ("the Lessor") and African Sun (formerly ZimSun) ("the Lessee")
Effective Date	Initial Agreement: 1 July 2003 Addendum: 1 December 2005
Recitals	The Lessor has acquired ownership of a piece of land known as Hwange Safari Lodge ("the Property") and wishes to let the Property to the Lessee who wishes to hire same.
Remuneration	Each month, the Lessee shall pay to the Lessor 10% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 6% of food and beverage related revenue each month, commencing on 1 July 2003.
Term of agreement and termination provisions	The lease shall commence on the effective date and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of each subsequent renewal period, whichever is applicable). The agreement shall also terminate upon breach by either party of the Agreement and the subsequent failure to remedy such breach. The agreement may also be terminated if the Lessor determines that the business of the Lessee is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turn over, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(d) **Lease Agreement in respect of Elephant Hills Resort, and addendums thereto**

Parties to the agreement	Gold Cost ("the Lessor") and African Sun (formerly ZimSun) ("the Lessee")
Effective Date	Initial Agreement: 1 July 2003 First Addendum: 1 December 2005 Second Addendum: 1 May 2016

Recitals	The Lessor has acquired ownership of a piece of land known as Elephant Hills Resort ("the Property") and wishes to let the Property to the Lessee who wishes to hire same.
Remuneration	Each month, the Lessee shall pay to the Lessor 14% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 14% of food and beverage related revenue each month, commencing on the effective date of 1 May 2016.
Term of agreement and termination provisions	The lease shall commence on the effective date of 1 July 2003 and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of each subsequent renewal period, whichever is applicable). The agreement shall also terminate upon breach by either party of the Agreement and the subsequent failure to remedy such breach. The agreement may also be terminated if the Lessor determines that the business of the Lessee is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turnover, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(e) **Agreement of Lease in respect of Holiday Inn Mutare, and addendums thereto**

Parties to the agreement	Gold Cost ("the Lessor") and African Sun (formerly ZimSun) ("the Lessee")
Effective Date	Initial Agreement: 1 July 2003 First Addendum: 1 December 2005 Second Addendum: 1 May 2016
Recitals	The Lessor has acquired ownership of a piece of land known as Amber Hotel Mutare ("the Property") and wishes to let the Property to the Lessee who wishes to hire same.
Remuneration	Each month, the Lessee shall pay to the Lessor 14% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 14% of food and beverage related revenue each month, commencing on the effective date of 1 May 2016.
Term of agreement and termination provisions	The lease shall commence on the effective date of 1 July 2003 and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of each subsequent renewal period, whichever is applicable). The agreement shall also terminate upon breach by either party of the Agreement and the subsequent failure to remedy such breach. The agreement may also be terminated if the Lessor determines that the business of the Lessee is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turnover, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(f) **Agreement of Lease in respect of Great Zimbabwe Hotel and addendums thereto**

Parties to the agreement	Laclede Investments (Private) Limited ("the Lessor") and African Sun (previously ZimSun) ("the Lessee")
Effective Date	Initial Agreement: 1 July 2003 Addendum: 1 December 2005
Recitals	The Lessor has acquired ownership of a piece of land known as Great Zimbabwe Hotel ("the Property") and wishes to let the Property to the Lessee who wishes to hire same.
Remuneration	Each month, the Lessee shall pay to the Lessor 10% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 5% of food and beverage related revenue each month, commencing on the effective date.
Term of agreement and termination provisions	The lease shall commence on the effective date of 1 July 2003 and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The Agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of each subsequent renewal period, whichever is applicable). The Agreement shall also terminate upon breach by either party of the Agreement and the subsequent failure to remedy such breach. The Agreement may also be terminated if the Lessor determines that the business of the Lessee is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turnover, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(g) **Agreement of Lease in respect of Monomotapa Hotel (previously known as Crown Plaza Monomotapa Hotel), and addendums thereto**

Parties to the agreement	Gold Cost ("the Lessor") and African Sun (formerly ZimSun) ("the Lessee")
Effective Date	Initial Agreement: 1 July 2003 First Addendum: 1 December 2005 Second Addendum: 1 May 2016
Recitals	The Lessor has acquired ownership of a piece of land known as Monomotapa Hotel ("the Property") and wishes to let the Property to the Lessee who wishes to hire same.
Remuneration	Each month, the Lessee shall pay to the Lessor 14% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 14% of food and beverage related revenue each month, commencing on the effective date of 1 May 2016.

Term of agreement and termination provisions	The lease shall commence on the effective date of 1 July 2003 and shall continue and endure for an initial period of 10 years, terminating on 30 June 2013, and is subject to four further 10-year renewal periods. The Agreement shall terminate upon failure by the Lessee to timeously renew the rental period (i.e. 6 months before end of the initial 10-year period, or the end of each subsequent renewal period, whichever is applicable). The Agreement shall also terminate upon breach by either party of the Agreement and the subsequent failure to remedy such breach. The Agreement may also be terminated if the Lessor determines that the business of the Lessee is being conducted or managed in a manner which either precludes the realistic and sustainable achievement of the required percentage of trading turnover, or is likely to diminish the good commercial standing or reputation of the Property.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

4. **LEASE AGREEMENTS WITH PARTIES OUTSIDE OF THE GROUP**

(a) **Lease Agreement in respect of Holiday Inn Bulawayo, and addendum thereto**

Parties to the agreement	National Railway of Zimbabwe Contributory Pension Fund ("Lessor") and African Sun (formerly ZimSun) ("Lessee")
Term	Commencement date: 1 November 2011 Termination date: 31 October 2033
Recitals	The Lessor has acquired ownership of a piece of land known as Holiday Inn Bulawayo, being Stand 15462 Ascot Township ("the Property"). The Lessor wishes to let the Property to the Lessee, who wishes to hire same.
Renewal	The Lessee shall be entitled to renew the lease on terms and conditions agreeable to the lessor provide that the lessee notifies the lessor in writing two years prior to the expiry of the lease.
Remuneration	Each month, the Lessee shall pay to the Lessor, 10% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 5% of food and beverage related revenue each month.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(b) **Lease Agreement in respect of Holiday Inn Harare, and addendum thereto**

Parties to the agreement	National Railway of Zimbabwe Contributory Pension Fund ("Lessor") and African Sun (formerly ZimSun) ("Lessee")
Effective Date	Initial Agreement: 1 July 2003 Addendum: 1 December 2005
Recitals	The Lessor has acquired ownership of a piece of land known as Express by Holiday Inn ("the Property"). The Lessor wishes to let the Property to the Lessee, who wishes to hire same.
Remuneration	Each month, the Lessee shall pay to the Lessor, 10% of its trading turnover (being all monies received or receivable by the Lessee for the use and occupation of the Property) and 5% of food and beverage related revenue each month.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(c) **Marineland – Notarial Deed of Lease between Dawn Properties and Kingdom Calls (Private) Limited**

Parties to the agreement	Dawn Properties ("Lessor") and Kingdom Calls (Private) Limited ("Lessee")
Effective Date	1 December 1999
Recitals	The Lessor is the registered owner of Stand 688 Kariba Township, which the Lessor has agreed to let to the Lessee.
Remuneration	The Lessee shall pay the following rental to the Lessor: – US$15 000.00 per month for a period of 24 months commencing on 1 December 1999; – US$73 216.00 per month for a period of 12 months commencing on 1 December 2001; – such amount agreed upon in writing by the parties on or before the years 2002 to 2018 commencing 1 December (excluding the years commencing 1 December 2004, 2009, 2014, and 2019) or 80% of the annual rate of inflation for the month immediately preceding the next year's commencement month, being November; and – for the years commencing 1 December 2004, 2009, 2014 and 2019, the rental payable per month shall be the amount as determined between the Parties in terms of the agreement.
Term of agreement and termination provisions	The lease shall be deemed to have commenced on 1 December 1999 and shall continue and endure for a period of 20 years from the commencement date, terminating on 30 November 2019.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(d) **The Kingdom Falls Hotel – Notarial Deed of Lease between African Sun and Makasa Sun (Private) Limited**

Parties to the agreement	ZimSun (now African Sun) ("Lessor") and Makasa Sun (Private) Limited ("Lessee")
Date of agreement	26 November 2001
Recitals	The Lessor is the registered owner of Stand 417 Victoria Falls Township, knowns as the Kingdom at Victoria Falls ("the Property") which the Lessor has agreed to let to the Lessee.
Remuneration	The Lessee shall pay rental to the Lessor at the minimum of: • 10% of trading turnover, being accommodation revenue, rentals charged for sub-letting and charges for other services, net of sales taxes, levies and commissions; and • the base rental, being US$187 500 000, escalated at 15% per annum for the term of the lease
Term of agreement and termination provisions	The lease has a 10 year term, commencing on the effective date of the sale of shares entered into by Barclays Bank of Zimbabwe Pension Fund, the Lessee and Delta.

(e) **Victoria Falls Hotel – Memorandum of Agreement of Lease in respect of the Victoria Falls Hotel**

Parties to the agreement	Emerged Railways Properties (Private) Limited, National Railways of Zimbabwe, Thomas Meikle Centre (Private) Limited (wholly owned subsidiary of Meikles) and African Sun (previously ZimSun).
Effective Date	1 November 2006

Recitals	Emerged Railways Properties (Private) Limited which is jointly owned by Zambia Railways Limited and National Railways of Zimbabwe, (the "Lessor") hereby lets the Victoria Falls Hotel ("the Property") to ZimSun and Thomas Meikle Centre (Private) Limited in partnership trading as the Victoria Falls Hotel Partnership ("Lessee"), solely for the operation of a licensed hotel business and other activities reasonably ancillary thereto.
Remuneration	The Lessee shall pay an amount equivalent to 10% of its annual gross income/revenue earned from operation of the property.
Term of agreement and termination provisions	The lease shall continue for a period of 15 years commencing on 1 November 2006 and terminate on 31 October 2021. The Lessee shall have the option to renew this period for a further 10 years on terms and conditions to be agreed by the parties in writing which shall be exercisable at least 12 months before expiry of the lease. – uses the property for purposes other than for which it is leased; – uses the property for purposes other than for which it is leased; – sublets the property without the prior written approval of the lessor; – misuses the property in a manner that has the potential to cause extensive damage to the property; and – fails to pay the consideration or rent due in the appointed time and place.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

5. **PARTNERSHIP AGREEMENTS**

(a) **Victoria Falls Hotels Partnership – Amended Partnership Agreement between African Sun and Meikles**

Parties to the agreement	African Sun Zimbabwe (Private) Limited (being a wholly-owned subsidiary of African Sun) and Meikles ("the Partners")
Effective Date	1 April 1998
Recitals	African Sun Zimbabwe agreed to sell to Meikles, which agreed to purchase, an undivided half-share in the business of managing and operating the Victoria Falls Hotel. In terms of the Amended Partnership Agreement, the Partners wish to ensure that the business is conducted efficiently and profitably, and have entered into the Partnership Agreement to regulate their relationship as partners and joint operators of the business.
Remuneration	Not applicable.
Term of agreement and termination provisions	The agreement will terminate upon either of the following events: – the inability of the Partners to resolve a bona fide deadlock pursuant to the procedures and relating to the matters set out in the agreement; or – the final liquidations (other than for purposes of reconstruction or re-organisation) of either of the Partners; or – the final judicial management or similar disability of either of the Partners; or – the giving by either Partner of notice of its decision to terminate the Partnership without giving not less than 6 months' written notice to the other Partner (unless the Partners agree to a shorter period of notice); or – a change of control in either of the Partners.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

6. **OTHER**

(a) **Timeshare Units Settlement Agreement in respect of Troutbeck Resort and Carribea Bay Sun**

Parties to the agreement	African Sun and Dawn Properties
Effective Date	1 March 2016
Recitals	African Sun ("Lessee") and Dawn Properties ("Lessor") have entered into an agreement where the Lessor agrees to compensate the Lessee, and the Lessee agrees to be so compensated for the timeshare units and certain leasehold improvements thereof.
Remuneration	The compensation for the leasehold improvements is US$1 053 333.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

(b) **Leasehold Improvements Settlement Agreement of Lease in respect of Monomotapa Hotel, Elephant Hills Resort and Great Zimbabwe Hotel**

Parties to the agreement	African Sun and Gold Coast
Date of signature of agreement	26 February 2016
Recitals	The Lessee agrees to compensate the Lessor in respect of such leasehold improvements at the net replacement value of US$391 107.72
Remuneration	The agreed settlement for the leasehold improvements is US$ 391 107.72, broken down as follows: – US$ 193 526 for the Conference Centre situated at the Great Zimbabwe Hotel and Conference Centre; – US$ 90 720 for the water reservoir at Elephant Hills Hotel; and – US$ 77 556 for the Aquarium Bar at the Monomotapa Hotel.
Governing law	The agreement is governed by and construed in accordance with the laws of Zimbabwe.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE REVIEW

The Board endorses the principles of the King Report on Corporate Governance ("**King Report**") and believes that sound corporate governance practices are key in delivering sustainable performance.

The Board is compliant in all material respects with the principles of the King IV Report. A register of the King IV principles, and the extent of Brainworks' compliance therewith, is available at the end of this Annexure.

An overview of the board composition, committees and company secretary is provided below.

1. THE BOARD

The Board is responsible for the strategic direction and control of the Company, and will be accountable for the operations of the Company.

The Board currently comprises ten Directors, being two executive directors and eight non-executive directors, of whom four are independent non-executive directors. The board composition reflects a blend of different experience and backgrounds. The board comprises an appropriate balance of power between executive and non-executive directors, and there is no individual that has unfettered powers of decision-making and no individual dominates the Board's deliberations and decisions. [3.84(a).

The Board is committed to the highest standards of corporate governance. The Board intends to meet regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all members of the Board will receive appropriate and timely information. Briefing papers will be distributed to all members of the Board in advance of Board meetings. In addition, procedures will be in place to enable all members of the Board to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Board will be chaired by Simon Village. The chairman is responsible for leading the Board and facilitates constructive relations between the executive and the Board. The Board will meet once a year without the chairman to discuss his performance.

Simon Village is not considered to be independent from the Group and therefore the Company has appointed Martin Woods as the deputy chairperson and the lead independent director. [3.84(b)]

The board has an appropriate mix of skills and experience for the Company, given its nature and operations.

The audit and risk committee has assessed and are satisfied that the financial director, Peter Saungweme, has the necessary skills and qualifications to fulfil his responsibilities.

2. COMMITTEES

The Board has delegated certain specific responsibilities to the following committees, which are detailed more fully below:

- Remuneration and Nominations committee;
- Audit and Risk committee;
- Corporate and Social Responsibility Committee; and
- Investment committee;

The composition of each of the committees are set out in the table below:

Name of committee member	Audit and Risk committee	Remuneration and Nominations Committee	Corporate Social Responsibility Committee	Investments Committee
Simon Village		√ (chair for nominations matters)		
Martin Wood	√		√	
George Bennett	√	√ (chair for remunerations matters)		√
Richard Muirimi		√	√	√
Richard Charrington	√	√		√
Audrey Mothupi			√	√
Walter Kambwanji			√	

The audit committee

The Audit Committee will have primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Company is properly measured and reported on and reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders.

The committee focuses in particular on compliance with legal requirements, accounting standards and the Listing Requirements and on ensuring that an effective system of internal financial control is maintained. The Audit Committee will be responsible for ensuring the Company has in place appropriate reporting procedures and that those procedures are operating.

The auditors of the Company will have unrestricted access to the audit committee members.

The audit committee will normally meet not less than four times a year and at the appropriate times in the reporting and audit cycle and at such other times as the Chairman shall require.

The committee members have the requisite financial and commercial skills to contribute to the committee's deliberations and to fulfil the roles and responsibilities expected of the audit committee. The audit committee is chaired by M Wood.

The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board.

The terms of reference of the Audit Committee cover such issues as committee membership, frequency of meetings (as mentioned above), quorum requirements and the right to attend meetings. The responsibilities of the Audit Committee covered in the terms of reference relate to the following: external audit, internal audit, financial reporting, internal controls and risk management. The terms of reference also set out reporting responsibilities and the authority of the committee to carry out its responsibilities.

The Audit Committee must consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the Chief Financial Officer. The Company must confirm this by reporting in its annual report that the Audit Committee has executed this responsibility.

The remuneration committee

The Remuneration Committee will review the performance of the executive directors and the chairman of the Company and determine their terms and conditions of service, including their remuneration and the grant of share awards, having due regard to the interests of Shareholders and so as to ensure that Directors are remunerated fairly and responsibly.

The remuneration committee is chaired by G Bennett and its other members are S Village, R Charrington and R Muirimi.

The Remuneration Committee will meet at least twice a year.

The terms of reference of the Remuneration Committee cover such issues as committee membership, frequency of meetings (as mentioned above), quorum requirements and the right to attend meetings. The responsibilities of the Remuneration Committee covered in its terms of reference relate to the following: determining and monitoring policy on and setting levels of remuneration, early termination, performance-related pay, pension arrangements, authorising claims for expenses from the Chief Executive Officer and Chairman, reporting and disclosure, share schemes and remuneration consultants. The terms of reference also set out reporting responsibilities and the authority of the committee to carry out its responsibilities.

The committee has considered the remuneration approved for the Directors for the financial year ending 31 December 2017, and will annually review the remuneration policies in line with industry benchmarks and best practice.

The committee will also take into account any feedback received from Shareholders during annual general meetings held by the Company and will endeavour to liaise with shareholders who have raised concerns on the remuneration policy of the Company with a view of resolving concerns raised, where possible.

The remuneration policy and implementation report will be tabled for a separate non-binding advisory vote by Shareholders at the next annual general meeting. The remuneration policy will record the measures that the Board commits to take in the event that either the remuneration policy or the implementation report are voted against by 25% or more of the votes exercised. In such instances, the announcement on the voting results will provide an invitation to dissenting shareholders to engage with the Company and will specify the manner and timing of such engagement.

The Nomination Committee

The Nomination Committee will identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise, after taking into account the requisite skills and experience required to ensure meaningful contribution to the Board and taking into account general gender and racial diversity policies and any legislative requirements and best practices.

The procedure for appointments of directors to the Board will be formal and transparent and a matter for the Board as a whole, free from any dominance of any one particular Shareholder.

The nomination committee is chaired by S Village and its other members are G Bennet, R Charrington and R Muirimi.

The nomination committee will meet as required.

Race and gender diversity

The Board acknowledges the importance of race and gender diversity at a board level. The Board has adopted a race and gender diversity policy and will report annually in its annual report the achievement of voluntary targets set.

3. THE COMPANY SECRETARY

Imara Trust Company (Mauritius) Limited has been appointed as the company secretary.

The Board has, by way of an informal review, assessed and satisfied itself of the competence, qualifications and experience of Imara Trust Company (Mauritius) Limited. The Board will annually assess the competence, qualifications and experience of the Company Secretary and will report on this assessment annually in its annual report.

4. **KING IV REGISTER**

The table below sets out the Company's compliance with the principles of King IV.

Principles	Status	Apply and Explain
Part 5.1: LEADERSHIP, ETHICS AND CORPORATE CITIZENSHIP		
LEADERSHIP		
Principle 1: The governing body should lead ethically and effectively	√	The Company employs a unitary board system consisting of 10 directors, all of whom have the necessary experience and qualifications. The core values of the group have been set out and formulated in the company's Code of Conduct. The Company has implemented a Governance Code and an Ethics policy. The code and policy underpin how the group operates
ORGANISATIONAL ETHICS		
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	√	The Company has implemented a governance code and ethics policy. The code and policy are driven by the Corporate Social Responsibility and Ethics Committee.
RESPONSIBLE CORPORATE CITIZENSHIP		
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	√	The group is aware of its social responsibilities and believes it is crucial for businesses to play a positive role in the communities within which they operate. As will be summarised in the integrated annual report this is achieved through the Group CSR policy which is implemented to ensure human and financial resources are deployed effectively to relevant communities.
PART 5.2: STRATEGY, PERFORMANCE AND REPORTING		
STRATEGY AND PERFORMANCE		
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.		The group's strategic objectives, priorities and risks are documented in the integrated annual report. Strategy and risk is assessed annually during strategy planning and risk assessment sessions.

Principles	Status	Apply and Explain
REPORTING		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	√	The group's stakeholder relationship framework is included in the integrated annual report. A formal stakeholder policy is still being developed. Communications consultants are used to ensure that material communications are clear and understandable. Reporting of financial results and market sensitive information takes place in compliance with JSE Listings Requirements, first through the Stock Exchange News Service (SENS) and followed by publication in the media
PART 5.3: GOVERNING STRUCTURES AND DELEGATION		
PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	√	The board is committed to the corporate governance principles contained within King IV
COMPOSITION OF THE GOVERNING BODY		
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	√	The board consists of 10 members, 2 executive directors, 4 non-executive directors and 4 independent non-executive directors. The composition of the board ensures that a balance of power is maintained. The board consists of a balance of operational, financial and legal skills.
COMMITTEES OF THE GOVERNING BODY		
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	√	Without abdicating its own overall responsibility, the board delegates certain functions to committees being the Audit and Risk committee, Corporate Social Responsibility and Ethics committee and the Nominations and Remuneration committee (which have separate agendas). All committees are governed by board approved terms of reference. The composition of the committees is disclosed in the Group's integrated report
EVALUATIONS OF THE PERFORMANCE OF THE GOVERNING BODY		
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	√	The board understands expectations regarding functions, duties and performance criteria. A formal evaluation of the board and the individual directors is performed annually by the chairman. Training needs are identified through the performance appraisal process. Further appraisal of the board is conducted on a peer review basis. The Board meets once a year in absence of chairman, to discuss the chairman's performance.

Principles	Status	Apply and Explain
APPOINTMENT AND DELEGATION TO MANAGEMENT		
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	√	The board exercised their prerogative to appoint Mr Brett Childs as Chief Executive Officer. A framework for delegation of authority is contained in the Schedules to the Governance Code.
Part 5.4: GOVERNANCE FUNCTIONAL AREAS		
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	√	The Board is responsible for the governance of risk in terms of the Governance Code. The Audit and Risk committee is mandated to oversee risk management and report to the board.
TECHNOLOGY AND INFORMATION GOVERNANCE		
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	x	Given that the Group is an investment holding company and due to the diversity and geographical spread of the Group's businesses, the decision has been taken to delegate the responsibility of monitoring governance of IT to each subsidiary which operates in its own unique IT environment. The board maintains oversight (via Internal Audit) that each subsidiary is compliant with best practice in its own field of operation.
COMPLIANCE GOVERNANCE		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	√	Group Legal Counsel identifies and tracks changes in relevant legislation and reports to board and Audit and Risk Committee on compliance matters. Material changes in legislation are tabled at board meetings by Group Legal Counsel and/or the Financial Director. A regulatory matrix and a compliance framework is in the process of being defined and will be incorporated into the combined assurance plan to evaluate whether all applicable laws are applied and adhered to.
REMUNERATION GOVERNANCE		
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	√	Directors' remuneration is benchmarked against appropriate and relevant remuneration scales. The remuneration of directors' and senior management is disclosed in the integrated annual report and annual financial statements
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	x	The Audit and Risk Committee evaluates the combined assurance model report and recommends its adoption to the board. A combined assurance framework will formally be adopted post listing and thereafter will be continually updated

Principles	Status	Apply and Explain
STAKEHOLDERS		
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	√	Important stakeholder groups have been identified and include shareholders, employees, customers, suppliers and government bodies. Stakeholder perceptions are a regular item on the board's agenda and are monitored by Corporate Development & Investor Relations who report on material matters to the board.
RESPONSIBILITIES OF INSTITUTIONAL INVESTORS		
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.	N/a	Brainworks is not an Institutional Investor, as defined by the King IV report on corporate governance.

RESOLUTIONS PASSED BY SHAREHOLDERS

Written Resolutions – Part 1

Resolution number 1: Authority to list on the Johannesburg Stock Exchange

RESOLVED THAT, the listing of all the Company's issued ordinary shares of no par value each on the Main Board of the Johannesburg Stock Exchange, (being an exchange operated by the JSE Limited) (JSE) be approved.

Resolution number 2: General authority to issue shares for cash

2.1 RESOLVED THAT, in accordance with section 52 of the CA2001, the directors of the Company (Directors) be generally and unconditionally authorised to issue ordinary shares and/or grant options to subscribe for unissued ordinary shares in the Company and/or options or securities that are convertible into ordinary shares, subject to the CA2001, the constitution and the JSE Listings Requirements, specifically:

- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;
- there will be no restrictions regarding the persons to whom the shares may be issued, if such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties (as defined by the JSE Listings Requirements);
- the total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 113 438 458* shares, being 15% of the aggregate number of shares in issue as at the date of this resolution.
- in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period;
- this authority shall not endure beyond the earlier of the next annual general meeting of the Company or beyond 15 (fifteen) months from the date of the date of this resolution, whichever is shorter; and
- upon any issue of shares which, together with prior issues of shares within the period that this authority is valid, constitute 5% (five percent) or more of the total number of shares in issue prior to that issue, the Company shall publish an announcement in terms of paragraph 11.22 of the JSE Listings Requirements, giving full details hereof, including (i) the number of shares issued, (ii) the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares; and (iii) the effects of the issue on net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share and an explanation, including supporting information (if any) of the intended use of the funds.

*Before Share Consolidation of 10.1

Resolution number 3: Specific authority to issue shares for cash

RESOLVED THAT, in addition to the authority contained in sub-paragraph 2.1 of these written resolutions, the Directors be specifically authorised to issue ordinary shares and/or grant options to subscribe for unissued ordinary shares in the Company for cash, up to a maximum number of 500 000 000* ordinary shares, in connection with an offer to investors to raise approximately US$25 million (Offer), at a price to be determined by demand, it being noted that, in the event of a sub-division or consolidation of shares prior to the offer to qualifying investors, the specific authority shall be adjusted accordingly.

*Before Share Consolidation of 10.1

Resolution number 4: Disapplication of pre-emption rights

RESOLVED THAT, subject to the passing of resolution 3, the Directors be generally empowered to issue ordinary shares pursuant to the authority conferred by resolution 3, as if the pre-emptive right to new issue of shares in the constitution and section 55 of the CA 2001 did not apply to any such issue.

Resolution number 5: Transfer of shares in treasury

RESOLVED THAT the Directors be authorised to offer for sale 10 680 555 ordinary shares held in trust by ADCONE HOLDINGS S.A in the Company on behalf of Brainworks Capital Management (Private) Limited for cash, a wholly owned subsidiary of the Company, in connection with the Offer.

Resolution number 6: General authority to repurchase company shares

RESOLVED THAT, the acquisition by the Company or its subsidiaries, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, is authorised, but subject to the constitution, the CA 2001 and the JSE Listings Requirements, when applicable, specifically:

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

Written Resolutions – Part 2

Resolution number 1: Consolidation of shares

RESOLVED THAT, in accordance with section 53 (1) (b) of the CA2001, the 863,061,948 ordinary shares of no par value in the issued share capital of the Company be consolidated and divided into 86 306 195 ordinary shares of no par value, such shares having the same rights and being subject to the same restrictions (save as to nominal value) as the existing no par value ordinary shares of the Company as set out in the Company's constitution for the time being.

Resolution number 2: Adoption of new constitution

RESOLVED THAT:

- subject to the passing of resolution number 1, the attached constitution approved by the JSE, and circulated to the Shareholders for consideration be adopted as the constitution of the Company in substitution for, and to the exclusion of, the Company's existing constitution, subject to the Companies Act 2001 (CA2001).
- the constitution be signed and dated by the Company Secretary, and be certified by a legal practitioner in accordance with section 42(3) of the CA2001.

The purpose of this proposed resolution number 2 is to bring the Company's incorporation documents into harmony with the provisions of the Listings Requirements of the JSE (JSE Listings Requirements).

The effect of resolution number 2 will be to replace the Company's existing constitution with the proposed new constitution referred to in resolution number 2.

BRAINWORKS RISK FACTORS

This annexure describes the risk factors which are considered by the Directors to be material in relation to the Group.

Any investment in the Shares is subject to a number of risks. Prior to investing in the Shares, prospective investors should consider carefully the factors and risks associated with any investment in the Shares, the Group's business and the industry in which it operates, together with all other information contained in this document including, in particular, the risk factors described below, which are not exhaustive.

Risk	Description
Fulfilment of investment objective.	There can be no guarantee, and the Company does not represent or warrant, that the investment objectives of the Company will be met.
The implementation of Indigenisation legislation in Zimbabwe	The IEE Act was passed by the Zimbabwe Parliament in 2007, and, *inter alia*, provides; – that at least 51% of the shares or interest in every Zimbabwean company or business shall be owned by indigenous Zimbabweans; and – the Minister of State for Indigenisation and Economic Empowerment with authority to issue statutory instruments that are subsidiary legislation without the approval of Parliament. A presidential statement was however released to clarify the Zimbabwe government position on the Indigenisation and Economic Empowerment Policy. The presidential statement identified three economic sectors, being the Natural Resources Sector, Non-Resources Sector (including financial services) and the Reserved Sector (reserved for Zimbabwean entrepreneurs), to be approached differently in terms of the implementation of, and compliance with, the Indigenisation and Economic Empowerment Policy. Brainworks does not operate in, and has no investment in, the Natural Resources Sector. Businesses in the Non-Resources Sector should exhibit socially and economically desirable strategic objectives that contribute towards the turn-around and sustainable social-economic transformation of the economy. Such initiatives include the following: 1. Beneficiation of raw materials that are extracted in Zimbabwe for the purpose of value additional and exporting, in order to generate the much-needed foreign exchange; 2. Transfer of appropriate technology to Zimbabwe for the purpose of enhancing productivity which is critical in reducing import dependence; 3. Creation of employment and imparting of new skills to Zimbabweans; 4. Granting of ownership and/or employee share ownership for value to indigenous Zimbabweans as may be agreed between and investor and indigenous Zimbabwean partner(s); and 5. Developing and creating linkage programmes, enterprise development, value chains and any other desirable objectives as may be defined by the responsible line Ministers for the purpose of attracting foreign direct investment into Zimbabwe. Sector based empowerment credits and quotas will be granted to reflect the contribution of investors in such businesses to the national development efforts.

Risk	Description
	Financial services The banking sector shall continue to be under the auspices of the Banking Act, which is regulated by the Reserve Bank of Zimbabwe, and the insurance sector under the auspices of the Provident and Insurance Act. This policy position is essential for the promotion of financial services sector stability, confidence and financial inclusion. These institutions will, nonetheless, be expected to make their contributions by way of financing facilities for key economic sectors and projects, employee share ownership schemes, linkage programmes and such other financial empowerment facilities as may be introduced by the Reserve Bank of Zimbabwe from time to time. The Group currently owns a controlling interest in a number of its investee entities. Should the legislation be enforced, without regard to the presidential statement above, the Company may be forced to sell-down its controlling shareholding in investee entities.
Frequency or ability to distribute dividends	The remittance of dividends is controlled by the Reserve Bank of Zimbabwe (via the Company's bankers). Although dividend payments are classified as top priority the Reserve Bank of Zimbabwe requires certain verifications from the Company's auditors regarding the source of the dividend and the Company's sufficiency of resources to fund such dividend as well as its foreign currency funds (as it is expected to utilise these funds, as a result of Zimbabwe's shortage of foreign currency, before access to general interbank funds is permitted). Once approval for dividend remittances is received, a 15% withholding tax is due within 20 days which percentage may be reduced due to double taxation treaties.
The Zimbabwean statutory restrictions on repatriating investments by foreign investors	Application must be made to Reserve Bank of Zimbabwe for any disinvestment by the Group of its interests in a Zimbabwean registered company as well as for any repatriation of the proceeds outside Zimbabwe, prior to the transaction taking place. Any such repatriation will also be subject to the availability of foreign currency. At the date of this document, foreign investors have been given an undertaking by the Zimbabwean Government that initial foreign denominated investment capital will be permitted to be remitted upon application to disinvest, repatriation of any future capital profit will be subject to the prevailing rules at the time of the disinvestment. The Company cannot guarantee that it will be permitted to have its investment capital returned outside Zimbabwe, or converted into its operating currency, US Dollars, upon divestment of an interest in a Zimbabwean company.
Foreign currency risks	The Group's revenue will be denominated in US Dollars. Should the Company invest in other African jurisdictions, the Group may be exposed to foreign currency exchange risk in respect of fluctuations in the US Dollar exchange rate against the relevant local currency. Any significant fluctuations in foreign currency exchange rates, financial crisis or exchange control regulations could have an adverse impact on the revenue and earnings of the Group or any currency hedging arrangements that may be entered into by the Group.

Risk	Description
The Company is tax resident in Mauritius	The Company is tax resident in Mauritius on the basis that its central management and control is in Mauritius. It has a Category 1 Global Business License ("GBL1"). A GBL1 confers a deemed foreign tax credit ("FTC") of 80% of the Company's Mauritian tax liability in the absence of any documentary evidence to substantiate the foreign taxes. In addition, Corporate Social Responsibility ("CSR") tax will not apply to the Company if it holds a GBL1. If the Company is subject to a higher burden of tax, it may affect the Company's results of operations, financial condition and value of the Ordinary Shares.
Exchange control risks	All foreign companies wishing to invest in Zimbabwe are required to obtain prior exchange control approval from the Reserve Bank of Zimbabwe and there is no assurance that exchange approval, once granted, will not be subsequently revoked, or amended or varied.
Imposition of sanctions by the European Union and/ or the United States	The European Union and the United States have implemented targeted sanctions against certain political leaders in Zimbabwe and such persons' associates and affiliated entities. Broader sanctions could be implemented in the future and any failure by the Group to abide therewith could give rise to the imposition of civil or criminal penalties on both the Company and its Shareholders, and may adversely impact the Group's financial condition, results of operations or share price. Further sanctions imposed on Zimbabwe would impact economic growth which may affect both the nature and extent of opportunities available to the Group and its investees.
Zimbabwe political and economic climate	Zimbabwe has historically been subject to a number of socio-economic difficulties (such as foreign currency shortages, hyperinflation, civil unrest, unemployment, shortages in food and fuel, etc.) and political instability. There is no guarantee that these difficulties will not continue, or re-occur, in the future, which may impact the value of a Shareholders investment. In particular, the Government of Zimbabwe may, in terms of a constitutional amendment made in 2005, expropriate agricultural land through a notification in the Government gazette. There is no assurance that the Government will not expand this similar legislation to non-agricultural land. Investors should fully understand the political and economic climate in Zimbabwe prior to investing. The Company is significantly invested into real assets and the major investee entities are performing profitability in current economic and political conditions. The sustainability and profitability of the Group is therefore not reliant on radical economic and political change; however, such change could positively or negatively impact on the Group's performance.
Ongoing capital expenditure requirements for hotel assets	Capital improvements of operating hotels may give rise to the following risks: – possible structural and environmental problems; – construction cost over-runs and delays; – disruption in service and room availability; – possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available to the Group on affordable terms; and – uncertainties as to market demand or a loss of market demand after construction capital improvements have begun.
Illiquidity of real estate investments	The illiquidity of the Group's property investments may affect the Group's ability to vary its portfolio or dispose of or liquidate part of its portfolio in a timely fashion and at satisfactory prices.

Risk	Description
Interest rate risk:	The Group's exposure to the risk for changes in market rates relates primarily to the Group's short and long-term debt obligations with a floating interest rate.
Liquidity risk:	Ability to refinance existing debt may be adversely affected by unfavourable economic and market conditions in local and global credit markets. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group's treasury department. There can be no guarantees that the Group has sufficient cash to meet operational needs while maintaining sufficient head room on its undrawn borrowing facilities at all times.
Zimbabwe's socio-economic difficulties may continue to have a material impact on, and present challenges toto the investment climate in Zimbabwe	Zimbabwe has experienced socio-economic difficulties as a result of, *inter alia*, unpredictable and rapid change to government policy, including the redistribution of agricultural land, the repeated fixing of the exchange rate by the Reserve Bank of Zimbabwe at overvalued rates, restriction of property rights in agriculture and mining industries and price controls in response to hyperinflation that caused acute shortages of many basic commodities. These socio-economic difficulties may continue and may adversely affect the Company's ability to identify and successfully invest in suitable investments.

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BRAINWORKS

Brainworks Limited

(Incorporated in the Republic of Mauritius)
(Registration number 115883 C1/GBL)
(Share Code: BWZ ISIN: MU0548S00000)
("**Brainworks**" or "**the Company**")

APPLICATION FORM (*blue*)

To be completed by Qualifying Investors selected to participate in the Offer

The definitions and interpretations commencing on page 13 of the Pre-listing Statement apply, *mutatis mutandis*, to this Application Form.

This Application Form, once completed and submitted constitutes an irrevocable offer to subscribe for, or purchase, Shares in Brainworks at the Offer Price of R11.50 (US$0.90 at the Exchange Rate) per Share.

Successful Applicants will be advised of their allotment of the Shares on Wednesday, 11 October 2017.

Please refer to the instructions below before completing this Application Form.

Dematerialised Shares

The allocated Shares will be issued or transferred to successful Applicants in Dematerialised form only. Accordingly, all successful Applicants must appoint a CSDP or Broker directly, to receive and hold the Dematerialised Shares on their behalf. Should a Shareholder require Certificated Shares, he will be required, at his own cost, to rematerialise his Shares following the Listing and should contact his CSDP or Broker to do so.

As allocated Shares will be issued or transferred to successful Applicants on a delivery-versus-payment basis, payment will be made by your CSDP or Broker on your behalf.

Those investors selected to participate in the Offer should complete this Application Form in respect of the Offer and hand deliver, courier or email it to:

your Broker or CSDP

and

Questco Proprietary Limited to the following addresses:

If delivered by hand or by courier

Brainworks Offer
Attention: Ciska Kloppers
Questco Corporate Advisory
First floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston, Johannesburg
2191

If emailed

Brainworks@questco.co.za

The CSDP or Broker must stamp this Application Form, where indicated.

This Application Form must be received by your CSDP or Broker in sufficient time to ensure it is received and stamped by your CSDP or Broker, in order for it to be received by Questco from your CSDP or Broker by no later than 12:00 on Monday, 9 October 2017. As such, it should be returned to your CSDP or Broker by the cut-off times indicated by them (usually 48 hours before the Offer cut-off time) to ensure that your Application Form is considered for allocations.

Investors selected to participate in the Offer must contact their CSDP or Broker and advise them that they have submitted the Application Form as instructed above. Pursuant to the application, **investors must make arrangements with their CSDP or Broker for payment** to be made as stipulated in the agreement governing their relationship with their CSDP or Broker, in respect of the Shares allocated to them in terms of the Offer, by the Settlement Date, expected to be on Thursday, 14 October 2017.

Conditions precedent

The Listing is conditional on achieving a spread of Shareholders, acceptable to the JSE, being a minimum of 20% of the issued Share capital of the Company being held by the public.

As at the Last Practicable Date, prior to the Offer, the Company had a public spread of 20.74%.

Reservation of rights and/or transfers

The Board retains the discretion to issue such number of Shares as satisfies the Applications or any lesser number of Shares. If the Board issues and/or transfers less than the number of Shares required to satisfy all the Applications, it shall, in its sole discretion, determine an appropriate allocation mechanism, such that the Shares will be allocated on an equitable basis, as far as reasonably possible, taking into account the spread requirements of the JSE, the liquidity of the Shares, taking into consideration the potential Shareholder base that the Board wishes to achieve and whether or not the Board considers it appropriate to grant preferential allocation to any Applicant or group of Applicants.

The Directors reserve the right to accept or reject, either in whole or in part, any Application Form should the terms contained in the Pre-listing Statement, of which this Application Form forms part, and the instructions herein, not be properly complied with.

After accepting an Application, either in whole or in part, the Board retains the discretion to issue new Shares or transfer Shares to that Applicant.

Applications in respect of the Offer must be for a minimum aggregate value of R1 000 000.

Declaration

To the Directors:

Brainworks Limited

I/We, the undersigned, confirm and represent that:

- I/we have full legal capacity to contract; and
- I/we have received a printed or electronic copy of the Pre-listing Statement, to which this Application Form was attached; and
- I/we have read the Pre-listing Statement in full; and
- I/we hereby irrevocably apply for and request you to accept my/our application for the Rand value indicated in **Block A** below (or such lesser number in your discretion) to subscribe for or purchase Shares under the Offer set out in the Pre-listing Statement to which this Application Form is attached and in terms of the terms and conditions set out therein and which Shares may, in your absolute discretion, be allotted and issued or transferred to me/us, subject to the Constitution of Brainworks; and
- I/We acknowledge that my/our Application for Shares herein may not be withdrawn once submitted;
- I/We agree to being issued or transferred the number of Shares applied for as indicated in **Block A** (or such lesser amount in your discretion);
- I/We agree to receive my/our allocated Shares in Dematerialised Form and will deliver this Application Form to **Questco Proprietary Limited**, at one of the addresses indicated above, and will provide appropriate instructions to my/our CSDP or Broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or Broker, as the case may be.
- I/We accept that payment in respect of this application will be, in terms of the custody agreement entered into between me/us and my/our CSDP or broker, as the case may be, on a **delivery-versus-payment basis**;
- If I/we am/are a natural person(s) that I/we am/are over the age of 18 years and do not suffer from any legal disability preventing me/us from applying for Shares;
- I/We understand that the subscription for or purchase of Shares in terms of the Pre-listing Statement is conditional on the granting of a Listing of the Shares of Brainworks, by Friday, 13 October 2017 or such later date as the Directors may determine, on the JSE;
- I/We confirm that the information and statements in this Application Form are accurate and complete; and
- I/We hereby authorise the Directors of Brainworks and Questco Proprietary Limited to do anything necessary on my/our behalf necessary to have the allocated Shares issued to me/us; and
- by providing an email address below, I/we hereby notify the Company of my/our email address in accordance with clause 22 of the Constitution, confirm that this shall be my/our email address for purposes of receiving notices by way of Electronic Communication and consent to the receipt of all relevant Company communication by way of Electronic Communication, in accordance with the provisions of the Constitution, for purposes of the Constitution and the Pre-listing Statement.

Please complete all relevant information below. Failure to complete any section may result in your application being rejected.

Dated: Telephone/cell number: (   )

Full names:

Assisted by (where applicable):

Email address:

Mobile phone number:

Block A

Surname of individual or name of corporate or legal body	**Mr**
	Mrs
	Miss
	Other titled
Full names (if individual)	
Postal address (preferably PO Box address)	**Postal code:**
Telephone number ( )	
Mobile phone number	
Email address	
Number of Shares applied for (enter figures only and not words)	
Total value subscribed for/purchased (number of shares applied for multiplied by the Offer Price per Share)	

Required information must be completed by CSDP or Broker with their stamp and signature affixed thereto. **CSDP and Broker to stamp only once they have confirmed availability of funds in Applicant's securities account.**

CSDP or Broker name	
CSDP or Broker contact person	
CSDP contact telephone number	
CSDP or Broker email address	

SCA or bank CSD account number	
Client scrip account number held at CSDP or Broker	
Client settlement bank account number	
CSDP's/Broker's stamp and signature	

This application will constitute a legal contract between Brainworks and the Applicant. Application Forms will not be accepted unless the above information has been furnished.

Instructions:

1. Applications may be made on this Application Form in respect of the Offer only for a minimum of R1 000 000 for a single addressee acting as Applicant. Copies or reproductions of the Application Form will be accepted at the discretion of the Directors of Brainworks.
2. Applications are irrevocable and may not be withdrawn once submitted.
3. CSDP's and Brokers will be required to retain this Application Form for presentation to the Directors if required.
4. Please refer to the terms and conditions of the Offer set out paragraph 5 in the Pre-listing Statement.
5. Applicants should consult their Broker or other professional advisor in case of doubt as to the correct completion of this Application Form.
6. Applicants need to have appointed a CSDP or Broker and must advise their CSDP or Broker in terms of the custody agreement entered into between them and their CSDP or Broker.
7. No payment should be submitted with this Application Form to Brainworks or Questco
8. If payment is dishonoured, or not made for any reason, Brainworks may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
9. No receipts will be issued for Application Forms, application monies or any supporting documentation.
10. All alterations on this Application Form must be authenticated by full signature.
11. Blocked Rand may be used by emigrants and non-residents of the Common Monetary Area for payment in terms of this and reference should be made to paragraph 28 of the Pre-listing Statement, which deals with the Exchange Control Regulations. If you are in any doubt in regard thereto, please consult your professional advisor.
12. As allocated Shares are being issued or transferred to successful Applicants on a delivery-versus-payment basis, no payment will be required to be made if the Offer or the Listing is not successful.

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