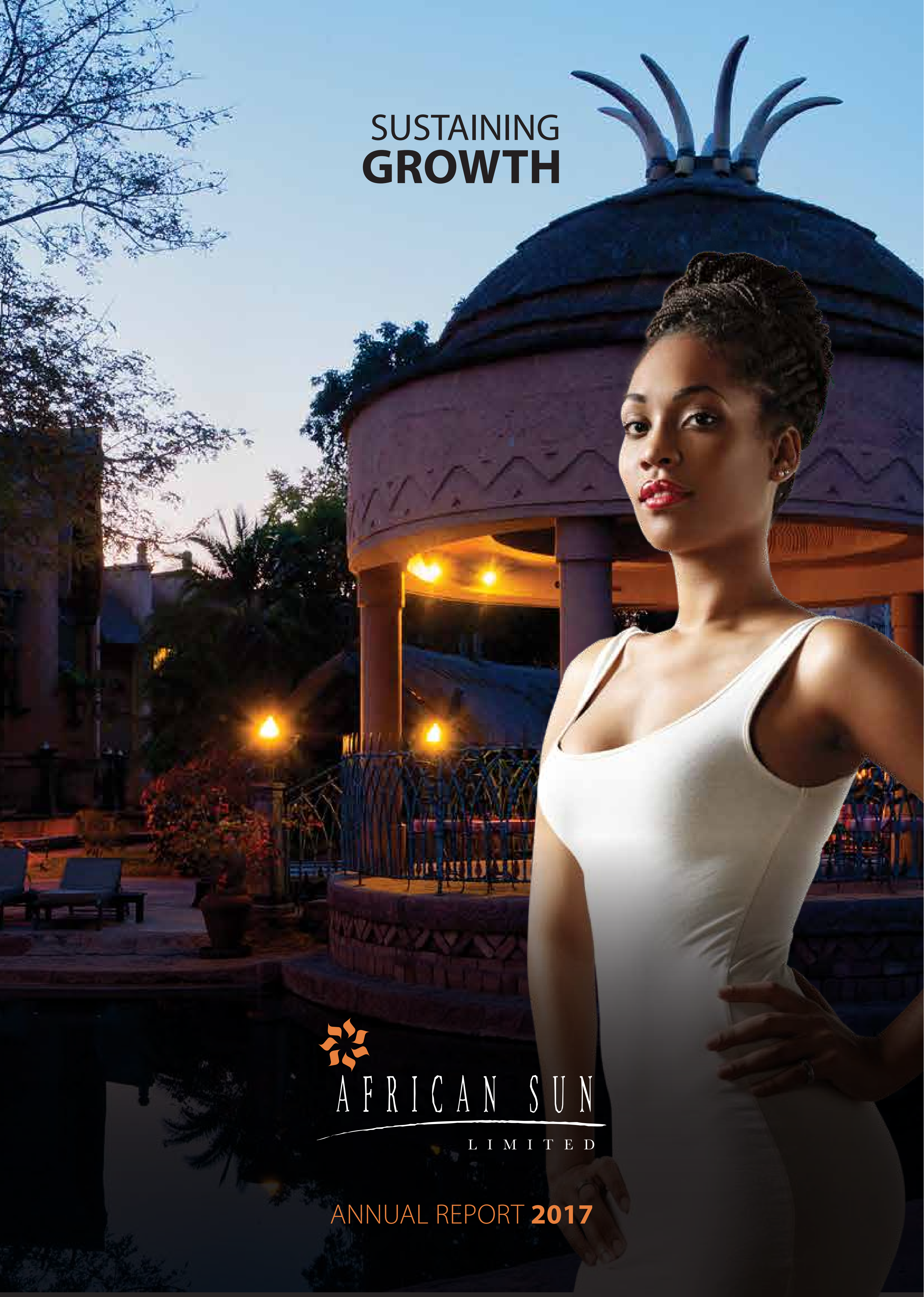


SUSTAINING **GROWTH**

AFRICAN SUN
LIMITED

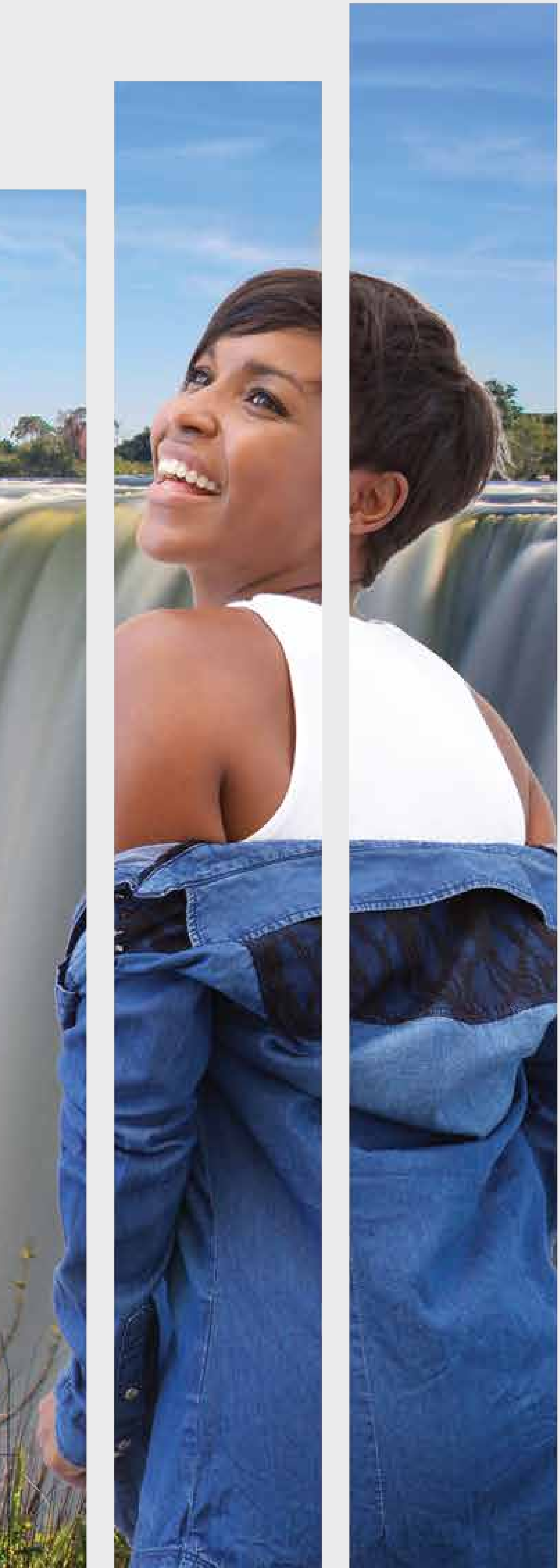
ANNUAL REPORT **2017**

SUSTAINING

GROWTH

African Sun Limited ("the Company"), is a leading hotel investment company in Zimbabwe.

CONTENTS



Financial Highlights

Revenue:
19% up to **US$51.83 million**

EBITDA:
53% up to **US$8.37 million**

Operating profit:
21% up to **US$6.91 million**

Headline earnings:
83% up to **US$4.85 million**

Basic earnings per share:
Flat on **0.56 cents**

Headline earnings per share:
83% up to **0.56 cents**

Occupancy:
8 percentage points up to **52%**

ADR:
Flat on **US$93**

Rooms RevPAR:
17% up to **US$48**

Total RevPAR:
19% up to **US$86**

1 728 ROOMS

1 147 EMPLOYEES

11 HOTELS

2 CASINOS

Corporate Profile

African Sun Limited ("the Company"), is a leading hotel investment company in Zimbabwe, operating internationally and regionally recognized brands, with a vision to become the benchmark hotel investment company in Zimbabwe.

OUR BUSINESS

The Company and its subsidiaries ("the Group") currently has two divisions which are: Hotels under Management and Owner Managed operations. The owner managed operations comprise InterContinental Hotels Group ("IHG") Franchised Hotels, The Victoria Falls Hotel Partnership, stand alone hotels and sun casinos which include a Stand-Alone charity casino (Harare Sun Casino) and a hotel based casino (Makasa Sun Casino) at The Kingdom at Victoria Falls. The Company's hotels are located in all the tourist destinations in Zimbabwe, as well as in Harare, Bulawayo and Mutare.

HOTELS UNDER MANAGEMENT

There are five hotels managed by Legacy Hospitality Management Services:

- Elephant Hills Resort and Conference Centre ("EHRCC"),
- The Kingdom at Victoria Falls ("TKAVF"),
- Hwange Safari Lodge ("HSL"),
- Troutbeck Resort ("TBR"), and
- Monomotapa Harare.

EHRCC and TKAVF are located in the tourist destination of Victoria Falls, while HSL is 183 km outside Victoria Falls. TBR is in the Eastern Highlands near the town of Nyanga and Monomotapa Harare is situated in the Harare Central Business District.

OWNER MANAGED OPERATIONS

Hotels Operated Under Franchise

There are currently three Hotels operating under the InterContinental Hotels Group ("IHG") Holiday Inn brand:

- Holiday Inn Harare,
- Holiday Inn Bulawayo, and
- Holiday Inn Mutare.

Stand Alone Brands

The two resort hotels are Great Zimbabwe Hotel by the Great Zimbabwe monument, a UNESCO World Heritage site and Caribbea Bay Resort on the shores of Lake Kariba.

The Victoria Falls Hotel Partnership

The Group jointly operates this hotel with Meikles Hospitality (Private) Limited on a 50% equal Partnership and the hotel is an Affiliate of the Leading Hotels of the World ("LHW").

In order to grow shareholder value, the Group has streamlined its operations for sustainability anchored on our four pillars which are:

PEOPLE

PRODUCT

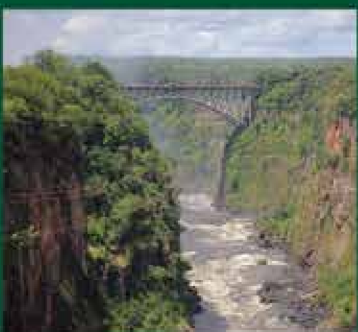
PROCESSES

PROMOTION

VICTORIA FALLS

Explore One of the Seven Natural Wonders of the World

THE VICTORIA FALLS HOTEL



Our Business Overview

STATEMENT OF VISION

To be the benchmark hotel investment company in Zimbabwe.

MISSION

We exist to create value for all our stakeholders.

We do so by:

- Anticipating and exceeding the needs of our guests;
- Creating opportunities for growth, and
- Building long-term partnerships through win-win relationships with our stakeholders.

OUR CORE VALUES AND BELIEFS

Sustainable value creation is at the core of what we do. Our ethos is guided by the following core values and beliefs:

Diligence – Focusing on important things, we apply ourselves and execute our obligations in a smart, careful and conscientious manner.

Integrity – Truthfulness and honesty are an integral part of all our interactions.

Professionalism – Leveraging our expertise and skills; our conduct is of the highest possible standard as we go about our business.

Responsible Citizen – Conservation of our natural and other resources to ensure our sustainability, as well as caring for the less fortunate and those in need in our communities, is critical in all our operations.

OUR BRANDS

PREMIER BRAND

Our premier brand, The Victoria Falls Hotel, which is jointly managed with Meikles Hospitality (Private) Limited, offers world-class hospitality with signature touches that define luxury hotel experience. The brand is further enhanced by being an Affiliate of the Leading Hotels of the World.

UNDER MANAGEMENT

Legacy Hospitality Management Services Limited ("Legacy Hotels" / "Legacy Hotels and Resorts"), is a regionally based and internationally acclaimed Hotel Manager that provides luxury accommodation all over Africa. Legacy Hotels prides itself not only in providing excellent places to stay, but offers a lifestyle brand to its customers through its innovative product offering. We expect the domestic and regional travellers to enjoy the Legacy Hotels and Resorts luxurious and innovative product experience that they have become accustomed to when travelling on the continent.

FRANCHISE BRANDS

The InterContinental Hotels Group ("IHG") is one of the world's leading hotel companies and franchises the Holiday Inn brand in Zimbabwe. Consistent with global benchmarks, the Holiday Inn hotels provide an international touch for both business and leisure experience. The IHG goal is to create great hotels that guests love, and in Zimbabwe, both our foreign and local guests get to enjoy that experience.

STAND-ALONE BRANDS

Our stand-alone brands are targeted at business and leisure guests seeking warm and comfortable hospitality.

CASINO BRANDS

An African Sun home grown brand which includes a stand-alone charity casino (Harare Sun Casino) and a hotel based casino (Makasa Sun Casino) at The Kingdom at Victoria Falls offering Slot, American Roulettee and Black Jack games.

Our Business Overview (continued)

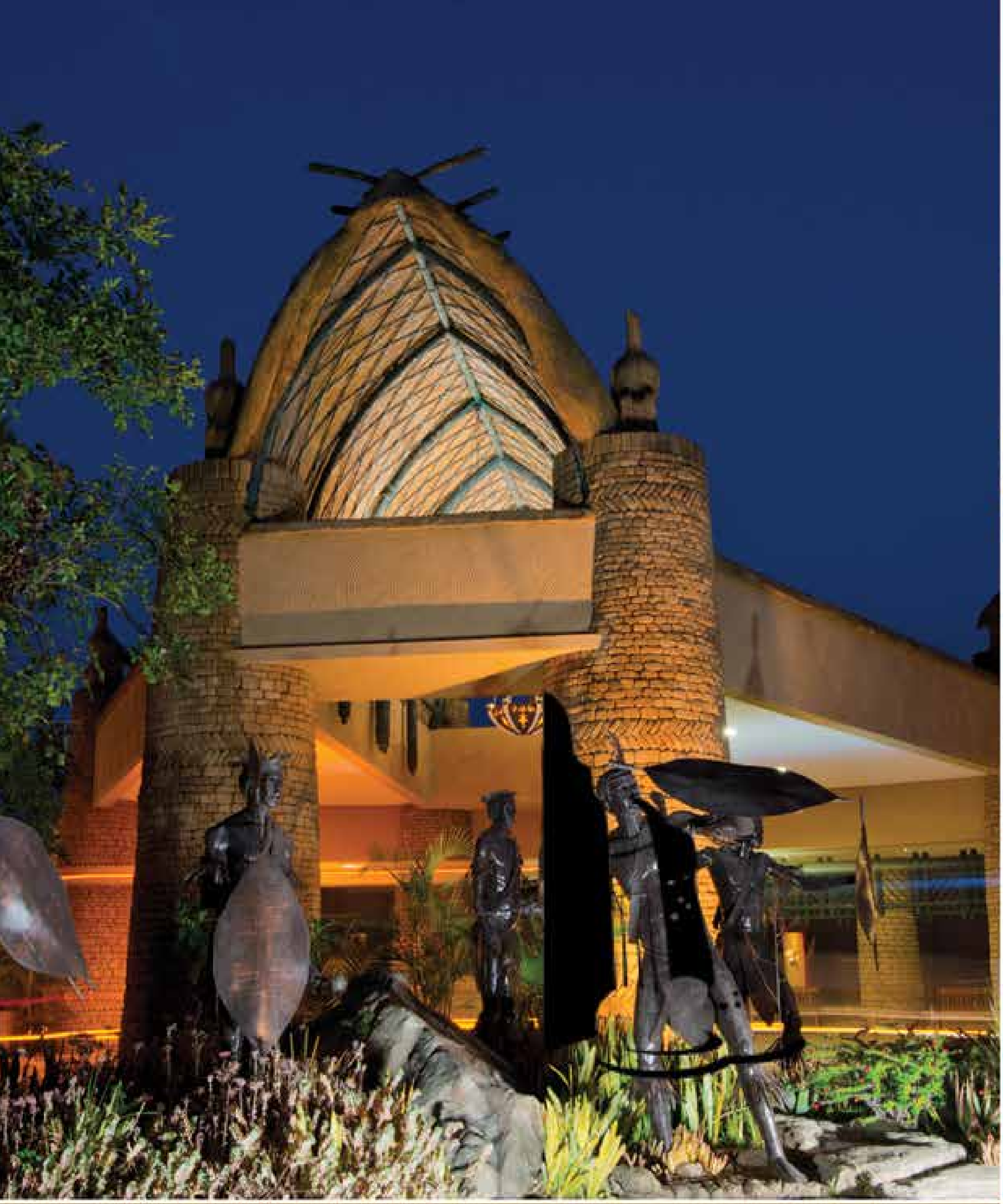
HOTEL PORTFOLIO	LOCATION	ROOMS	CONFERENCE CAPACITY	RESTAURANTS
Premier Brand				
The Victoria Falls Hotel	Victoria Falls	161	40	3
Under Management				
Monomotapa Harare	Harare	243	500	2
Elephant Hills Resort and Conference Centre	Victoria Falls	276	500	3
Hwange Safari Lodge	Hwange	100	100	2
The Kingdom at Victoria Falls	Victoria Falls	294	510	3
Troutbeck Resort	Nyanga	70	445	2
Under Franchise				
Holiday Inn Harare	Harare	201	600	2
Holiday Inn Bulawayo	Bulawayo	157	835	2
Holiday Inn Mutare	Mutare	96	570	1
Stand-alone Brands				
Caribbea Bay Resort	Kariba	83	220	1
Great Zimbabwe Hotel	Masvingo	47	100	1
Total		**1 728**	**4 420**	**22**

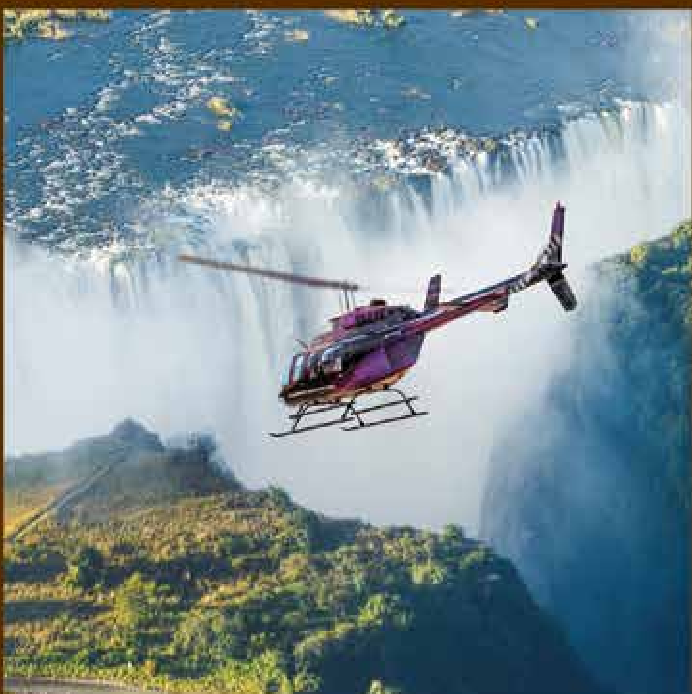
SUN CASINOS	GAMES AVAILABLE
Harare Sun Casino	Slot Machines, American Roulette and Black Jack
Makasa Sun Casino	Slot Machines, American Roulette and Black Jack

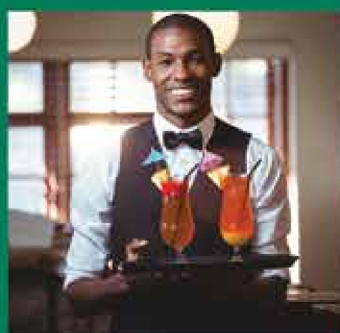
Historical Highlights

Our Journey Thus Far

- **1952 –** Rhodesia and Nyasaland Hotels (Private) Limited is formed as a wholly-owned subsidiary of Rhodesian Breweries (Private) Limited
- **1968 –** Sable Hotels (Private) Limited is established.
- **1973 –** Rhodesian Government grants first casino licence for The Victoria Falls Hotel.
- **1974 –** Development of the first four world-class hotels: Monomotapa Hotel in Salisbury, The Wankie Safari Lodge in Wankie, Caribbea Bay in Kariba, and the Elephant Hills Country Club in Victoria Falls.
- **1979 –** Meikles Southern Sun Hotels is established, becoming the largest hotel chain in Southern and Eastern Africa, with control of 13 major properties in the country.
- **1980 –** Meikles Southern Sun Hotels (Private) Limited changes its name to Zimbabwe Sun Hotels (Private) Limited) after Zimbabwe's independence.
- **1988 –** Zimbabwe Sun Hotels (Private) Limited) merges with Touch the Wild Safari Operations (Private) Limited), later sold to Rainbow Tourism Group (Private) Limited on 30 April 1998.
- **1990 –** Zimbabwe Sun Limited is listed on the Zimbabwe Stock Exchange ("ZSE"), at the time being the largest initial public offer in Zimbabwe, with 70 million shares offered to the public, which was over-subscribed by 28%.
- **1990 –** Opening of the timeshares built in Troutbeck, Nyanga and at Caribbea Bay, Kariba which received "Gold Crown Resorts" status from the Resort Condominium International ("RCI") in 1999.
- **1991 –** First Holiday Inn franchise in Harare.
- **1992 –** The Elephant Hills Resort and Conference Centre officially opens its doors.
- **1994 –** First regional office for reservations is established in Johannesburg.
- **1999 –** Makasa Sun is re-developed into The Kingdom at Victoria Falls.
- **2002 –** Zimbabwe Sun Limited is unbundled from Delta Corporation Limited.
- **2003 –** Dawn Properties Limited is unbundled from Zimbabwe Sun Limited and is listed as the first property company on the Zimbabwe Stock Exchange.
- **2003 –** The Hospitality Training Academy ("HTA") is re-launched.
- **2004 –** Zimbabwe Sun Limited acquires The Grace Hotel in Rosebank, South Africa, ranked among the "Top Ten" hotels in Africa and the Middle East by Condé Nast Traveller (USA) in its first year of operation.
- **2008 –** Zimbabwe Sun Limited adds The Lakes Hotel and Conference Centre, in Johannesburg, South Africa to its portfolio.
- **2008 –** Zimbabwe Sun Limited rebrands its name to African Sun Limited, to reflect its regional expansion strategy.
- **2008 –** African Sun Limited adds Obudu Mountain Resort to its regional portfolio.
- **2008 –** African Sun Limited takes over management of Holiday Inn Accra Airport.
- **2009 –** The Company raises US$10 million through a Rights Offer.
- **2010 –** Best Western Ikeja – Lagos Nigeria opened its doors to the public on 1 October 2010.
- **2011 –** Best Western Homeville, Benin City, Nigeria opened its doors to the public on 1 October 2011.
- **2011 -** African Sun Limited closed The Grace in Rosebank, The Lakes Hotel and Conference Centre in South Africa.
- **2012 -** African Sun Limited exits the Holiday Inn Accra Airport Hotel management contract.
- **2012 -** African Sun Amber Residence GRA Ikeja, Lagos Nigeria opened its doors to the public on 2 November 2012.
- **2013 -** African Sun exited Obudu Mountain Resort after expiry of management contract.
- **2013 -** African Sun Amber Hotel Accra Airport, Ghana opened its doors to the public on 10 December 2013.
- **2014 -** African Sun Airport Hotel Lagos, Nigeria opened its doors to the public on 15 December 2014.
- **2015 -** The Group exited all foreign operations to focus on Zimbabwe operations.
- **2015 -** Engaged a regionally based, renowned Hotel Management Company, Legacy Hospitality Management Services Limited, to manage five hotels in Zimbabwe.
- **2017 -** Declared first dividend to shareholders since 2009.





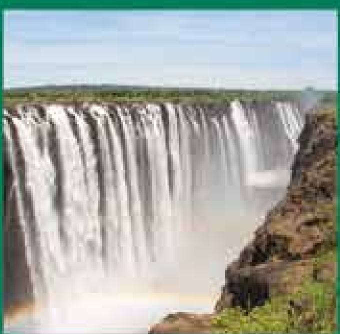


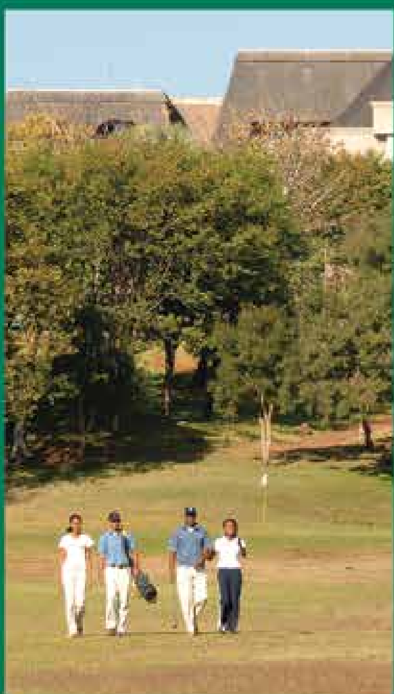
VICTORIA FALLS

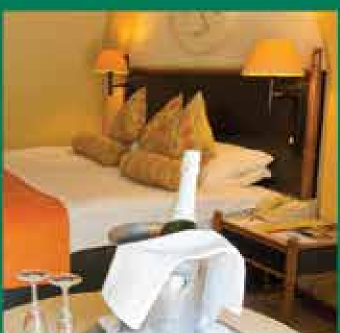
Be Charmed by the Smoke That Thunders

ELEPHANT HILLS RESORT
VICTORIA FALLS

THE KINGDOM
AT VICTORIA FALLS







Herbert Nkala | Chairman

“...Our hotel operations are expected to benefit from key activities in 2018, which include elections, infrastructure development and other government projects. The expansion of Victoria Falls airport has proved to be a game changer, as additional flights and airlines are expected in 2018.”

Message from the Chairman

INTRODUCTION

I have great pleasure in presenting African Sun's 2017 financial report.

OPERATING ENVIRONMENT

The operating environment in Zimbabwe continued to be difficult for the greater part of the year, with inflation increasing to 2.97% by end of year driven by premiums charged to access the limited foreign currency. The weak regional currencies against the United States of America dollar ("US$") particularly the South African Rand resulted in subdued arrivals from South Africa and the region in general. On a positive note, the domestic market improved significantly with the international market posting a 29% growth responding to global tourism industry trends. As a result, the Group managed to record a profit of US$4.82 million for the year.

FINANCIAL REVIEW

Revenue closed at US$51.83 million; 19% growth from US$43.6 million reported last year. The growth was spurred by an 8-percentage points increase in occupancy from 44% last year to 52% for the year under review. The increase in occupancy was recorded in all three-market segments, with the international market posting the highest growth of 29%, domestic 17% and regional 3%. The 17% growth in the domestic market was partly due to the flexible pricing system implemented during the year. Average daily rate ("ADR") was maintained at US$93 as focus was on driving occupancies, despite a 1% increase in the international and regional ADR. The rate strategy and growth in occupancy spurred a 17% surge in rooms revenue per available room ("RevPAR") from US$41 recorded last year to US$48. Total RevPAR also increased by 18% from US$73 last year to US$86 in 2017 responding to the 19% growth in revenue.

EBITDA grew 53% to US$8.37 million in response to increased revenue and continued cost management. Net financing costs for the year amounted to US$1.05 million, a 39% increase from US$0.75 million reported last year.

Profit for the year from continuing operations was US$4.82 million, marginally up from US$4.81 million reported last year. Excluding non-operating income (profit from disposal of a subsidiary), profit for the year increased by 68% to US$4.82 million, from US$2.87 million achieved last year.

Message from the Chairman (continued)

Restructuring of borrowings

The Group managed to restructure its borrowing facilities, obtaining a good mix of both short and long-term loans. As at 31 December 2017, net current liabilities were US$0.84 million, a significant decline from US$6.59 million reported as at 31 December 2016.

OUTLOOK

Our hotel operations are expected to benefit from key activities in 2018, which include elections, infrastructure development and other government projects. The expansion of Victoria Falls airport has proved to be a game changer, as additional flights and airlines are expected in 2018. Conferencing business has already significantly responded to the government's "Zimbabwe is Open for Business" theme, shown by the seminars, roadshows and planning sessions that we are hosting in our hotels. The same momentum is filtering into the later months as our forward bookings are surpassing 2017 forecasts at this stage. Going forward, the following key pillars will remain central in driving our strategy;

- Revenue generation; stimulating both domestic and regional demand, and sustaining the resilient international market;
- Training and service excellence;
- Product improvement through refurbishments;
- Continuous management of our operating costs; and
- Continual improvement of ICT infrastructure

In addition, the South African rand has shown signs of strengthening post year-end, a scenario that is likely to positively influence arrivals from South Africa and the region going forward.

DIRECTORATE CHANGES

Since the last Annual General Meeting, Ms. Tariro Ndebele resigned from the Board on 1 September 2017. On the same date, she was appointed as an Executive to the position of Sales and Marketing Director. Mr. Walter. T Kambwanji resigned from the Board on 8 March 2018 and Mr. Peter Saungweme was appointed to the Board on the same day.

On behalf of the Board, I would like to take this opportunity to thank Tariro and Walter for their invaluable contribution to the Board during their respective tenures. We wish Tariro success in her new role in the Company as well as Walter in his future endeavours. In the same vein, we are happy to have Peter joining us and look forward to having him as a member of the team.

DIVIDEND DECLARATION

In view of the improved performance, the Board declared a final dividend of US$600 655 being US$0.000697 per share (0.0697 US cents per share) for the year ended 31 December 2017.

APPRECIATION

I would like to commend fellow directors, management and staff for a sterling job during the year despite challenges. The same commitment will serve us well in the realization of African Sun's ambitions in 2018 and beyond. I would also like to thank all our stakeholders for their continued support of African Sun.

H. Nkala
Chairman

8 March 2018

Corporate Social Responsibility ("CSR")

Preamble:
Our CSR Policy recognizes our responsibility towards our environment and community. Our Group is a corporate citizen and is part of an intricate system of people, values, other organizations and nature. Our view is that CSR entails without being exhaustive, that our business has a responsibility to give back to and be appreciative of the world to which we owe our very existence by, focusing on the following;

- Conducting business in a socially responsible and ethical manner;
- Protecting the environment and the safety of people and goods; and
- Engaging, learning from, respecting and supporting the communities that we work with and their cultures.

Our CSR policy spells out how the Company goes about fulfilling this responsibility.

Scope
This policy applies to the Company and its subsidiaries.

Policy elements in detail
We want to be a responsible business that meets the highest standards of ethics and professionalism. Our Group's policy focuses on compliance and proactiveness. Compliance refers to our Group's commitment to legality and willingness to observe community values. Proactiveness is every initiative to promote human rights, help communities and protect our natural environment.

Compliance
- Legality - we will, respect the law, honour our internal policies, ensure that all our business operations are legitimate and keep every partnership and collaboration open and transparent;
- Business ethics - we will promote safety and fair dealing, respect toward the consumer and anti-bribery and anti-corruption practices; and
- Human rights - we are a committed equal opportunity employer and will abide by all fair labour practices. We will ensure that our activities do not directly or indirectly violate human rights in any country.

Proactiveness
- Donations and aid - we shall prioritize making donations in kind annually to worthy causes. Among other things, these donations aim to advance the arts, education and community events as well as to assist and alleviate the plight of those in need.
- Volunteering - we will encourage our employees to do volunteer work. This can be done through programmes organised internally or externally; and
- Preserving the environment - apart from legal obligations, we will proactively protect the environment.

As is clear from the CRS policy above, the focus of the Group's strategy is to help drive value for the Group, its customers, shareholders, employees, communities and society by creating business value and promoting positive social change. The strategy is integrated into the core business objectives and competencies of the organization, and

Mosi Oa Tunya High School Donation

Above: We also donated quarry stone for a Cricket Pitch at Mosi-oa-Tunya High School

Below: Lunch was donated for the invited guests at the official opening of the Rose of Charity Children 's new centre 15km from Victoria falls town.

Donation made by The Victoria Falls Hotel to the Cricket Association Victoria Falls primary schools' competition which took place at Baobab Primary School.

OLD PEOPLES HOME CHRISTMAS LUNCH; This Christmas Donation by The Victoria Falls Hotel certainly brought some Christmas cheer and merriment to these old folks.

ELIZABETH CHANAKIRA CANCER TRUST TEAM;
- *We have assisted the Elizabeth Chanakira Cancer Trust to raise funds for children who parents passed away due to Cancer.*
- *This has been done through The Victoria Falls Marathon and health and fitness classes held at the hotel.*
- *A total of US$1 000 was raised.*
- *Accordingly, two children in Victoria Falls are having their school fees paid by the Trust who are attending primary school.*

Corporate Social Responsibility (continued)

embedded in the day-to-day business culture and operations.

African Sun, as a responsible corporate citizen, ensures that on an annual basis, support is given financially and otherwise to worthy and deserving causes in all the regions and cities where the operations are located. This tradition has grown bigger with each passing year and 2017 was no exception. Some of the many donations made and services granted to the community are chronicled in the side bar.

ENVIRONMENTAL POLICY STATEMENT

African Sun is mindful of and therefore responsible for the impact that our business activities have on the environment and the surrounding communities.

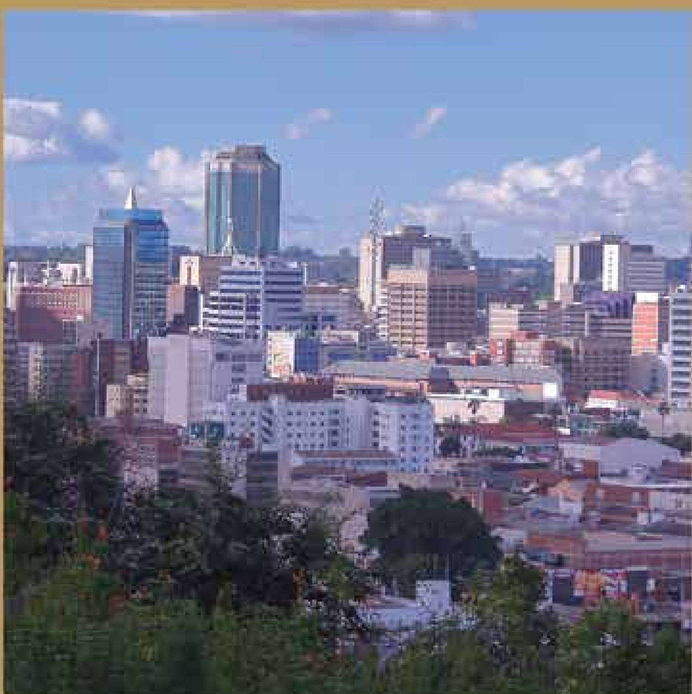
In this regard, we are committed to ensuring that we integrate environmental best practices into our business strategy and operations. Our business practice across the entire value chain aims for sustainability, conservation, renewable energy and overall consideration for future generations.

We shall;

- Comply with all applicable legislation regarding labour, health and safety, human rights and the environment and strive to follow best practices in each of these areas;
- Continuously reduce the environmental impact of our activities, especially in the areas of energy, water, chemicals, resource consumption, and waste generation;
- Manage biodiversity by enhancing and protecting our fauna and flora;
- Set sound environmental and social objectives, and integrate a process of review and reporting;
- Educate and facilitate our employees in making a conscious decision in favor of environmentally, ethically and socially sound decisions in their private and work lives;
- Encourage our suppliers, contractors and guests to be responsible citizens and participate in our efforts;
- Inform and make it easy for our guests to participate in environmental activities at our hotels;
- Work together with property owners to find innovative solutions that satisfy sustainable economic, environmental and social objectives;
- Purchase products that have a reduced environmental impact during their life-cycle, from suppliers that demonstrate environmental, social and ethical responsibility;
- To this end, an environmental management system that is reflective of our business and the impact of our operations, will be implemented and will;
  - Make available the policy to all interested parties,
  - Support and drive the implementation of this policy,
  - Train persons working on behalf of the company so that they understand their obligation to implement the policy,
  - Identify and manage the environmental risks and impacts of our operations,
  - Set environmental objectives, targets and action plans and monitor, measure and periodically report on it to ensure continual improvement.

To ensure that there are tangible results that resonate with our commitment to the wellbeing of the communities in which we do business and the environment, this policy shall be reviewed annually and communicated to all stakeholders.


Holiday Inn



HARARE

Enjoy the warmth of the Sunshine City

Holiday Inn
AN IHG HOTEL
HARARE

MONOMOTAPA
HARARE

Our Strategy

01

We aim to consistently achieve or surpass a 20% pre-tax return on equity

02

We will seek to be in the top 3 measured by Revenue Generation Index ("RGI") in markets where we operate

03

We aim to to ensure that our association with regional and international brands has sustainable long term returns

04

Create a bench in our talent development for sustainability, succession and growth

AFRICAN SUN
LIMITED


Holiday Inn

BULAWAYO

Experience a Royal Stay in the City of Kings

Holiday Inn
AN IHG HOTEL
BULAWAYO

Ed Shangwa | Managing Director

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

Managing Director's Operations Review

Business overview

According to the United Nations World Tourism Organisation ("UNWTO") World Tourism Barometer, international tourist arrivals grew by 7% in 2017 to reach a total of 1.322 billion. Asia and the Pacific international tourist arrivals grew by 6% supported by strong demand from both intra- and inter-regional source markets.

Europe's international tourist arrivals grew by 8% compared to a relatively weak performance in 2016. Growth was driven by the extraordinary results in Southern and Mediterranean Europe (+13%). Western Europe (+7%), Northern Europe and Central and Eastern Europe (both +5%) also recorded robust growth.

The Americas (+3%) welcomed 207 million international tourist arrivals in 2017, with most destinations enjoying positive results. South America (+7%) led growth, followed by Central America and the Caribbean (both +4%), with the latter showing clear signs of recovery in the aftermath of hurricanes Irma and Maria. In North America (+2%), robust results in Mexico and Canada contrasted with a decrease in the United States, the region's largest destination.

Asia and the Pacific (+6%) recorded 324 million international tourist arrivals in 2017. Arrivals in South Asia grew 10%, in South-East Asia 8% and in Oceania 7%, whilst arrivals to North-East Asia increased by 3%.

Based on available data for Africa, growth in 2017 was 8%. The region consolidated its 2016 rebound and reached a record 62 million international tourists arrivals. North Africa enjoyed a strong recovery with arrivals growing by 13%, while in Sub-Saharan Africa arrivals increased by 5%.

The Middle East (+5%) received 58 million international tourist arrivals in 2017 with sustained growth in some destinations and a strong recovery in others.

Based on data released by the Zimbabwe Tourism Authority, the country's tourist arrivals for 2017 are expected to surpass 2.2 million, up from 2.17 million recorded in 2016.

In the full year results January to December 2017, the Group's international tourist arrivals increased by 19% to 93,823 up from 78,730 achieved in the same period last year. From the five major regions, America registered a significant growth from 10,241 to 14,894 (+45%), Asia registered growth from 14,677 to 20,179 (+38%), Australia grew from 2,589 to 3,694 (+43%), Europe grew from 24,479 to 28,588 (+17%) and Africa's arrivals were in line with last year at 25,615.

Managing Director's Operations Review (continued)

It is encouraging to note that we had a rebound of the domestic market. Coming from a depressed 2016 we managed to grow local arrivals by 11% in 2017 despite the harsh and the highly competitive economic environment.

The bulk of local business emanates from conferencing by NGOs and government. During the year, we implemented a flexible rate strategy that saw the local market volumes increasing despite the economic pressures. The Group continued to run promotions aimed at local leisure travelers in a bid to arrest the decline in this segment.

Strategy review

African Sun Limited went through a transition from a hotel operating company to a hotel investment company. The Group has been operating under this model for the past two years and the benefits are beginning to show, and we expect a continued upward trend.

Below is the summarised overall strategic intent for African Sun;

1. **We aim to consistently achieve or surpass a return on equity of 20%**
   During the year under review, the target return on equity was surpassed as the Group started to benefit from the restructuring exercise carried out in 2015.

2. **We will seek to be in the top three measured by Revenue Generation Index ("RGI") in markets where we operate**
   The hotels' RGI in most destinations and the respective competitive sets were above one (1), which is an indication of the hotels' thrust to deliver on this key strategic imperative.

3. **Partnering with regional and international hotel operators to improve the competitiveness of our hotels**
   Our hotel in Mutare was successfully re-branded to Holiday Inn Mutare effective 1 July 2017. The hotel is currently undergoing a major refurbishment of all the hotel rooms, and is expected to be fully compliant with the brand requirements by 31 July 2018.

   We will continue to seek an improvement of the performance of other brands and we are confident that this partnership will be fruitful and take our Group to greater heights in the tourism sector.

4. **Create a solid bench for talent pipeline through focused talent development for long-term sustainability, succession and growth.**
   We are as good as our people. The Group has internal and external training and development programmes, which cater for employees at all levels. We believe in continuous improvement of our people to keep pace with international standards.

Operations review

Hotels under management

In an effort to improve room occupancy at the end of the first quarter of 2017, Legacy launched an Easter special in the South African and Zimbabwean markets. In addition to this, throughout the year, discounted rates were offered to the local market. Towards year-end, an all-inclusive package was offered to the local market as a festive season promotion. This promotion also helped the 2018 first quarter. Troutbeck Resort and Hwange Safari Lodge did well achieving RGI of above 1 in their competitive sets while Monomotapa Harare, Elephant Hills and the Kingdom hotels were below 1. It is however encouraging to note that the RGI for the three hotels improved in 2017 compared to the prior year. We have put in place strategies to drive volumes, to improve the RGI of the hotels.

Below is a summary of the key performance indicators for the hotels under management;

	2017	2016	% Growth
Occupancy	45%	35%	27%
ADR	$91	$91	0%
Rooms RevPAR	$41	$32	26%
Total RevPAR	$73	$59	24%

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

The Victoria Falls properties continues to benefit from improved air access as a result of the Victoria Falls airport and runway expansion, which was completed in 2016.

Managing Director's Operations Review (continued)

Owner managed hotels

1. Franchised hotels

This segment is made up of Holiday Inn Harare, Holiday Inn Bulawayo and Holiday Inn Mutare.

These hotels, being city hotels, focused on conferencing, government, quasi-government and corporate business. As the market remained depressed the division also launched promotional rates, which included food and conferencing discounted packages. Throughout the year, competitive conference packages were offered and these yielded positive results for all the three hotels. These hotels achieved RGI of above 1 against their competitors in the same destinations.

Below is a summary of the key performance indicators for the franchised hotels;

	2017	2016	% Growth
Occupancy	66%	60%	10%
ADR	$75	$76	(1%)
Rooms RevPAR	$50	$46	9%
Total RevPAR	$87	$78	12%

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

As indicated above, the Group completed the re-branding of Amber Hotel Mutare back to a Holiday Inn. The Holiday Inn brand was launched on 1 July 2017 and it will be fully compliant to the brand requirements by 31 July 2018. The International branding will help consolidate the hotel's position as the leading hotel in Manicaland. As part of the product improvement, we have completed mock-up rooms and we are currently refurbishing all the rooms. We are also installing new elevators and we expect them to be commissioned by the time the refurbishment of the hotel will be completed.

Installation of new elevators was completed at Holiday Inn Harare and Bulawayo during the year. The hotels were compliant with the IHG brand standards as per assessments done in 2017. Going forward, brand updates will be undertaken to maintain the same.

2. The Victoria Falls Hotel

The Group operates The Victoria Falls Hotel under an equal Partnership arrangement with Meikles Hospitality (Private) Limited. The hotel thrives on its rich history, spanning 113 years. The Victoria Falls Hotel accommodates predominantly foreign guests, with over 90% of its market being foreign. However, in the season when there is a drop in foreign business, there is need to augment the hotel's occupancies with domestic arrivals. To cater for the regional market which is predominantly South African, and being sensitive to the weak Rand a "Pay for 2 Stay 3 Nights" promotion was launched in the South African market. The Victoria Falls hotel had the best RGI of 1.29 in its competitive set which include the top of the range hotels in the Victoria Falls, Zimbabwe and Livingstone in Zambia.

Below is a summary of the key performance indicators for the hotel;

	2017	2016	% Growth
Occupancy	63%	54%	18%
ADR	$254	$254	0%
Rooms RevPAR	$161	$136	18%
Total RevPAR	$255	$216	18%

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

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

3. Stand alone brands

This division is made up of Caribbea Bay Resort and Great Zimbabwe Hotel.

These two hotels are strategically positioned in the resort towns of Kariba and Masvingo respectively. The hotels are equally active in the market running exciting promotions for schools - the Adventure Unlimited being one, where schoolchildren not only had a great time at the properties, but also had a chance to learn more about tourism. The competitive rate was inclusive of some activities, which included houseboat trips and dam wall visits in Kariba whilst a historical tour of the monument at Great Zimbabwe also added to their knowledge of their country's history. In addition to this, Great Zimbabwe Hotel benefited from the fortnightly foreign bus tour groups from South Africa from March 2017 to October 2017. The end of the year promotions and special events activities at Valentines, Christmas and New Year impacted positively on the performance of these hotels. Great Zimbabwe hotel and Caribbea Bay Resort performed well in their competitive sets achieving RGI of 1.11 and 0.91 respectively.

Managing Director's Operations Review (continued)

Below is a summary of the key performance indicators for the hotels which are owner managed;

	2017	2016	% Growth
Occupancy	51%	44%	16%
ADR	$65	$64	2%
Rooms RevPAR	$33	$28	18%
Total RevPAR	$75	$58	29%

RevPAR improved by 18% due to the significant increase in occupancy helped by marginal growth in average room rate. Volumes were driven mainly by conferencing business as well as local tourists during the holidays. Caribbea Bay Resort has been negatively affected by accessibility as the state of the roads has deteriorated over the years and flights to the destination were suspended by Air Zimbabwe in the first quarter of 2016 due to low load factors. Accessibility has negatively affected the destination's competitiveness, resulting in loss of both conferencing and leisure business to competing destinations. We are however upbeat that the construction of the Beitbridge to Chirundu highway will benefit both hotels immensely through the revival of the Around Zimbabwe bus tours.

Caribbea Bay Resort has already undergone external refurbishments and attention has now shifted to the internal refurbishments. We are already getting positive feedback from our guests regarding the work that has been done so far.

Plans are at an advanced stage to refashion the Great Zimbabwe Hotel rooms, and in the long term, the hotel capacity will be increased. Given the demand for conferencing at the destination, medium term plans are underway to build a modern conference centre at the hotel.

Processes

The Legacy Lifestyle card was launched during the first quarter of 2017. This is a loyalty reward programme which we expect will help increase volumes in our Legacy Managed hotels. Cardholders will earn Legacy dollars when they purchase services from Legacy managed hotels or make purchases at affiliated retail outlets. The accrued dollars can be used to purchase goods or services from any affiliated partners locally or abroad.

Business information systems

African Sun completed a project of upgrading the information reporting systems for Troutbeck Resort, Hwange Safari Lodge, Caribbea Bay Resort and Great Zimbabwe Hotel in the first half of 2017. Following this upgrade, all hotels are now on one uniform system of accounting which improves the information processing systems and timely generation of reports.

Human resources

The recruitment freeze remained in force but critical positions were filled during the year under review. The Group has recruited twenty-three (23) graduate development trainees in various disciplines to improve the managerial and supervisory levels. Staff training and development programmes aimed at improving service delivery continued during the course of the year in all divisions.

Ethics and controls

The Group further bolstered the Tip-off anonymous platform administered by Deloitte and Touché in order to preserve shareholder value through risk and loss mitigation enabled by the initiative. The Group relaunched the Code of Ethics Charter during the year under review.

Outlook

The future of our business is promising, underpinned by the following;

- The Victoria Falls Airport expansion completion and the resultant increase in airline capacity into the destination has been a major boost to our performance in 2017 and we expect further benefits in 2018.
- Our hotel operations are expected to benefit from key activities in 2018, which include elections, infrastructure development and other government projects
- The other key factors expected to drive business in 2018 are;
    - o ICT enhancements – improved revenue management and booking platforms
    - o Product improvement through refurbishment of hotels.
    - o Training and staff development that will continue, as people are our key resource.
- Continuation of our traditional tour and series business to grow international arrivals augmented by local conferencing and domestic tourism initiatives.

Appreciation

I would like to thank the executive team, management and staff for their unwavering support during the difficult time that we have been through. The value of the support from all our various stakeholders cannot be over emphasized. My sincere appreciation also goes to the Board of Directors for their leadership and guidance.

E T Shangwa

E T SHANGWA
MANAGING DIRECTOR

8 March 2018

HWANGE

Enjoy A Safari Adventure with the Famous Big Five

HWANGE
safari lodge

Accounting Philosophy

African Sun Limited is dedicated to achieving meaningful and responsible reporting through comprehensive disclosure and explanation of its financial results. This is done to ensure objective corporate performance measurement, to enable returns on investment to be assessed against the risks inherent in their achievement and to facilitate appraisal of the full potential of the Group.

The core determinant of meaningful presentation and disclosure of information is its validity in supporting management's decision making process. While the accounting philosophy encourages the pioneering of new techniques, it endorses the fundamental concepts underlying both the financial and management accounting disciplines as enunciated by the Public Accountants and Auditors Board of Zimbabwe ("PAAB"), the Institute of Chartered Accountants of Zimbabwe ("ICAZ"), the International Accounting Standards Board ("IASB") and the International Federation of Accountants ("IFAC"). The Group is committed to the regular review of financial reporting standards and to the development of new and improved accounting practices. This is practiced to ensure that the information reported to management and stakeholders of the Group continues to be internationally comparable, reliable and relevant. This includes, the early adoption of financial reporting standards, wherever it is considered appropriate.

The Group adopts all accounting standards and interpretations applicable that are issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC"). Unless otherwise stated, these standards are applied consistently to enhance comparability of financial information relating to different financial periods.

Venon Musimbe | Company Secretary

Certificate by the Company Secretary

I, the undersigned, in my capacity as the Company Secretary, hereby confirm, to the best of my knowledge and belief, that for the year ended 31 December 2017, the Company has complied with Zimbabwe Stock Exchange Listing Requirements, lodged with the Registrar of Companies all returns required of a public company in terms of the Zimbabwe Companies Act (Chapter 24:03) and that all such returns are true, correct and up to date. I also confirm that the Memorandum and Articles of Association of the Company are in line with the provisions of the Zimbabwe Companies Act (Chapter 24:03).

V. T. Musimbe

V. T. Musimbe
Company Secretary

8 March 2018

Directors' Report

For the year ended 31 December 2017

The directors present the audited financial statements of African Sun Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2017.

	Year ended 31 December 2017 US$	Year ended 31 December 2016 US$
Results		
Earnings before interest, tax and depreciation ("EBITDA")	8 369 497	5 484 831
Profit for the year	4 816 523	4 806 710
Headline earnings	4 866 944	2 665 068
Dividends		
The Company declared a final dividend of US$600 655 (2016: US$nil) being US$0.000697 per share.		
Capital commitments		
Authorised by directors and contracted for	-	-
Authorised by directors but not contracted for	4 963 957	6 262 291
Total commitments	4 963 957	6 262 291
Investments		
The Company holds equity investments in the following subsidiaries to the extent indicated below:		
African Sun Zimbabwe (Private) Limited	100%	100%
African Sun Hotels Limited Branch* (the "Branch")	100%	100%

* The Branch is going through a name change to African Sun Limited Branch

Share capital
Issued share capital and share premium total is US$33 741 401 as at 31 December 2017 (2016: US$ 33 741 401). No additional shares were issued during the year ended 31 December 2017.

Reserves
The movement in the reserves of the Group is shown in the Group statement of changes in equity and in the relevant notes to the financial statements.

Directors
Since the last Annual General Meeting, Ms. Tariro Ndebele resigned from the Board on 1 September 2017. On the same date, she was appointed as an executive to the position of Sales and Marketing Director. Mr. Walter T Kambwanji resigned from the Board on 8 March 2018 and Mr. Peter Saungweme was appointed to the Board on the same day.

All the non-executive directors will be subject to re-election at the Annual General Meeting. All the non-executive directors being eligible will offer themselves for re-election at the Annual General Meeting.

Independent auditor
Members will be asked to approve the independent auditors remuneration for the year ended 31 December 2017 and to re-appoint PricewaterhouseCoopers Chartered Accountants (Zimbabwe) as independent auditor of the Company for the ensuing year.

Annual general meeting
The Forty Sixth Annual General Meeting of Shareholders of African Sun Limited will be held in the Kariba Room at Holiday Inn Harare, Corner 5th Street and Samora Machel Avenue, Harare on Thursday, 28 June 2018 at 1200 hours.

By order of the board:

E.T. Shangwa

E.T. Shangwa
Managing Director

B.H. Dirorimwe

B.H. Dirorimwe
Finance Director

V.T. Musimbe

V.T. Musimbe
Company Secretary

8 March 2018

Corporate Governance

THE AFRICAN SUN CHARTER

African Sun Limited personnel are committed to a long-published code of ethics which runs through the whole Group. This incorporates the Group's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of members of the African Sun Limited family in their interface with one another and with all stakeholders.

There are detailed policies and procedures in place across the Group, covering the regulation and reporting of transactions in securities of the Company by the directors and officers. The Group adopted a Corporate Governance Charter and recommendations made in the King Reports.

THE NATIONAL CODE ON CORPORATE GOVERNANCE

The Group is committed to adhering to the principles espoused in the National Corporate Governance Charter.

STAKEHOLDERS

For many years, African Sun Limited has had a formalized stakeholder philosophy and structure(s) of corporate governance to manage the interface with the various stakeholder groups. African Sun Limited has in place responsive systems of governance and practice which the Board and management regard as entirely appropriate to ensure that our commitment to good governance remains underpinned by the pillars of responsibility, fairness, transparency and accountability to all stakeholders. These pillars preserve our long term sustainability, thereby delivering value to all stakeholders.

DIRECTORATE

The Board of Directors of African Sun Limited is constituted with an equitable ratio of executive to non-executive directors and meets at least quarterly. A non-executive director chairs the African Sun Limited Board.

ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Managing Director are independent of each other and they function under separate mandates issued by the Board. This differentiates the division of responsibility within the Company and ensures a balance of authority. The Board is chaired by Hebert Nkala, a non- executive director of the Company. The Chairman is responsible for providing leadership to the Board, overseeing its efficient operation and ensuring good corporate governance practices.

Edwin T Shangwa is the Managing Director of the Group and is responsible for the management of the Group's day-to-day operations and affairs in line with the policies and strategic objectives set out and agreed to by the Board. The Managing Director is supported by the Group's Executive Committee which he chairs at weekly meetings where the Group's results, performance and prospects are reviewed. At each Board meeting, the Managing Director provides a strategic update and reports on performance and future prospects.

INDEPENDENCE OF THE BOARD

The Board maintains its independence through:

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

The criteria used to determine whether a director is an independent non-executive director are an assessment of independence in fact and in the perception of a reasonably informed outsider. The independence of an independent non-executive director is assessed annually by the Board on the following criteria:

- is not a representative of a shareholder who has the ability to control or significantly influence management;
- does not have a direct or indirect interest in the Company (including any parent or subsidiary in a consolidated Group with the Company) which is either material to the director or to the Company. (A shareholding of 5% more is considered material);
- has not been employed in any executive capacity for the preceding three financial years by the Company or the Group;
- is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity;

Corporate Governance (continued)

INDEPENDENT NON EXECUTIVE DIRECTORS (CONTINUED)

- is not a professional adviser to the Company or the Group;
- is free from any business or other relationship which could be seen to interfere materially with the individual's capacity to act in an independent manner; and
- does not receive remuneration contingent upon the performance of the Company.

The Board is satisfied with the status of the independent non-executive directors.

INSURANCE

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

DIRECTORS' INTERESTS

As provided by the Companies Act (Chapter 24:03) and the Company's Articles of Association, the directors are bound to declare any time during the year, in writing, whether they have any material interest in any contract of significance with the Company, which could give rise to a conflict of interest.

INTERNAL CONTROL

The Board of Directors is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements and to safeguard, verify and maintain accountability of its assets and to detect and minimize significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

The controls throughout the Group concentrate on critical risk areas. All controls relating to the critical areas in the casino and hotel operating environments are closely monitored by the directors and subjected to internal audit reviews. Furthermore, assessments of the information technology environment are also performed.

An Audit Services Manager, who reports directly to the chairman of the Finance and Audit Committee, heads the Internal Audit Department. The Internal Audit Department is designed to serve management and the Board of Directors through independent evaluations and examinations of the Group's activities and resultant business risks.

BOARD MEETINGS

The Board meets at least four times per financial year in order to monitor, consider and review, inter alia, matters of a strategic, financial, non-financial and operational nature. Special Board meetings may be convened on an ad hoc basis, when necessary, to consider issues requiring urgent attention or decision.

The Board works to a formal agenda prepared by the Company Secretary in consultation with the Chairman and the Managing Director, which, inter alia, covers operations, finance, capital expenditure, acquisitions and strategy. Any Board member may request the addition of an item to the agenda and will liaise with the Company Secretary in this regard.

Board papers comprising the agenda, minutes of Board and Board committee meetings and the relevant supporting documentation are circulated to all directors in advance of each meeting in order that they can adequately prepare and participate fully, frankly and constructively in Board discussions and bring the benefit of their particular knowledge, skills and abilities to the Board table.

BOARD COMMITTEES

The Board is authorised to form committees to assist in the execution of its duties, powers and authorities. The Board has four standing committees, namely: Finance and Audit, Human Resources and Remuneration, Marketing and Nominations. In addition, there is the Corporate Governance Committee, which is an ad hoc committee. The terms of reference and composition of the committees are determined and approved by the Board and have been adopted by the Board for the reporting period.

Corporate Governance (continued)

THE FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee incorporates the audit, risk and finance oversight functions. The Committee deals, inter alia, with compliance, internal control, risk management and the review and preliminary approval of major investment decisions of the Group. It is regulated by specific terms of reference and is chaired by a non-executive director. All members of the Committee not being less than three (3) at any given time are non-executive directors. Executives of the Group including the Managing Director and Finance Director attend the meeting by invitation.

It meets with the Company's independent auditors to discuss accounting, auditing, internal control and financial reporting matters. The independent and internal auditors have unrestricted access to the Finance and Audit Committee.

The Committee's terms of reference include but are not limited to the assessment, and review of the following;

- Financial controls, accounting systems and reporting;
- Independent auditors;
- Internal auditors;
- Legal, regulatory and statutory compliance of the Group;
- Compliance with the Group's code of conduct; and
- Financial planning and investment decisions.

THE HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee, is made up of a non-executive Chairman, and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The committee acts in accordance with the Board's written terms of reference to review remuneration of all African Sun Limited executive directors, senior management and other members of staff.

The Committee's terms of reference include but are not limited to the assessment, determination and review of the following;

- Remuneration and emoluments of the Company's executives, and to review the levels thereof from time to time;
- Grant options to acquire shares in the Company's share capital, on terms and conditions as prescribed in such share option schemes as approved by the Company's shareholders in General Meetings from time to time;
- Prescribed parameters of remuneration and other employment emoluments of non-executive personnel of the Group, for the guidance of management in its reviews and determinations of such remuneration and emoluments;
- Procurement and/or monitoring the Group's compliance with all relevant labour legislation, with especial reference to employee remuneration, terms and conditions of service and allied issues; and
- Monitoring the operations of the Group's pension and group life assurance, and medical aid schemes.

THE MARKETING COMMITTEE

The Marketing Committee comprises a non-executive Chairman and at least two other non-executive directors. Executive directors and management attend its meetings by invitation. The committee is responsible for the review of all sales and marketing programmes of the Group.

The Committee's terms of reference include but are not limited to the assessment and review of the following;

- Participation in the development of the Group's marketing policy and strategy;
- The performance of the Group in terms of its marketing strategy;
- Marketing policy to include all elements of the marketing mix undertaken by the Group;
- Corporate profile policy and issues related to branding and the image of the Group;
- Providing overall guidance and direction for the Group's marketing communications, including publications and promotional programmes, and contribute towards their implementation; and
- Advising the Board on the appropriate form of marketing infrastructure best suited to serve African Sun Limited.

THE NOMINATIONS COMMITTEE

The Nominations Committee is now a standing, as opposed to an ad hoc, committee, pursuant to the recommendations made in the King Report III. It is made up of a non-executive Chairman and at least two other non-executive directors. It assists with the identification and recommendations of potential directors to the Board.

Corporate Governance (continued)

THE NOMINATIONS COMMITTEE (CONTINUED)

The Committee's terms of reference include but are not limited to the assessment and regular review of the following;

- The structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- Consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- The leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- Making recommendations to the Board concerning the formulation of plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Managing Director; and
- Determining suitable candidates for the role of senior independent director membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees.

EXECUTIVE COMMITTEE

The Executive Committee ("EXCO") supports the Managing Director in carrying out his responsibilities for the day to day management of the Group's operations and consists of five members as follows;

- the Managing Director;
- the Finance Director;
- the Human Resources Director;
- the Sales and Marketing Director; and
- the Company Secretary.

The EXCO is delegated by the Managing Director and has regular input from executives from operations, finance, ICT, human resources, compliance and investor relations. Meetings are convened weekly.

The EXCO is conferred with the powers conferred upon the Directors by the Articles of Association and is responsible for the following from a Company perspective:

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

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is an ad hoc committee, which sits as and when it is necessary. It is made up of a non-executive Chairman and at least two other non-executive directors.

NATIONAL WORKS COUNCIL AND WORKERS' COMMITTEES

The Group holds National Works Council meetings at least twice a year. Each hotel within the Group has a Works Council representative who attends these meetings, which is a forum where employees participate in the decision-making process and also discuss employees' concerns with top management. The Group believes in and practices worker participation throughout the different levels. All hotels have Workers' Committees, which serve as a communication channel between management and shop floor employees.

ANNUAL GENERAL MEETING

The Annual General Meeting provides a useful interface with private shareholders, many of whom are also customers.

The Chairman of the Board and the Managing Director are available at the Annual General Meeting to answer questions. Information about the Group is maintained and available to shareholders at www.africansuninvestor.com

Corporate Governance (continued)

DIRECTORS' ATTENDANCE OF MEETINGS IN 2017

Individual director attendance at Board and Committee meetings are tabled below. Where a director has not been able to attend a Board meeting, any comments, which he or she had arising out of the papers to be considered at that meeting, are relayed in advance to the Chairman of the Board or Committee.

	Main Board	Human Resources and Remuneration Committee	Finance and Audit	Marketing Committee	Nomination Committee
Number of meetings	**4**	**4**	**4**	**4**	**2**
H. Nkala	4	-	-	-	2
E.T. Shangwa	4	4	4	4	-
B.H. Dirorimwe	4	4	4	4	-
E.A. Fundira	4	-	4	4	-
*/**B. Childs	3	1	2	1	-
****W.T. Kambwanji	4	4	4	-	2
**A. Makamure	2	-	2	-	2
**N.G Maphosa	4	4	1	1	-
***T. Ndebele	3	3	-	3	-

* B. Childs was appointed to the Board on 16 March 2017

** B. Childs was appointed to the Human Resources and Remuneration Committee while A. Makamure and N.G. Maphosa were appointed to the Marketing Committee with effect from 2 November 2017.

*** T. Ndebele resigned from the Board on 1 September 2017 and was appointed as an Executive to the position of Sales and Marketing Director on the same date.

**** W.T. Kambwanji resigned from the Board on 8 March 2018.

INFORMATION COMMUNICATION TECHNOLOGY ("ITC") GOVERNANCE

The Group recognizes the importance of Information Systems and the need to co-opt the systems into the strategy of the business with the risks involved in Information Communications Technology Governance becoming significant. The King III Report has highlighted that there are operational risks when one deals with a service provider because confidential information leaves the Group exposed. In ICT governance, the Group seeks confidentiality, integrity and availability of functioning systems, authenticity of systems information and assurance that the systems are usable, useful and secure. In this regard, in exercising the duty of care, directors ensure that prudent and reasonable steps have been taken with respect to ICT governance.

PRINCIPLES RELATING TO ICT GOVERNANCE

In monitoring implementation and adherence to proper ICT Governance the Group is guided by the following principles;

1. Board Responsibility

This embraces establishing and promoting an ethical governance culture as well as gaining independent assurance on the effectiveness of the internal controls. The structures, processes and mechanisms that are required and guided by the ICT governance framework are implemented, controlled and monitored by management who have suitable experience and qualifications. In summary, the responsibility of the Board entails;

- Direction;
- Evaluation; and
- Monitoring of the use of ICT to support business strategy.

2. Performance and sustainability

ICT plays a support function to the Group's business and assists business in reaching its strategic objectives and goals. Business goals are cascaded into ICT goals that in turn are translated into ICT processes and procedures. Through effective controls, ICT ensures that its processes are aligned to the business objectives, which in turn ensure that the business operates in a sustainable and well-governed manner. Management has implemented strategic ICT planning processes that are integrated with the business strategy development process.

Corporate Governance (continued)

3. ICT Governance framework

The Board delegates to management the responsibility for the implementation of an ICT governance framework in the Group, while still retaining accountability for overall ICT governance.

4. ICT investments and expenditure

The Board's responsibilities include:

- Monitoring and evaluating the extent to which ICT actually sustains and enhances the Group's strategic objectives;
- Monitoring and evaluating the acquisition and use of ICT resources to ensure that they support business requirements;
- Monitoring and evaluating the acquisition and appropriate use of technology, processes and people; and
- Overseeing ICT investment to ensure that ICT expenditure is in proportion to the delivery of business value.

5. Risk management

Risk identification does not rely solely on the perceptions of a select group of managers. The Group adopts a thorough approach to risk identification with consideration being given to reputation risk and ICT legal risks.

6. Information security

According to King III, "information security deals with the protection of information, in its electronic and paper-based forms, as it progresses through the information lifecycle of capture, processing, use, storage, and destruction". For this reason, the Group's information security has been designed to address people, processes and technology related dimensions.

The key core principles of information security that the Group abides by are encapsulated in the following three components;

- Confidentiality - ensuring that information is accessible only to those authorised to have access;
- Integrity – safeguarding the accuracy and completeness of information and processing methods; and
- Availability - ensuring that authorised users have access to information and processing methods.

7. Governance structures

The Finance and Audit Committee assists the Board in carrying out its ICT responsibilities as follows;

- ensures that ICT risks are adequately addressed;
- considers ICT as it relates to financial reporting and business continuity of the Group;
- obtains appropriate assurance that controls are in place and effective in addressing ICT risks; and
- considers the use of technology to improve audit coverage and efficiency.

Directors’ Responsibility for Financial Reporting

African Sun Limited directors are required by the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements, to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Group at the end of the financial year, and of the profit or loss and cash flows for the year then ended. In preparing the financial statements, generally accepted accounting practices have been followed and suitable accounting policies have been used and applied consistently. Reasonable and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group stated on page 28.

The directors have reviewed the Group’s budget and cash flow forecast for the twelve months to 31 December 2018. On the basis of the reviewed forecasts and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

The Group has an Internal Audit Department, which has the objective of assisting the Finance and Audit Committee in the discharge of it’s responsibilities, and which monitors the effectiveness of the accounting system and related internal financial controls on a continuing basis. The Internal Audit Department performs a critical examination of the financial and operating information for management, and reports its findings and its recommendations to management and to the Finance and Audit Committee.

Procedures are in place to identify key business risks timeously, to determine the likelihood of the risks crystallising, and to determine the significance of the consequential financial impact on the business.

The Finance and Audit Committee meets quarterly with management, the Internal Audit Department and the Independent Auditor, to review specific accounting, reporting and internal control matters, and to satisfy itself that the system of internal control is operating effectively. The Committee also reviews the interim and annual results of the Group prior to their publication.

The Finance and Audit Committee also reviews the ITC governance framework and monitors the ITC function against risk and performance imperatives. In exercising its duty of care, the Committee ensures that prudent and reasonable steps have been taken in regard to ITC governance.

In addition, the Group’s Independent Auditor reviews and tests appropriate aspects of the internal financial control systems during the course of their statutory audit of the financial statements of the Group.

Both the Internal and Independent Auditors have unlimited access to the Finance and Audit Committee.

The Group’s Finance and Audit Committee met with the Independent and Internal Auditors to discuss their reports on the results of their work, which include assessments of the relative strengths and weaknesses of key control areas.

Given the size, complexity and geographical diversity of the Group, it may be expected that occasional breakdowns in established control procedures may occur. No breakdowns involving material loss have been reported to the directors in respect of the period under review and it is believed that none of any significance exists.

The Group’s Independent Auditor, PricewaterhouseCoopers Chartered Accountants (Zimbabwe), have audited the financial statements and their report appears on pages 42 to 45.

The financial statements for the twelve months ended 31 December 2017 which appear on pages 46 to 97 have been approved by the Board of Directors and are signed on their behalf by:

A Makamure

A. Makamure
Finance and Audit Committee Chairman

B. H. Dirorimwe

B.H. Dirorimwe
Finance Director

8 March 2018

Directors' Declaration

For the year ended 31 December 2017

In the opinion of the directors of African Sun Limited, the financial statements set out on pages 46 to 97 have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03) and give a true and fair view of the financial position of the Group as at 31 December 2017 and the results of its financial performance and its cash flows for the year then ended.

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

E.T. Shangwa **Managing Director**	**B.H. Dirorimwe** **Finance Director**	**V.T. Musimbe** **Company Secretary**

8 March 2018

Believe Dirorimwe | Finance Director

Declaration by the Finance Director

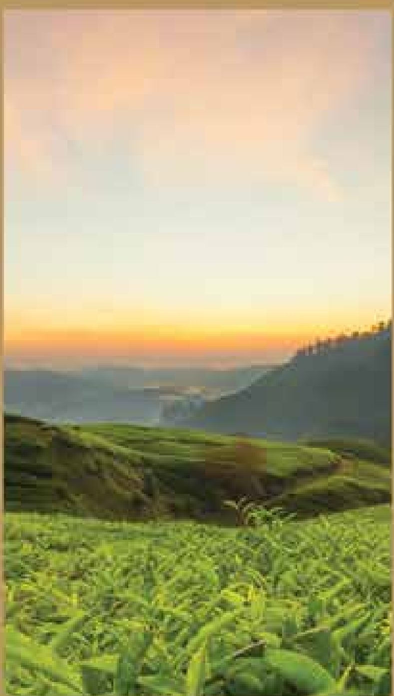
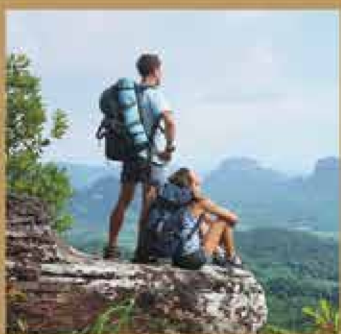
These annual financial statements have been prepared under my supervision as the Finance Director of the Group. I confirm that I am a member of the Institute of Chartered Accountants of Zimbabwe ("ICAZ") and registered with the Public Accountants and Auditors Board. My Public Accountant registration number is 03765.

B.H. Dirorimwe

B.H. Dirorimwe CA (Z)
Finance Director

8 March 2018




EASTERN HIGHLANDS

Experience the Misty Moutain Hideaway

Holiday Inn
AN IHG HOTEL
MUTARE

Troutbeck
Resort

Independent Auditor's Report to the Shareholders of African Sun Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Sun Limited (the"Company"), and its subsidiaries (together the "Group") as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

What we have audited

African Sun Limited's consolidated and separate financial statements, set out on pages 46 to 97, comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B) (the "IESBA Code"). We have fulfilled our ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview

Overall group materiality

US$466 394 which represents 0.9% of consolidated revenue.

Group audit scope

We conducted full scope audits on the parent company, African Sun Limited, and on the subsidiaries, African Sun Zimbabwe (Private) Limited, located in Zimbabwe, and African Sun Hotels Limited Branch, located in South Africa. These entities were selected for full scope audits because of their financial significance and associated audit risk.

Key audit matters

- Impairment of trade receivables.

PriceWaterHouseCoopers, Building No. 4, Arundel Office Park, Norfolk Road, Mount Pleasant
PO Box 453, Harare, Zimbabwe
T:+263 (4) 338362-8, F:+263 (4) 338395, www.pwc.com

TI Rwodzi - Senior Partner
The Partnership's principal place of business is at Arundel Office Park, Norfolk Road, Mount Pleasant, Harare, Zimbabwe where a list of the Zimbabwe Partner's Names is available for inspection.

Independent Auditor's Report (continued)

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall group materiality	US$466 394
How we determined it	0.9% of consolidated revenue.
Rationale for the materiality the benchmark applied	Revenue was considered the most appropriate benchmark as it is considered to be the benchmark against which the performance of the Group is most commonly measured by users of the financial statements. The Group's profit or loss before income tax has fluctuated too widely over the past three years to be regarded by users as an acceptable benchmark. 0.9% of consolidated revenue is within the range of acceptable quantitative materiality thresholds for public interest entities.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and separate financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. We designed our audit by determining materiality and assessing the risk of financial misstatements in the financial report.

Our scoping included operations in Zimbabwe and South Africa. All audit work was performed by us as group auditors and did not require involvement of component auditors. Full scope audits were performed for all three components, the parent company, African Sun Limited, African Sun Zimbabwe (Private) Limited that operates eleven hotels in Zimbabwe, and African Sun Hotels Limited Branch that operates a central reservations office in South Africa. During the current year audit the engagement team visited the significant hotel operations of the subsidiary in Zimbabwe.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter for the consolidated financial statements is set out below, but we have determined that there are no key audit matters to communicate in respect of the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables As at 31 December 2017, the Group had trade receivables included in trade and other receivables amounting to US$3 762 714 against which an impairment allowance of US$341 128 was raised. Trade receivables amounting to US$1 874 165 were past due but assessed by management as not impaired. The assessment of the trade receivables impairment was considered a matter of most significance during the current year audit as the measurement as at year end is based to a large extent on management's assumptions around recovery of the trade receivables. Management applied their judgment to the assessment of the recoverability of individual trade debtors on a case by case basis. They consider history of payments and the financial condition of the debtor and the relationship they have with the debtor. Disclosure is provided in: • accounting policy note 2.13, trade receivables; • note 3.1 (ii), Financial risk management - credit risk; • note 4.1 (c), Critical accounting estimates and judgements; and • note 10, Trade and other receivables.	We obtained an understanding of management's process for determining the impairment allowance for trade receivables and tested the relevant controls management have in place to monitor trade receivables and collections. We compared actual write-offs in the current year to management's prior year allowance to assess the reasonableness of management's estimation process. Based on the testing we performed, we found management's estimation of the allowance to be consistent with the historical actual results. We obtained management's assessment of the allowance for the current year and performed, amongst others, the following procedures on a sample of individual trade receivables: • for amounts included in the allowance for impairment, obtained reasons why management considered the receivable to be impaired; • for amounts that were considered past due but not provided for, obtained management's evidence to support recoverability, including payment plans and/or subsequent receipts; and • assessed the level of collections subsequent to year end for the trade receivables as at year end.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 2017 but does not include the consolidated and separate financial statements, set out on pages 46 to 97 and our auditor's report thereon on pages 42 to 45.

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

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Zimbabwe Companies Act (Chapter 24:03), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a

Independent Auditor's Report (continued)

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Pricewaterhouseloop

Clive K Mukondiwa
Registered Public Auditor
Public Accountants and Auditors Board, Registration Number 0439
Institute of Chartered Accountants of Zimbabwe, Public Practice Certificate Number 253168
Partner for and on behalf of
PricewaterhouseCoopers Chartered Accountants (Zimbabwe)

21 May 2018

Harare, Zimbabwe

Consolidated and Separate Statements of Financial Position

As at 31 December 2017

	Note	GROUP 31 December 2017 US$	GROUP 31 December 2016 US$	COMPANY 31 December 2017 US$	COMPANY 31 December 2016 US$
Assets					
Non-current assets					
Property and equipment	6	21 284 122	21 270 729	195 594	283 583
Biological assets	7	159 198	165 137	-	-
Investments	8	-	-	18 124 874	18 124 874
Deferred tax assets	18.2.3	79 630	-	25 256	143 350
Trade and other receivables	10	343 683	178 893	330 183	178 893
		21 866 633	**21 614 759**	**18 675 907**	**18 730 700**
Current assets					
Inventories	9	2 087 639	1 453 628	1 285	1 005
Trade and other receivables	10	6 421 474	5 663 267	1 851 277	2 630 016
Cash and cash equivalents	11	8 362 551	4 885 160	694 295	1 675 173
		16 871 664	**12 002 055**	**2 546 857**	**4 306 194**
Total assets		**38 738 297**	**33 616 814**	**21 222 764**	**23 036 894**
Equity and liabilities					
Equity attributable to owners of the parent					
Share capital	12	8 617 716	8 617 716	8 617 716	8 617 716
Share premium	12	25 123 685	25 123 685	25 123 685	25 123 685
Other reserves		(3 468 047)	(3 500 446)	-	-
Accumulated losses		(18 764 635)	(23 581 158)	(25 568 030)	(26 755 254)
Total equity		**11 508 719**	**6 659 797**	**8 173 371**	**6 986 147**
Liabilities					
Non-current liabilities					
Trade and other payables	14	1 130 148	1 730 148	1 130 148	1 730 148
Borrowings	17	4 187 512	3 013 848	-	516 146
Deferred tax	18.2.3	4 195 643	3 617 873	-	-
		9 513 303	**8 361 869**	**1 130 148**	**2 246 294**
Current liabilities					
Trade and other payables	14	12 810 807	11 071 934	10 718 408	12 592 123
Current income tax	15	515 959	-	147 680	-
Provisions	16	2 367 312	2 267 522	713 448	833 564
Borrowings	17	2 022 197	5 255 692	339 709	378 766
		17 716 275	**18 595 148**	**11 919 245**	**13 804 453**
Total liabilities		**27 229 578**	**26 957 017**	**13 049 393**	**16 050 747**
Total equity and liabilities		**38 738 297**	**33 616 814**	**21 222 764**	**23 036 894**

The notes on pages 50 to 97 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 8 March 2018 and signed on its behalf by:

A Makamure

A. Makamure
Finance and Audit Committee Chairman

B.H. Dirorimwe

B.H. Dirorimwe
Finance Director

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Note	Year ended 31 December 2017 US$	Year ended 31 December 2016 US$
Continuing operations			
Revenue	5	51 827 232	43 600 924
Cost of sales	22	(15 444 453)	(12 993 608)
Gross profit		36 382 779	30 607 316
Other income	21.1	1 589 689	1 444 442
Operating expenses	22	(30 708 927)	(27 900 882)
Other expenses	21.2	(358 007)	(364 747)
Profit from sale of subsidiary	8.3.2	-	1 176 165
Reclassified from foreign currency translation reserve	8.3.2	-	755 651
Operating profit		**6 905 534**	**5 717 945**
Finance income	23	7 276	23 690
Finance costs	23	(1 053 399)	(776 864)
Profit before income tax		5 859 411	4 964 771
Income tax expense	18	(1 042 888)	(28 736)
Profit for the year from continuing operations		4 816 523	4 936 035
Discontinued operations			
Loss from discontinued operations	19	-	(129 325)
Profit for the year		**4 816 523**	**4 806 710**
Other comprehensive income / (loss) - net of tax			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		32 399	144 577
Reclassified foreign currency translation reserve		-	(755 651)
Total other comprehensive income / (loss)		32 399	(611 074)
Total comprehensive income for the year		**4 848 922**	**4 195 636**
Total comprehensive income for the year attributable to owners of the parent arises from:			
Continuing operations		4 848 922	4 324 961
Discontinued operations		-	(129 325)
		4 848 922	**4 195 636**
Earnings / (loss) per share from continuing and discontinued operations attributable to:			
Owners of the parent during the year: cents			
Basic			
From continuing operations	24	0.56	0.57
From discontinued operations	24	-	(0.01)
		0.56	**0.56**
Diluted			
From continuing operations	24	0.56	0.57
From discontinued operations	24	-	(0.01)
From profit for the year		**0.56**	**0.56**

The notes on pages 50 to 97 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Share capital US$	Share premium US$	Non-distributable reserve US$	Foreign currency translation reserve US$	Accumulated losses US$	Total equity US$
Year ended 31 December 2016						
Balance as at 1 January 2016	8 617 716	25 123 685	1 273 921	(2 889 372)	(29 661 789)	**2 464 161**
Profit for the year	-	-	-	-	4 806 710	**4 806 710**
Other comprehensive loss						
Transfer to accumulated losses	-	-	(1 273 921)	-	1 273 921	**-**
Currency translation differences	-	-	-	144 577	-	**144 577**
Foreign currency translation reserve reclassified to profit or loss	-	-	-	(755 651)	-	**(755 651)**
Total comprehensive income for the year	-	-	(1 273 921)	(611 074)	6 080 631	**4 195 636**
Balance as at 31 December 2016	**8 617 716**	**25 123 685**	**-**	**(3 500 446)**	**(23 581 158)**	**6 659 797**
Year ended 31 December 2017						
Balance as at 1 January 2017	8 617 716	25 123 685	-	(3 500 446)	(23 581 158)	**6 659 797**
Profit for the year	-	-	-	-	4 816 523	**4 816 523**
Other comprehensive loss						
Currency translation differences	-	-	-	32 399	-	**32 399**
Balance as at 31 December 2017	**8 617 716**	**25 123 685**	**-**	**(3 468 047)**	**(18 764 635)**	**11 508 719**

The notes on pages 50 to 97 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Note	Year ended 31 December 2017 US$	Year ended 31 December 2016 US$
Cash flows from operating activities			
Cash generated from operations	25	8 447 008	3 279 519
Interest received	23.3	7 276	23 690
Interest paid	23.3	(984 915)	(1 130 355)
Net cash generated from operating activities		**7 469 369**	**2 172 854**
Cash flows from investing activities			
Additions to property and equipment	6	(2 846 665)	(1 757 047)
Proceeds from disposal of property and equipment	25.2	899 681	799 582
Proceeds from disposal of subsidiary, net of disposed cash	25.3	-	45 468
Net cash used in investing activities		**(1 946 984)**	**(911 997)**
Cash flows from financing activities			
Proceeds from long-term borrowings	17	5 175 000	2 000 000
Proceeds from short-term borrowings	17	-	6 050 478
Repayment of short-term borrowings	17	(5 823 067)	(7 005 727)
Repayment of long-term borrowings	17	(1 411 764)	-
Deposit released from debt service reserve account		-	104 602
Net cash (used in) / generated from financing activities		**(2 059 831)**	**1 149 353**
Net increase in cash and cash equivalents		**3 462 554**	**2 410 210**
Cash and cash equivalents at beginning of the year		4 885 160	2 462 754
Exchange gain on cash and cash equivalents		14 837	12 196
Cash and cash equivalents at end of year	11	**8 362 551**	**4 885 160**

The notes on pages 50 to 97 are an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2017

1 GENERAL INFORMATION

African Sun Limited ("the Company") and its subsidiaries (together "the Group") lease and manage eleven hotels in Zimbabwe, and operate an international and regional sales and reservations office in South Africa.

The Company is a public company, which is incorporated and domiciled in Zimbabwe and listed on the Zimbabwe Stock Exchange.

The parent of the Company is Brainworks Capital Management (Private) Limited ("Brainworks"), which owns 57.67% (2016: 57.67%) of the ordinary share capital of the Company and is listed on the Johannesburg Stock Exchange.

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

2.1.1 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 Zimbabwe Companies Act (Chapter 24:03).

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.

2.1.2 Going concern

The year 2017 was positive for the Group. Revenue recorded a 19% growth to US$51.83 million from US$43.60 million achieved last year. The growth in revenue and effective cost management resulted in a 53% increase in EBITDA to US$8.37 million (16% margin) from US$5.48 million (13% margin) recorded last year. Resultantly, profit before income tax from core operations increased by 68% to US$4.82 million from US$2.87 million achieved in the prior year. The strong performance during the year improved the Group's cash generated from operations to US$8.45 million from US$3.28 million achieved last year.

In addition to the operational success, the Group obtained a long-term facility, which was used to restructure borrowings through refinancing of its short-term loans. The restructuring of borrowings resulted in a reduction of interest and improved weighting of short-term loans to total loans of 0.33 times from 0.64 times reported last year.

The combination of the aforementioned initiatives resulted in narrowing of the working capital gap to US$0.84 million from US$6.59 million that was reported in December 2016.

As the Group continues on an upward trajectory, the remaining working capital gap of US$0.84 million will be closed organically in the 2018 financial year. To ensure sustainable profits in the coming year and beyond the Group will;
- sustain its revenue generation initiatives of targeting both the domestic and international markets;
- continuously improve its business processes to cut costs and match revenue generation levels; and
- continue with our soft refurbishments at the various hotels to address key areas to give our guest the best experience.

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

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 (a) New standards, amendments and interpretations, effective on or after 1 January 2017

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

Standard/Interpretation	Content	Applicable for financial years beginning on/after
International Accounting Standard ("IAS") 7 (amendment)	Cash flow statement	1 January 2017
IAS 12 (amendment)	Income taxes	1 January 2017

Amendment to IAS 7, 'Cash flow statements,' effective 1 January 2017 - In January 2016, the International Accounting Standard Board ("IASB") issued an amendment to IAS 7 introducing additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The required information is disclosed in note 17.

Amendments 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.

The new standands, ammendments and interpretations do not have a material impact on finacial statements of the Group.

b) New standards, amendments and interpretations effective for accounting periods beginning on or after 1 January 2017 and not relevant to the Group

There are no new standards, amendments and interpretations, effective for accounting period beginning on or after 1 January 2017 that are not relevant to the Group.

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2017 and not early adopted

The following new standards, amendments and interpretations that have been issued but are not effective for the accounting period beginning on 1 January 2017 and are relevant and have not been early adopted by the Group;

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 2 (amendment)	Share based payments	1 January 2018
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 10 and IAS 28 (amendment)	Sale or contribution of assets	Postponed (initially 1 January 2018)
IFRS Interpretations Committee ("IFRIC") 22	Foreign currency transactions and advance consideration	1 January 2018
IFRIC 23	Uncertainty over income tax treatments	1 January 2019

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 Changes in accounting policy and disclosures (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial period beginning on or after 1 January 2017 and not early adopted (continued)

The following new standards, amendments and interpretations that have been issued but are not effective for the accounting period beginning on 1 January 2017 and are relevant and have not been early adopted by the Group; (continued)

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

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

IFRS 15, 'Revenue from contracts with customers', effective 1 January 2018. Establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

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 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture effective - postponed (initially to 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.

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.

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

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

(d) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2017 and not relevant to the Group

The following new standards, amendments and interpretations have been issued but are not yet effective and are not relevant to the Group:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IAS 40 (amendment)	Investment property	1 January 2018
IFRS 4 (amendment)	Insurance contracts	1 January 2018
IFRS 9 (amendment)	Financial instruments	1 January 2018
IFRS 17 (new)	Insurance contracts	1 January 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.3 Changes in accounting policy and disclosures (continued)

(d) New standards, amendments and interpretations issued but not effective for the financial period beginning 1 January 2017 and not relevant to the Group (continued)

Amendments to 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."

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.

Amendment to IFRS 9, "Financial instruments" on general hedge accounting, effective 1 January 2018. 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.

IFRS 17,'Insurance contracts' - IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

Annual improvement 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 Consolidation

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39, 'Financial instruments: recognition and measurement' either in profit or loss or 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 conform with the Group's accounting policies.

All subsidiaries in the Group are 100% owned, have 31 December year ends and are consolidated in the presented financial statements.

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

(b) 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.

(c) 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.

(d) 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(d) Joint arrangements (continued)

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

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the "executive committee" which is made up of the Managing Director, Finance Director, Human Resources Director, Sales and Marketing Director and the Company Secretary.

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 and Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions 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.

(c) Group companies

The results and financial position of a group company that has a functional currency different from the functional currency of the Group (none of which has the currency of a hyper-inflationary economy) are translated into the functional currency of the Group 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 any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income of the Group. When a foreign operation is sold or any borrowings forming part of the net investment repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale

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. Translation differences on non-monetary financial assets, such as equities classified as available for sale are included in other comprehensive income.

2.5 Property and equipment

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

Subsequent costs are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property and equipment (continued)

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 are as below:

Leasehold properties	8-25 years
Freehold properties	50 years
Equipment	6-15 years
Motor vehicles	5 years
Hotel linen	2 years

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

The useful lives and residual values of assets are reviewed and adjusted if appropriate at each reporting date with the effect of the change in estimate accounted for on a prospective basis. 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 and equipment 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 plantation

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

2.7 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.

2.8 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 that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 on 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.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the loans and receivables category only. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designations at the end of each period.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payment terms that are not quoted in active markets. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position.

2.9.2 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. 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 method that is used in the calculation of a financial asset or financial liability and in allocation of interest income or expense over the relevent period.

2.10 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. There were no financial instruments that were offset during the year (2016: US$nil).

2.11 Impairment of financial assets

Assets carried at amortised cost

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

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of financial assets (continued)

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

If a financial asset at amortised cost has a variable interest rate, the discount rate for measuring any impairment 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, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

2.12 Inventories

Inventories, which consist of foodstuffs, beverages, shop merchandise and consumable stores are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.13 Trade receivables

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

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

2.14 Cash and cash equivalents

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

2.15 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.

2.16 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.

2.17 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or has 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.

2.18 Income tax

The income tax expense for the period comprise 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 South Africa and Zimbabwe where the Group operates and generates 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.

2.19 Provisions

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

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

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

(a) Pension obligations

The Group contributes to four defined contribution plans. One of the plans is mandatory and publicly administered whilst the others are contractual and privately administered. The publicly adminstered pension benefits scheme is adminstered by National Social Security Authority ("NSSA") which is a national scheme that was introduced through the NSSA Act (Chapter 17:04). 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 period and prior periods. 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Employee benefits

(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:

(i) when the Group can no longer withdraw the offer of those benefits; and

(ii) when the entity recognises costs for a restructuring that is within the scope of IAS 37 'Provisions, contigent liabilities and contigent 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.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria has been met for each of the Group's activities as described below:

(a) Revenue from sale of goods

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

(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 IFRS, 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) 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.

2.22 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 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 shop merchandise are included in cost of sales.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Leases (continued)

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

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared by the Company's directors.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks; market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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 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 Group Finance 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, Group Finance 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 2017. Included in the table are the Group's assets and liabilities at carrying amounts categorised by currency.

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
Assets				
South African rand	375 776	421 288	2 983	5 305
Botswana pula	2 948	2 917	-	-
Australian dollar	61	56	-	-
Euro	24 330	20 699	-	-
British pound	2 952	494	-	-
	406 067	**445 454**	**2 983**	**5 305**
Liabilities				
South African rand	(80 885)	(90 658)	-	-
	(80 885)	**(90 658)**	**-**	**-**
Net currency position	**325 182**	**354 796**	**2 983**	**5 305**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(a) Foreign exchange risk (continued)

As at 31 December 2017, if the United States of America dollar weakened/strengthened by 10% (2016: 10%) against all the other currencies with all other variables held constant, profit for the year would have been higher/lower by US$32 518 (2016: US$35 480), mainly as a result of foreign exchange loss on translation of South African Rand denominated cash and bank balances, trade receivables and trade payables.

The table below summarises the changes in assets and liabilities denominated in various currencies arising from a 10% weakening of the United States of America dollar:

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
Assets				
South African rand	37 578	42 129	298	531
Botswana pula	295	292	-	-
Australian dollar	6	6	-	-
Euro	2 433	2 070	-	-
British pound	295	49	-	-
	40 607	**44 546**	**298**	**531**
Liabilities				
South African rand	(8 088)	(9 066)	-	-
	(8 088)	**(9 066)**	**-**	**-**
Net currency position	**32 519**	**35 480**	**298**	**531**

The table below summarises the changes in assets and liabilities denominated in various currencies arising from a 10% weakening of the United States of America dollar:

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
Assets				
South African rand	(37 578)	(42 129)	(298)	(531)
Botswana pula	(295)	(292)	-	-
Australian dollar	(6)	(6)	-	-
Euro	(2 433)	(2 070)	-	-
British pound	(295)	(49)	-	-
	(40 607)	**(44 546)**	**(298)**	**(531)**
Liabilities				
South African rand	8 088	9 066	-	-
	8 088	**9 066**	**-**	**-**
Net currency position	**(32 519)**	**(35 480)**	**(298)**	**(531)**

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

(b) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign exchange risk and interest rate 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 (2016: US$nil).

(c) Cash flow and fair value interest rate risk

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

The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowing issued at fixed rates with a variable element expose the Group both to cash flow interest rate risk and fair value interest risk.

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 borrowings.

Based on the simulations performed, the impact on post tax loss and equity of a 10% shift in interest rates, with all other variables held constant would be a maximum increase / (decrease) of US$94 826 (2016: US$113 036). The simulations are done quarterly given the nature of the existing loan facilities to verify that the maximum loss potential is within the limit set by management.

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

(ii) Credit risk

Credit risk is the risk that one party to the financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk is managed on group basis by the Group Finance. Credit risk arises from cash at banks, and deposits with banks and financial institutions, as well as credit exposures to hotel customers including outstanding receivables and committed transactions. For banks and financial institutions, only well established and reliable institutions are used.

For corporate customers, the Group Finance assesses the credit quality of the customers taking into account their financial position, past experience and other factors in the market. Customer limits are set based on internal and external information. The utilisation of credit limits is regularly monitored by the Group Finance. As at 31 December 2017, customers with balances of US$643 296 exceeded their credit limits (2016: US$604 591). Only a few debtors with a good track record are allowed to exceed their credit limit under the supervision of the hotel general manager and hotel financial controller.

We believe that these amounts are collectable based on the historical record of the clients in question and the controls management has in place regarding such excess amounts. 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.

As at 31 December 2017, customers with balances of US$34 546 were handed over to debt collectors (2016: US$80 459). Receivables handed over for legal action are generally written off as uncollectible and are reversed when recovered.

There is no significant credit 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.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(ii) Credit risk (continued)

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

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
Trade and other receivables (excluding pre-payments)	5 979 124	6 030 990	2 181 460	2 808 909
Cash and cash equivalents	8 362 551	4 885 160	694 295	1 675 173
	14 341 675	**10 916 150**	**2 875 755**	**4 484 082**
The fair value of cash at hand as at 31 December 2017 approximates the carrying amount. Trade and other receivables excluding pre-payments are shown before specific allowance for impairment.				
The credit quality of gross trade and other receivables can be assessed by reference to historical information about counterparty default rates. Trade receivables from counterparties without external rating are shown				
Group 1	3 763 831	3 766 665	2 181 460	2 808 909
Group 2	2 215 293	2 264 325	-	-
	5 979 124	**6 030 990**	**2 181 460**	**2 808 909**

Group 1-existing customers with no defaults in the past

Group 2-existing customers with some defaults in the past.

The above receivables are shown before specific allowance for impairment on certain customers.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

There is no concentration of credit risk with respect to cash at bank as the Group holds accounts with high quality financial institutions that are adquately capitalised and have sound asset bases. The financial institutions holding the cash and cash equivalents of the Group have the following external credit ratings:

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
AA	877 869	530 181	1 236	1 351
AA-	2 711 832	932 648	136 225	222 276
A+	86 904	192 354	-	-
A	1 565 671	2 054 584	445 463	1 387 876
BBB+	2 722 876	836 096	109 098	16 558
BBB	125 876	-	7	-
BBB-	241 138	93 829	1 863	776
BB+	7 696	155 296	-	45 707
BB-	22 689	90 172	403	629
	8 362 551	**4 885 160**	**694 295**	**1 675 173**

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

(iii) Liquidity risk

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

Cash flow forecasting is performed at the operating entity level of the Group and aggregated by the Group 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 of the amount required for working capital management are transferred to the Group Finance. Group Finance invests surplus cash in interest bearing current accounts, time deposits and money markets deposits, choosing 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. Refer note 11 for additional disclosures under cash and cash equivalents.

The continued delay in payments of foreign payments increases the Group's credit risk and could cause the foreign suppliers to cut off lines of supply and create operational challenges. The Group has instituted the following measures to mitigate the potential consequences:
- engagement of foreign suppliers;
- engagement of banks to ask for special dispensation leveraging on the Group's exports; and
- engaging and contracting local suppliers where possible.

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

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

	GROUP			
	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total US$
As at 31 December 2017				
Liabilities				
Borrowings	(2 481 117)	(4 728 423)	-	(7 209 540)
Trade and other payables	(12 810 807)	(1 130 148)	-	(13 940 955)
Total liabilities	**(15 291 924)**	**(5 858 571)**	**-**	**(21 150 495)**
Assets held for managing liquidity risk				
Trade and other receivables (excluding pre-payments)	5 294 313	343 683	-	5 637 996
Cash and cash equivalents	8 362 551	-	-	8 362 551
Total assets held for managing liquidity risk	**13 656 864**	**343 683**	**-**	**14 000 547**
Liquidity gap	**(1 635 060)**	**(5 514 888)**	**-**	**(7 149 948)**
Cumulative liquidity gap	**(1 635 060)**	**(7 149 948)**	**(7 149 948)**	**-**
As at 31 December 2016				
Liabilities				
Borrowings	(5 900 639)	(3 429 481)	-	(9 330 120)
Trade and other payables	(11 071 934)	(1 730 148)	-	(12 802 082)
Total liabilities	**(16 972 573)**	**(5 159 629)**	**-**	**(22 132 202)**
Assets held for managing liquidity risk				
Trade and other receivables (excluding pre-payments)	5 468 007	178 893	-	5 646 900
Cash and cash equivalents	4 885 160	-	-	4 885 160
Total assets held for managing liquidity risk	**10 353 167**	**178 893**	**-**	**10 532 060**
Liquidity gap	**(6 619 406)**	**(4 980 736)**	**-**	**(11 600 142)**
Cumulative liquidity gap	**(6 619 406)**	**(11 600 142)**	**(11 600 142)**	**-**

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(iii) Liquidity risk (continued)

	COMPANY			
	Less than 1 year US$	1 to 5 years US$	More than 5 years US$	Total US$
As at 31 December 2017				
Liabilities				
Borrowings	(347 209)	-	-	(347 209)
Trade and other payables	(1 625 620)	(1 130 148)	-	(2 755 768)
Total liabilities	**(1 972 829)**	**(1 130 148)**	**-**	**(3 102 977)**
Assets held for managing liquidity risk				
Trade and other receivables	1 851 277	330 183	-	2 181 460
Cash at banks	694 295	-	-	694 295
Total assets held for managing liquidity risk	**2 545 572**	**330 183**	**-**	**2 875 755**
Liquidity gap	**572 743**	**(799 965)**	**-**	**(227 222)**
Cumulative liquidity gap	**572 743**	**(227 222)**	**(227 222)**	**-**
As at 31 December 2016				
Liabilities				
Borrowings	(600 192)	(383 889)	-	(984 081)
Trade and other payables	(2 550 052)	(1 730 148)	-	(4 280 200)
Total liabilities	**(3 150 244)**	**(2 114 037)**	**-**	**(5 264 281)**
Assets held for managing liquidity risk				
Trade and other receivables	1 551 453	178 893	-	1 730 346
Cash at banks	1 675 173	-	-	1 675 173
Total assets held for managing liquidity risk	**3 226 626**	**178 893**	**-**	**3 405 519**
Liquidity gap	**76 382**	**(1 935 144)**	**-**	**(1 858 762)**
Cumulative liquidity gap	**76 382**	**(1 858 762)**	**(1 858 762)**	**-**

The Group expects to close the liquidity gap in the medium term as working capital increases as result of positive cash to be generated from operations.

3.2 Capital management

The capital of the Group consists of debt (as detailed in note 17) and equity which comprises issued ordinary share capital and premium, accumulated losses and other reserves as detailed in note 12 and 13. There were no changes in the components of debt and equity from last year.

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (continued)

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

During the financial year ended 31 December 2017 gearing ratio was negative because the cash held by the Group exceed the debt. The gearing ratio at 31 December 2017 and 2016 were as follows:

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
Total borrowings (note 17)	6 209 709	8 269 540	339 709	894 912
Less cash and cash equivalents (note11)	(8 362 551)	(4 885 160)	(694 295)	(1 675 173)
Net debt	(2 152 842)	3 384 380	(354 586)	(780 261)
Total equity	11 508 719	6 659 797	8 173 371	6 986 147
Total capital	**11 508 719**	**10 044 177**	**8 173 371**	**6 986 147**
Gearing ratio	**-19%**	**34%**	**-4%**	**-11%**
Net debt reconciliation				
Total borrowings (note 17)	(6 209 709)	(8 269 540)	(339 709)	(894 912)
Less cash and cash equivalents (note11)	8 362 551	4 885 160	694 295	1 675 173
Net debt as at 31 December	**2 152 842**	**(3 384 380)**	**354 586**	**780 261**

Movement in net debt is further analysed below,

	GROUP			COMPANY		
2017	Cash at bank excluding bank overdraft US$	Borrowings including bank overdraft US$	Total US$	Cash at bank excluding bank overdraft US$	Borrowings including bank overdraft US$	Total US$
Net debt as at 1 January 2017	4 885 160	(8 269 540)	(3 384 380)	1 675 173	(894 912)	780 261
Cashflows	3 462 554	2 059 831	5 522 385	(980 878)	555 203	(425 675)
Foreign exchange gains	14 837	-	14 837	-	-	-
Net debt as at 31 December 2017	**8 362 551**	**(6 209 709)**	**2 152 842**	**694 295**	**(339 709)**	**354 586**

	GROUP			COMPANY		
2016	Cash at bank excluding bank overdraft US$	Borrowings including bank overdraft US$	Total US$	Cash at bank excluding bank overdraft US$	Borrowings including bank overdraft US$	Total US$
Net debt as at 1 January 2016	3 079 533	(7 736 967)	(4 657 434)	613 337	(1 425 267)	(811 930)
Cashflows	1 793 430	(532 573)	1 260 857	1 061 836	530 355	1 592 191
Foreign exchange gains	12 197	-	12 197	-	-	-
Net debt as at 31 December 2016	**4 885 160**	**(8 269 540)**	**(3 384 380)**	**1 675 173**	**(894 912)**	**780 261**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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'

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 in active markets that the Group has the ability to access;
level 2, inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly. Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
level 3, inputs are unobservable inputs for the asset or liability inputs to the valuation methodology are unobservable and significant to the fair value measurement.

3.4 Financial instruments

Financial instruments by category

	GROUP		COMPANY	
	As at 31 December 2017 US$	As at 31 December 2016 US$	As at 31 December 2017 US$	As at 31 December 2016 US$
Financial instruments measured at armortised cost				
Trade and other receivables (excluding pre-payments)	5 637 996	5 646 900	2 181 460	2 808 909
Cash and cash equivalents (note 11)	8 362 551	4 885 160	694 295	1 675 173
Total	**14 000 547**	**10 532 060**	**2 875 755**	**4 484 082**
Trade and other payables (excluding statutory) liabilities) (note 14)	(9 604 309)	(8 805 312)	(9 337 895)	(11 286 537)
Borrowings (note 17)	(6 209 709)	(8 269 540)	(339 709)	(894 912)
Total	**(15 814 018)**	**(17 074 852)**	**(9 677 604)**	**(12 181 449)**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and judgements

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 income tax assets and liabilities in the period in which such determination is made.

(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 2017, the directors have 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 improves its profitability and continues as a going concern are discussed under note 2.1.2.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and judgements (continued)

(c) Impairment of trade and other receivables
To determine whether trade and other receivables are impaired, the Group assesses whether one or more loss events occurred after regnition of the financial asset before the end of the financial year that has an impact on the estimated future cash flows of the financial asset or Group of financial assets.

4.2 Definitions of non IFRS measures

Taxed interest payable
This is calculated by taxing interest payable at the standard rate of income tax applicable to the different tax jurisdictions.

Interest cover times
This is the ratio of income before income tax and interest to finance cost.

Net assets
These are equivalent to shareholders' equity.

Revenue generation index ("RGI")
This a measure used to assess the rate at which a hotel generates revenue compared to its market. It is calculated by dividing the hotel's RevPAR by the total market RevPAR.

Average daily rate ("ADR")
This is calculated by dividing the total rooms revenue by total room nights sold for the year.

Revenue per available room ("RevPAR")
This is calculated by dividing the total rooms revenue by the available rooms for the year.

Earning before interest and tax ("EBIT")
This is the profit before financing costs and income, and income tax.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")
This is the profit before financing costs or income, income tax, depreciation and amortisation.

Pre-tax return on equity
This is calculated by dividing operating income plus dividend income and equity accounted earnings by closing total shareholders' equity.

Pre-tax return on total assets
This is calculated by dividing profit before financing costs and income and income tax by closing total assets.

Taxed operating return
This is calculated by dividing profit for the year plus taxed interest payable by closing total capital employed.

Headline earnings per share
Calculation of headline earnings accounts for all the profits and losses from operational, trading, and interest activities, that have been acquired at any point during the year. Excluded from this figure are profits or losses associated with the sale or termination of discontinued operations, property, plant and equipment or related businesses, or from any permanent devaluation or write off of their values.

Diluted headline earnings per share
Diluted headline earnings per share are calculated by dividing the headline earnings / (loss) by the adjusted weighted average number of ordinary shares, assuming conversion of all dilutive potential ordinary shares.

Financial gearing ratio
This represents the ratio of interest bearing debt, less cash to total shareholders' equity.

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive committee (executive management team), who make strategic decisions for the purposes of allocating resources and assessing performance.

The executive committee assesses the performance of the operating segments based on:
- hotel occupancies;
- hotel revenue per available room ("RevPAR");
- hotel average daily rate ("ADR"); and
- profitability.

The Group uses the hotel investment model to assess its business.The model is made up of five strategic business divisions which are:
1. Hotels under management
These are hotels managed by Legacy Hospitality Management Services Limited ("Legacy"). The hotels are Elephant Hills Resort and Conferencing Centre, Monomotapa Hotel, Troutbeck Resort, Hwange Safari Lodge and The Kingdom at Victoria Falls Hotel.

2. African Sun managed hotels
These are split further into sub-segments which are,
(i) Hotels under franchise : These are hotels run under the InterContinental Hotels Group ("IHG"), Holiday Inn brand. The hotels are Holiday Inn Harare, Holiday Inn Bulawayo and Holiday Inn Mutare.
(ii) Hotels under stand alone brands: These are Great Zimbabwe Hotel and Carribbea Bay Resort.
(iii) Partnership: This refers to The Victoria Falls Hotel which is jointly operated with Meikles Hospitality (Private) Limited and is an affiliate of the Leading Hotels of the World ("LHW").
(iv) Other complementary operations: Comprise central office, Sun Casinos and the South Africa Branch.

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

5 SEGMENT INFORMATION (CONTINUED)

Revenue
Sales between segments are eliminated on consolidation. 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.

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

Earnings before interest, tax, depreciation and amortisation ("EBITDA") has been calculated excluding exceptional items relating to RBZ export incentive, profit/(loss) from disposal of property plant and equipment, fair value adjustment of biological assets and gain from disposal of subsidiary.

The Group does not rely on any one specific customer as none of its customers contributes a minimum of 10% (2016: none) of its revenue.

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

		Owner managed business units					
Year ended 31 December 2017	**Hotels under managment US$**	**Franchised hotels US$**	**Stand alone hotels US$**	**Partnership hotel US$**	**Other business units US$**	**Inter-segment transactions US$**	**Consolidated US$**
Revenue:							
Sale of rooms	14 489 901	8 251 723	1 566 425	4 710 935	-	-	29 018 984
Sale of food and beverages	10 225 252	5 848 927	1 807 110	2 521 166	-	-	20 402 455
Management fees and commissions	-	-	-	-	3 788 693	(3 788 693)	-
Gaming	-	-	-	-	180 720	-	180 720
Conferencing	304 394	223 859	70 007	-	-	-	598 260
Other income	1 152 659	156 920	98 453	218 781	-	-	1 626 813
Total revenue	**26 172 206**	**14 481 429**	**3 541 995**	**7 450 882**	**3 969 413**	**(3 788 693)**	**51 827 232**
Material expenses							
Cost of sales	(8 010 706)	(4 689 681)	(1 069 491)	(1 656 764)	(17 811)	-	(15 444 453)
Employee benefit expenses	(3 528 386)	(1 588 737)	(538 592)	(566 879)	(1 838 470)	-	(8 061 064)
Operating lease costs	(3 144 126)	(1 863 448)	(257 129)	(741 742)	(79 335)	-	(6 085 780)
	(14 683 218)	(8 141 866)	(1 865 212)	(2 965 385)	(1 935 616)	-	(29 591 297)
Other information							
EBITDA	1 594 283	1 940 918	474 826	2 901 090	1 458 380	-	8 369 497
Depreciation	(1 194 020)	(864 506)	(129 044)	(312 978)	(195 096)	-	(2 695 644)
Finance costs (net)	-	-	-	-	(1 046 124)	-	(1 046 124)
Other income	550 990	92 585	14 277	391 988	539 849	-	1 589 689
Other expenses	(22 543)	(608)	1 317	1 969	(338 142)	-	(358 007)
Profit before income tax	**928 710**	**1 168 389**	**361 376**	**2 982 069**	**418 867**	**-**	**5 859 411**
Total assets as at 31 December 2017	**15 250 776**	**10 213 348**	**2 123 026**	**3 797 575**	**7 353 572**	**-**	**38 738 297**
Total assets include:							
Additions to non-current assets (other than financial instruments and deferred tax assets): -Property and equipment	1 152 047	1 211 491	180 078	134 783	168 266	-	2 846 665
Total liabilities as at 31 December 2017	**7 196 458**	**2 498 548**	**934 135**	**1 707 205**	**14 893 232**	**-**	**27 229 578**
Key performance indicators							
Occupancy (%)	45%	66%	51%	63%	-	-	52%
ADR (US$)	91	75	65	254	-	-	93
Rooms RevPAR (US$)	41	50	33	161	-	-	48
Total RevPAR (US$)	73	87	75	255	-	-	96

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

5 SEGMENT INFORMATION (CONTINUED)

Revenue (continued)

Year ended 31 December 2016	Hotels under managment US$	Owner managed business units: Franchised hotels US$	Owner managed business units: Stand alone hotels US$	Owner managed business units: Partnership hotel US$	Owner managed business units: Other business units US$	Inter-segment transactions US$	Consolidated US$	Discontinued operations US$	Continuing operations US$
Revenue:									
Sale of rooms	11 547 325	7 617 269	1 327 502	3 989 535	27 947	-	24 509 578	(27,947)	24 481 631
Sale of food and beverages	8 287 011	5 037 202	1 312 682	2 163 919	6 742	-	16 807 556	(6,742)	16 800 814
Management fees and commissions	-	-	-	-	3 601 539	(3 601 539)	-	-	-
Gaming	-	-	-	-	315 493	-	315 493	-	315 493
Conferencing	340 547	205 827	58 672	-	-	-	605 046	-	605 046
Other income	945 039	235 413	67 882	149 606	10 727	-	1 408 667	(10,727)	1 397 940
Total revenue	**21 119 922**	**13 095 711**	**2 766 738**	**6 303 060**	**3 962 448**	**(3 601 539)**	**43 646 340**	**(45,416)**	**43 600 924**
Material expenses									
Cost of sales	(6 732 894)	(3 919 613)	(803 884)	(1 508 534)	(49 852)	-	(13 014 777)	21 169	(12 993 608)
Employee benefit expenses	(3 222 623)	(1 636 027)	(500 420)	(553 759)	(1 607 504)	-	(7 520 333)	50 730	(7 469 603)
Operating lease costs	(2 393 960)	(1 958 574)	(204 572)	(634 527)	(64 855)	-	(5 256 488)	3 454	(5 253 034)
	(12 349 477)	(7 514 214)	(1 508 876)	(2 696 820)	(1 722 211)	-	(25 791 598)	75 353	(25 716 245)
Other information									
EBITDA	(16 185)	1 667 434	156 231	2 179 882	1,449,322	-	5 436 684	48 147	5 484 831
Depreciation	(1 202 675)	(856 437)	(133 458)	(326 799)	(269,199)	-	(2 788 568)	10 170	(2 778 398)
Impairment charge	-	-	-	-	(71,827)	-	(71 827)	71 827	-
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
Finance costs (net)	(55 960)	(75 410)	-	-	(621,804)	-	(753 174)	-	(753 174)
Other income	156 855	10 346	15 190	106 315	1,156,555		1 445 261	(819)	1 444 442
Other expenses	-	(5 628)	-	(154)	(358,965)		(364 747)	-	(364 747)
Profit / (loss) before income tax	**(1 117 965)**	**740 305**	**37 963**	**1 959 244**	**3 215 898**	**-**	**4 835 445**	**129 325**	**4 964 770**
Total assets as at 31 December 2016	**11 313 600**	**8 023 320**	**1 575 521**	**3 799 413**	**8 904 960**	**-**	**33 616 814**	**-**	**33 616 814**
Total assets include:									
Additions to non-current assets (other than financial instruments and deferred tax assets):									
-Property and equipment	685 407	769 058	164 113	94 396	44 073	-	1 757 047	-	1 757 047
Total liabilities as at 31 December 2016	**5 150 670**	**2 465 044**	**859 901**	**1 596 057**	**16 885 345**	**-**	**26 957 017**	**-**	**26 957 017**
Key performance indicators									
Occupancy (%)	35%	60%	44%	54%	28%	-	44%	28%	44%
ADR (US$)	91	76	64	254	35	-	93	35	93
Rooms RevPAR (US$)	32	46	28	136	10	-	41	10	41
Total RevPAR (US$)	59	78	58	216	12	-	73	12	73

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

6 PROPERTY AND EQUIPMENT

	GROUP						
	Freehold properties US$	Leasehold properties US$	Equipment US$	Service stocks US$	Motor vehicles US$	Capital work in progress US$	Total US$
Year ended 31 December 2016							
Opening net book amount	3 873 549	4 459 034	14 587 191	172 742	497 530	388 898	23 978 944
Additions	-	303 735	1 003 453	211 149	56 199	182 511	1 757 047
Transfers in/(out)	-	86 970	5 380	-	-	(92 350)	-
Foreign exchange difference	-	-	519	-	-	-	519
Impairment	-	(9 342)	(55 312)	(228)	-	(6 945)	(71 827)
Disposals	-	(2 053 166)	(480 947)	-	(44 200)	-	(2 578 313)
Accumulated depreciation on disposals	-	674 243	262 073	-	36 611	-	972 927
Depreciation and usage - current year	(62 117)	(595 905)	(1 818 483)	(176 332)	(135 731)	-	(2 788 568)
Closing net book amount	**3 811 432**	**2 865 569**	**13 503 874**	**207 331**	**410 409**	**472 114**	**21 270 729**
As at 31 December 2016							
Cost	4 217 093	7 722 009	26 454 618	383 891	1 058 536	472 114	40 308 261
Accumulated depreciation and accumulated impairment	(405 661)	(4 856 440)	(12 950 744)	(176 560)	(648 127)	-	(19 037 532)
Net book amount	**3 811 432**	**2 865 569**	**13 503 874**	**207 331**	**410 409**	**472 114**	**21 270 729**
Year ended 31 December 2017							
Opening net book amount	3 811 432	2 865 569	13 503 874	207 331	410 409	472 114	21 270 729
Additions	-	261 580	1 810 469	381 020	101 383	292 213	2 846 665
Transfers in/out	-	67 052	177 710	-	-	(244 762)	-
Foreign exchange difference	-	-	178	-	-	-	178
Disposals	-	(22 731)	(758 444)	-	(208 340)	-	(989 515)
Accumulated depreciation on disposals	-	10 359	699 270	-	142 080	-	851 709
Depreciation and usage - current year	(65 437)	(519 254)	(1 786 002)	(234 886)	(90 065)	-	(2 695 644)
Closing net book amount	**3 745 995**	**2 662 575**	**13 647 055**	**353 465**	**355 467**	**519 565**	**21 284 122**
As at 31 December 2017							
Cost	4 217 093	8 027 910	27 684 531	764 911	951 579	519 565	42 165 589
Accumulated depreciation and accumulated impairment	(471 098)	(5 365 335)	(14 037 476)	(411 446)	(596 112)	-	(20 881 467)
Net book amount	**3 745 995**	**2 662 575**	**13 647 055**	**353 465**	**355 467**	**519 565**	**21 284 122**

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

6 PROPERTY AND EQUIPMENT (CONTINUED)

	COMPANY				
	Leasehold properties US$	Equipment US$	Motor vehicles US$	Capital work in progress US$	Total US$
Year ended 31 December 2016					
Opening net book amount	39 455	114 631	177 608	19 483	351 177
Additions	140	32 026	-	-	32 166
Transfers in/out	19 483	-	-	(19 483)	-
Disposals	(4 399)	-	-	-	(4 399)
Accumulated depreciation on disposals	983	-	-	-	983
Depreciation	(10 685)	(24 213)	(61 446)	-	(96 344)
Closing net book amount	**44 977**	**122 444**	**116 162**	**-**	**283 583**
As at 31 December 2016					
Cost	66 942	217 657	282 253	-	566 852
Accumulated depreciation and accumulated impairment	(21 965)	(95 213)	(166 091)	-	(283 269)
Net book amount	**44 977**	**122 444**	**116 162**	**-**	**283 583**
Year ended 31 December 2017					
Opening net book amount	44 977	122 444	116 162	-	283 583
Additions	-	14 044	-	-	14 044
Disposals	-	-	(133 250)	-	(133 250)
Accumulated depreciation on disposals	-	-	93 028	-	93 028
Depreciation	(7 608)	(24 161)	(30 042)	-	(61 811)
Closing net book amount	**37 369**	**112 327**	**45 898**	**-**	**195 594**
As at 31 December 2017					
Cost	66 942	231 701	149 003	-	447 646
Accumulated depreciation and accumulated impairment	(29 573)	(119 374)	(103 105)	-	(252 052)
Net book amount	**37 369**	**112 327**	**45 898**	**-**	**195 594**

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.

No assets were on a finance lease in the current year (2016: US$nil).

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

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

Staff houses under freehold property with a net book amount of US$3.75 million (2016: US$3.81 million) were pledged as security for a FBC loan facility (note 17).

7 BIOLOGICAL ASSETS

The Group owns biological assets in the form of a timber plantation. The timber is held mainly to give character to hotel and for sale as raw timber at maturity. The total area under the timber plantation as at 31 December 2017 is approximately 228.2 hectares (2016: 228.2 hectares).

The fair value of the plantation is determined by an expert through obtaining the stumpage value of the trees. Variables are input into the formula (including international rates) to derive the fair value. The following variables were used for the valuation as at 31 December 2017;
- estimated area of plantation: 228.2 hectares (2016: 228.2 hectares)
- age of trees 2-27 years (2016: 3-26 years)
- discount rate: 15% (2016: 15%)

The upper age limit of the trees moved to 27 years in 2017 from 26 years in 2016 as the oldest trees in the plantation matured by a year older. The lower age limit was reassessed to 2 years in 2017 from 4 years in 2016 as a result of regenerations in the plantation. As at 31 December 2017, the regenerations was valued at US$11 955.

	As at 31 December 2017 US$	As at 31 December 2016 US$
Timber plantations		
Mature (trees which are 18 years and older)	35 997	37 991
Immature (trees which are below 18 years)	123 201	127 146
	159 198	**165 137**

The following table presents the Group's biological assets that are measured at fair value, at 31 December 2017.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Timber plantations				
-mature	-	-	35 997	35 997
-immature	-	-	123 201	123 201
	-	**-**	**159 198**	**159 198**

The following table presents the Group's biological assets that are measured at fair value, at 31 December 2016.

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Timber plantations				
-mature	-	-	37 991	37 991
-immature	-	-	127 146	127 146
	-	**-**	**165 137**	**165 137**

7 BIOLOGICAL ASSETS (CONTINUED)

The reconciliation in the fair value of the assets within level 3 of the hierarchy is as follows:

	Timber plantation As at 31 December 2017 US$	Timber plantation As at 31 December 2016 US$
As at 1 January	165 137	165 137
Harvested during the year	(35 919)	-
Gain from changes in fair value less estimated point of sale costs	29 980	-
As at 31 December	**159 198**	**165 137**
Net fair value losses for the year included in the statement of comprehensive income	**(5 939)**	**-**

The following unobservable inputs were used to measure the fair value of the Group's timber plantation:

Description	Fair value as as at 31 December 2017 US$	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Timber plantations	159 198	Faustmann model	Age of the trees	7 years and older	The older the trees, the higher the value
			Discount rate	15%	The higher the discount rate, the lower the value

Timber with a carrying amount of US$35 919 were sold during the year for US$64 660 (2016: US$nil).

There are no biological assets with restricted title or pledged as collateral (2016: US$nil).

There are no commitments for the development or acquisitions of biological assets (2016: US$nil).

The Group is exposed to risks arising from fire, diseases, environmental changes and climatic changes. The plantation is not insured as the cost of insurance outweighs the current fair value of the plantation.

The following would be the fair value of the Group's timber plantation if the discount rate was 10%:

Description	Fair value as as at 31 December 2016 US$	Valuation technique	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship of unobservable inputs to fair value
Timber plantations	165 137	Faustmann model	Age of the trees	7 years and older	The older the trees, the higher the value
			Discount rate	10%	The higher the discount rate, the lower the value

8 INVESTMENTS IN OTHER ENTITIES

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Investment in subsidiaries (note 8.1)	-	-	18 124 875	18 124 875

8.1 Investment in subsidiaries

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
African Sun Limited South Africa Branch 100%				
At acquisition	-	-	300 000	300 000
Total investment in African Sun South African Branch	-	-	300 000	300 000
African Sun Zimbabwe (Private) Limited 100%				
At acquisition	-	-	4 630 991	4 630 991
Shareholders' loan	-	-	13 193 883	13 193 883
Total investment in African Sun Zimbabwe (Private) Limited	-	-	17 824 874	17 824 874
Total investment in subsidiaries			**18 124 874**	**18 124 874**

Loan to African Sun Zimbabwe (Private) Limited bears 7.5% interest (2016: 7.5%), while that to African Sun Limited South Africa Branch loan bears no interest. All loans to subsidiaries are unsecured and do not have fixed repayment dates.

The investments in subsidiaries were not impaired during the year (2016: US$nil).

8.2 Interest in joint operation

The Group has a 50% interest in The Victoria Falls Hotel Partnership through its 100% owned subsidiary, African Sun Zimbabwe (Private) Limited. The Victoria Falls Hotel is a leased hotel in the Victoria Falls area. The following amounts represent the Group's 50% share of the assets and liabilities, and sales and results of the joint operation. They are included in the statement of financial position and statement of comprehensive income.

Summarised statement of financial position

	31 December 2017 US$	31 December 2016 US$
Assets		
Non-current assets		
Property and equipment	2 390 394	2 568 589
Current assets		
Cash and cash equivalents	568 157	493 491
Trade and other receivables	502 231	471 360
Intercompany	2 439 148	1 434 093
Inventories	336 793	265 972
Current assets	3 846 329	2 664 916
Total assets	**6 236 723**	**5 233 505**
Liabilities		
Current liabilities		
Trade and other payables	(825 179)	(715 327)
Provision for other liabilities	(882 026)	(880 730)
	(1 707 205)	(1 596 057)
Net assets	**4 529 518**	**3 637 448**

8 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

8.2 Interest in joint operation (continued)

Summarised statement of comprehensive income

	31 December 2017 US$	31 December 2016 US$
Revenue	7 450 882	6 383 082
Cost of sales	(1 656 764)	(1 529 007)
Gross profit	5 794 118	4 854 075
Operating expenses	(3 206 006)	(2 894 831)
Other Income	393 957	-
Profit before income tax	**2 982 069**	**1 959 244**

8.3 Investment in subsidiaries

8.3.1 Principal subsidiaries

The Group had the following subsidiaries at 31 December 2017 and 31 December 2016:

Name	Country of incorporation and place of business	Parent	Immediate parent	Nature of business	2017 Proportion of ordinary shares directly held by the Group (%)	2016 Proportion of ordinary shares held by the Group (%)
African Sun Zimbabwe (Private) Limited	Zimbabwe	African Sun Limited	African Sun Limited	Hotel and catering	100	100
African Sun Limited Branch	South Africa	African Sun Limited	African Sun Limited	Reservations, sales and marketing	100	100

Both subsidiary undertakings are included in the consolidated financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

8.3.2 Disposal of subsidiaries

Following the change in business model and the strategy to focus on Zimbabwe operations, on 1 June 2016 the Group disposed its subsidiary African Sun Limited PCC for a cash consideration of US$54 891. The effective date of the disposal was established after applying judgement on when all the conditions precedent in the sale agreements had been meet. The disposal resulted in a total profit from disposal of US$1.18 million given that the consolidated balance sheet of the subsidiary was in a net liability position of US$1.12 million. In the process the Group retained 100% control of the Branch, which continues to deliver on the Group's interest of foreign and regional selling and marketing

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

	As at 1 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	**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**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

9 INVENTORIES

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Food and beverage	1 000 039	589 148	-	-
Shop merchandise	37 302	33 775	-	-
Consumable stocks	637 867	495 639	1 285	1 005
Maintenance stocks	412 431	335 066	-	-
Total	**2 087 639**	**1 453 628**	**1 285**	**1 005**

The cost of inventories recognised as expenses and included in "cost of sales" amounted to US$5 600 596 (2016: US$4 110 350).

There were no items of inventory impaired during the year (2016: US$nil)

10 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Trade receivables	3 762 714	3 567 597	-	-
Less: allowance for impairment	(341 128)	(384 090)	-	-
Trade receivables - net	3 421 586	3 183 507	-	-
Prepayments	1 127 161	195 260	-	-
Amount receivable from a joint operations partner	271 017	271 874	-	-
Other receivables	1 096 716	612 912	255 762	164 487
Receivables from related parties (note 27.2)	245 000	1 039 157	1 340 054	2 117 720
Staff receivables	603 677	539 450	585 644	526 702
Total trade and other receivables	**6 765 157**	**5 842 160**	**2 181 460**	**2 808 909**
Less non-current portion:				
Staff receivables	(343 683)	(178 893)	(330 183)	(178 893)
Current portion	**6 421 474**	**5 663 267**	**1 851 277**	**2 630 016**

All non-current receivables are due within five years from the end of the reporting period

The fair value of staff receivables (both current and non-current) is based on cash flows discounted using the Group's average cost of borrowing of 9.84% (2016: 10.19%). The loans relate to car loans and housing loans which are payable over 5 years.

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
The effective interest rates on non-current receivables were as follows:				
Receivables from related parties	9.84%	10.19%	7.50%	10.19%
Staff receivables	9.84%	10.19%	7.50%	10.19%

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

10 TRADE AND OTHER RECEIVABLES (CONTINUED)

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
10.1 Credit quality of trade receivables				
As at 31 December 2016, trade receivables of US$1 547 421 (2016: US$1 303 272) were fully performing and the ageing of these trade receivables is as follows:				
Up to 30 days	1 547 421	1 303 272	-	-
As at 31 December 2017 trade receivables of US$1 874 165 (2016: US$1 880 235) 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	662 585	675 608	-	-
Over 60 days	1 211 580	1 204 627	-	-
	1 874 165	1 880 235	-	-
As at 31 December 2017, trade receivables of US$341 128 (2016: US$384 090) 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	341 128	384 090	-	-
Trade receivables	3 762 714	3 567 597	-	-
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:				
United States of America dollars	6 654 456	5 664 303	2 181 460	2 808 909
South African rand	110 701	177 857	-	-
	6 765 157	5 842 160	2 181 460	2 808 909
10.2 Allowance for impairment				
Movements on the Group's allowance for impairment of trade receivables are as follows:				
As at 1 January	384 090	732 159	-	-
Allowance for receivables impairment (net of amounts recovered)	67 819	(263 139)	-	-
Receivables written off during the period as uncollectible	(110 781)	(84 930)	-	-
As at 31 December	**341 128**	**384 090**	**-**	**-**

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$400 741 (2016: US$363 000) were pledged as security to a short-term loan of US$339 709 (2016: US$891 146).

11 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Cash at bank and on hand	8 362 551	4 885 160	694 295	1 675 173
The net exposure to foreign currency balances was:				
Bank balances				
United States of America dollars	8 067 185	4 585 414	691 312	1 669 868
South African rand	265 075	275 580	2 983	5 305
Botswana pula	2 948	2 917	-	-
Euro	24 330	20 699	-	-
Australian dollars	61	56	-	-
British pound	2 952	494	-	-
	8 362 551	4 885 160	694 295	1 675 173

Included in cash and cash equivalents are balances with Banks. These balances are used for transacting on a daily basis. In 2016 the Central Bank through Exchange Control Operational Guide 8 (ECOGAD8) introduced a prioritization criterion which has to be followed when making foreign payments. Any foreign payments which we make from the bank balances above are ranked based on the Central Bank prioritization criteria and paid subject to the Bank having adequate funds with its Foreign Correspondent Banks. Most of our foreign payments are categorized in Priority Two (Medium) by the directive. This has resulted in an increase in our foreign creditors balances compared to prior year.

12 SHARE CAPITAL AND PREMIUM

12.1 Authorised and issued share capital

	Number of shares	Ordinary share capital US$	Share premium US$	Total US$
As at 1 January 2017	861 771 777	8 617 716	25 123 685	33 741 401
As at 31 December 2017	861 771 777	8 617 716	25 123 685	33 741 401

The total authorised number of ordinary shares is 1,5 billion (2016: 1,5 billion) with a par value of US$0.01 per share.

All issued shares are fully paid.

The unissued shares are under the control of the directors, subject to the limitations imposed by the Articles and Memorandum of Association of the Company, the Zimbabwe Companies Act (Chapter 24:03) and the Zimbabwe Stock Exchange Listing Requirements.

12.2 Directors' shareholdings

As at 31 December 2017, no directors held shares directly in the Company (2016: nil).

13 RESERVES

13.1 Non distributable reserves

Other reserves include non-distributable reserve which arose as the net effect of the restatement of assets and liabilities previously denominated in Zimbabwe dollars on 1 February 2009, treasury shares and equity settled share based payments reserve.

The transfer from non-distributable reserve to accumulated losses in accordance with the provisions of IAS 1, 'Presentation of financial statements' was done in 2016 following approval by the Board.

13.2 Foreign currency translation reserve

On consolidation, exchange differences arising from the translation of transactions and balances of foreign operations whose functional currencies are different to the Group's presentation currency are taken to the foreign currency translation reserve.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

14 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Trade payables	4 913 231	3 766 835	65 899	229 168
Amounts due to related parties	540 665	708 642	9 092 788	10 224 294
Amount payable to a joint operations partner	374 835	384 034	-	-
Statutory liabilities	4 336 647	3 996 770	2 510 661	3 035 734
Accruals	1 326 196	1 325 379	168 185	202 890
Guests deposits	1 620 777	1 182 668	-	-
Other payables	828 604	1 437 754	11 023	630 185
	13 940 955	12 802 082	11 848 556	14 322 271
Less non-current:				
Other payables - statutory liabilities on a payment plan	(1 130 148)	(1 730 148)	(1 130 148)	(1 730 148)
Current	12 810 807	11 071 934	10 718 408	12 592 123

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 is payable monthly on a fixed instalment for the next 52 months (2016: 64 months)

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

15 CURRENT INCOME TAX LIABILITIES

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Current income tax liabilities as at 01 January	-	-	-	-
Current income tax charged to statement of comprehensive income (note 19.1)	544 748	-	147 680	-
Withholding taxes off set against income tax liabilities	(28 789)	-	-	-
Quarterly provisional payments ("QPDs")	-	-	-	-
Current income tax liabilities as at 31 December	515 959	-	147 680	-

16 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.

	GROUP 31 December 2017			
	1 January 2017 US$	Current provision US$	Utilised/ reversed provision US$	31 December 2017 US$
The provisions balance is made up of the following:				
Leave pay	574 533	632 202	(739 451)	467 284
Contractual claims	364 467	-	-	364 467
Claims from former employees	835 787	-	-	835 787
Audit of foreign entities	271 526	-	(171 526)	100 000
Incentive bonus	221 209	599 774	(221 209)	599 774
	2 267 522	**1 231 976**	**(1 132 186)**	**2 367 312**

16 PROVISIONS FOR OTHER LIABILITIES (CONTINUED)

	GROUP 31 December 2016			
	1 January 2016 US$	Current provision US$	Utilised/ reversed provision US$	31 December 2016 US$
Leave pay	837 897	476 454	(739 818)	574 533
Contractual claims	424 467	-	(60 000)	364 467
Claims from former employees	835 787	-	-	835 787
Audit costs for foreign operations	909 300	-	(637 774)	271 526
Other restructuring costs	291 000	-	(291 000)	-
Incentive bonus	-	221 209	-	221 209
	3 298 451	**697 663**	**(1 728 592)**	**2 267 522**

	COMPANY 31 December 2017			
	1 January 2017 US$	Current provision/ transfer US$	Utilised/ reversed provision US$	31 December 2017 US$
Leave pay	149 429	93 134	(132 470)	110 093
Contractual claims	364 467	-	-	364 467
Audit costs for foreign operations	271 526	-	(171 526)	100 000
Incentive bonus	48 142	138 888	(48 142)	138 888
	833 564	**232 022**	**(352 138)**	**713 448**

	COMPANY 31 December 2016			
	1 January 2016 US$	Current provision US$	Utilised/ reversed provision US$	31 December 2016 US$
Leave pay	192 800	66 265	(109 636)	149 429
Contractual claims	-	364 467	-	364 467
Restructuring costs	60 000	211 526	-	271 526
Audit of foreign entities	95 000	-	(95 000)	-
Incentive bonus	-	48 142	-	48 142
	347 800	**690 400**	**(204 636)**	**833 564**

(a) Leave pay
This amount is the Group's liability to pay employees for their annual leave days. Current provision is included in the statement of comprehensive income under 'operating expenses'.

(b) 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.

(c) Claims from former employees
The Victoria Falls Hotel Partnership, in which the Group 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.

(d) Audit costs for foreign entities
This amount was a provision for the audit costs of dormant companies in South Africa, Mauritius and the exit of the Ghana operations. Part of the amount amount was reversed following the disposal of African Sun PCC Limited.

(e) Restructuring costs
This is a provision for retrenchment cost for all closed entities, including foreign operations.

(f) Incentive bonus
This is a provision for incentive bonus for employees as per the Group incentive bonus scheme.

17 BORROWINGS

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Non-current				
Local bank loans	4 187 512	3 013 848	-	516 146
Current				
Finance lease liability	-	3 766	-	3 766
Local bank loans	2 022 197	5 251 926	339 709	375 000
Total current	**2 022 197**	**5 255 692**	**339 709**	**378 766**
Total borrowings	**6 209 709**	**8 269 540**	**339 709**	**894 912**

Detailed of borrowing facilities as at 31 December 2017 is outlined below:

Analysis of facility by funder

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
African Century Limited (17.1)	-	3 766	-	3 766
Ever Prosperous Worldwide (17.2)	-	3 507 577	-	-
Ecobank Zimbabwe Limited (17.3)	-	200 991	-	-
CBZ Bank Limited (17.4)	-	1 916 072	-	-
MBCA Bank Limited (17.5)	339 709	891 146	339 709	891 146
FBC Bank Limited (17.6)	5 870 000	1 749 988	-	-
	6 209 709	**8 269 540**	**339 709**	**894 912**

17.1 African Century Limited availed a finance facility to African Sun Limited (the "Company") for motor vehicles. It attracted interest of 15% (2016: 15%). The loan was secured by motor vehicles, and was paid in January 2017.

17.2 The Ever Prosperous Worldwide loan attracted an interest of 10% (2016: 10%). The loan was unsecured and the full amount was repaid in 2017 through a refinancing facility from FBC Bank Limited. The loan was under African Sun Zimbabwe (Private) Limited.

17.3 The Ecobank Zimbabwe Limited loan was unsecured and attracted interest of 13% (2016: 13%). The loan matured on 31 January 2017 and was paid off. The loan was under African Sun Zimbabwe (Private) Limited.

17.4 The CBZ Bank Limited loan was held by African Sun Zimbabwe (Private) Limited and was secured by fixed property owned by Dawn Properties Limited and attracted interest of 10% (2016: 10%). In 2017 the loan was secured by a notorial general covering bond on receivables and movables amounting to US$3 million. In August 2017 the full amount was repaid through a refinancing facility from FBC Bank Limited and all security was released.

17.5 The MBCA Bank Limited loan is held by African Sun Limited (the Company) and is secured by notorial covering bond on receivables. The loan attract interest of 11% (2016: 14%) , is repayable in quarterly instalments of US$125 000. The loan matures in August 2018.

17.6 The FBC Bank Limited loan is held by African Sun Zimbabwe (Private) Limited and is secured by freehold property value at US$3.87 million, unlimited guarantee by African Sun Limited (the "Company"), US$7 million guarantee by Brainworks Capital Management (Private) and Brainworks Hotels (Private) Limited. The loan is made up of 3 facilities as outlined below:
-medium term loan facility 1- the loan amount is US$1.23 million (2016: US$1.75 million) and the loan matures on 31 July 2020 and interest in charged at the bank's minimum lending rate (currently at 11% per annum) less a margin of 3.5% per annum. The loan is repayable in monthly equal installment of US$39 583;
-medium term loan facility 2- the loan amount is US$1.91 million and was drawn down in June 2017 and the loan matures on 31 July 2021 and interest in charged at the bank's minimum lending rate (currently at 11% per annum) less a margin of 3.5% per annum. The loan is repayable in quarterly equal installment of US$146 667; and
-medium term loan facility 3- the loan amount is US$2.74 million and was drawn down in September 2017. The loan matures on 31 August 2022 and interest in charged at the bank's minimum lending rate (currently at 11% per annum) less a margin of 3.5% per annum. The loan is repayable in quarterly equal installment of US$144 013.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

17 BORROWINGS (CONTINUED)

	GROUP		COMPANY	
	31 December 2017 US$	**31 December 2016 US$**	**31 December 2017 US$**	**31 December 2016 US$**
The maturity profile of the Group's borrowings are as follows:				
Up to one month	39 583	289 583	-	-
Later than one month, but not later than three months	168 876	724 082	89 709	144 912
Later than three months, but not later than six months	544 013	1 111 397	125 000	125 000
Later than six months, but not later than nine months	662 763	2 097 794	125 000	125 000
Later than nine months, but not later than one year	606 962	1 032 836	-	125 000
Later than one year, but not later than five years	4 187 512	3 013 848	-	375 000
Total current	**6 209 709**	**8 269 540**	**339 709**	**894 912**
The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the reporting period are as follows:				
6 months or less	752 472	2 125 062	214 709	269 912
6-12 months	1 269 725	3 130 630	125 000	250 000
1-5 years	4 187 512	3 013 848	-	375 000
	6 209 709	**8 269 540**	**339 709**	**894 912**

The carrying amounts of the Group's borrowings approximate their fair values as the impact of discounting is insignificant.

Movement in borrowings for the year ended 31 December 2017 is analysed below:

	GROUP						
	31 December 2016 US$	**Borrowings repayments US$**	**Borrowings raised US$**	**Interest charged US$**	**Interest paid US$**	**Reclass-ification US$**	**31 December 2017 US$**
Borrowings							
Short term	5 255 692	(5 823 067)	-	984 915	(984 915)	2 589 572	2 022 197
Long term	3 013 848	(1 411 764)	5 175 000	-	-	(2 589 572)	4 187 512
Total	**8 269 540**	**(7 234 831)**	**5 175 000**	**984 915**	**(984 915)**	**-**	**6 209 709**

	COMPANY						
	31 December 2016 US$	**Borrowings repayments US$**	**Borrowings raised US$**	**Interest charged US$**	**Interest paid US$**	**Reclass-ification US$**	**31 December 2017 US$**
Borrowings							
Short term	516 146	(551 437)	-	104 533	(104 533)	375 000	339 709
Long term	375 000	-	-	-	-	(375 000)	-
Total	**891 146**	**(551 437)**	**-**	**104 533**	**(104 533)**	**-**	**339 709**

18 INCOME TAXES

18.1 Income tax expense

	31 December 2017 US$	31 December 2016 US$
Current income tax:		
Income tax on current year profits	544 748	-
Deferred tax:		
Originating and reversal of temporary differences	498 140	28 736
Income tax expense	**1 042 888**	**28 736**
The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:		
Profit before income tax continuing operations	5 859 411	4 964 771
Tax calculated at domestic tax rates applicable to profits in the respective countries	1 513 440	1 278 428
Tax effects of:		
-Income not subject to tax:		
Profit from disposal of subsidiary	-	(302 862)
Reclassified from foreign currency translation reserve	-	(194 580)
Export incentives	(366 601)	(71 814)
Recognition of previously unrecognised tax loss	(137 410)	(123 305)
Profit from disposal of property, plant, and equipment	-	(72 427)
Time value adjustment on staff debtors	-	(11 517)
Reversal of provisions	(41 796)	-
Other non taxable income	(47 530)	(578 760)
	(593 337)	**(1 355 265)**
-Expenses not deductible for tax purposes:		
Penalty and interest on ZIMRA taxes	67 670	61 105
Impairment of staff debtors	1 423	13 695
Loss from disposal of property, plant, and equipment	11 454	-
Fair value adjustment of biological assets	1 529	-
Entertainment expenses	33 628	-
Other non deductible expenses	7 081	30 773
	122 785	**105 573**
Income tax expense	**1 042 888**	**28 736**

The weighted average applicable tax rate was 25.83% (2016: 25.83%).

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

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

18 INCOME TAXES (CONTINUED)

18.2 Deferred taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

		GROUP		COMPANY	
		31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
18.2.1	**The analysis of deferred tax assets and deferred tax liabilities is as follows:**				
	Deferred tax assets:				
	-Deferred tax assets to be recovered after more than 12 months	-	-	-	-
	-Deferred tax assets to be recovered within 12 months	567 994	925 434	64 113	190 846
		567 994	**925 434**	**64 113**	**190 846**
	Deferred tax liabilities:				
	-Deferred tax liabilities to be recovered after more than 12 months	(4 295 437)	(4 000 705)	(30 217)	(47 496)
	-Deferred tax liabilities to be recovered within 12 months	(388 570)	(542 602)	(8 640)	-
		(4 684 007)	**(4 543 307)**	**(38 857)**	**(47 496)**
	Net deferred tax liabilities / (assets)	**(4 116 013)**	**(3 617 873)**	**25 256**	**143 350**
18.2.2	**The net movement on the deferred tax account is as follows:**				
	Deferred tax assets:				
	As at 1 January	(3 617 873)	(3 589 137)	(143 350)	(674 576)
	Statement of comprehensive income charge (note 19.1)	(498 140)	(28 736)	118 094	531 226
	As at 31 December	**(4 116 013)**	**(3 617 873)**	**(25 256)**	**(143 350)**
18.2.3	**Deferred tax asset/ liabilities by tax jurisdiction is further analysed below**				
	Attributable to Zimbabwean tax jurisdiction				
	Deferred tax assets	487 614	925 434	64 113	190 846
	Deferred tax liabilities	(4 683 256)	(4 543 307)	(38 857)	(47 496)
	Deferred tax (liabilities) / assets	**(4 195 642)**	**(3 617 873)**	**25 256**	**143 350**
	Attributable to South African tax jurisdiction				
	Deferred tax assets	80 381	-	-	-
	Deferred tax liabilities	(751)	-	-	-
	Deferred tax assets	**79 630**	**-**	**-**	**-**

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

18 INCOME TAXES (CONTINUED)

18.2 Deferred taxes (continued)

18.2.4 The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	GROUP		
	Accelerated tax depreciation US$	Other US$	Total US$
Deferred tax liabilities			
Year ended 31 December 2016			
As at 1 January 2016	(4 658 550)	(108 848)	(4 767 398)
Credited / (charged) to statement of comprehensive income	337 495	(113 404)	224 091
As at 31 December 2016	**(4 321 055)**	**(222 252)**	**(4 543 307)**
Year ended 31 December 2017			
As at 1 January 2017	(4 321 055)	(222 252)	(4 543 307)
Charged to statement of comprehensive income	(393)	(140 307)	(140 700)
As at 31 December 2017	**(4 321 448)**	**(362 559)**	**(4 684 007)**
	COMPANY		
Year ended 31 December 2016			
As at 1 January 2016	(49 921)	-	(49 921)
Credited to statement of comprehensive income	2 425	-	2 425
As at 31 December 2016	**(47 496)**	**-**	**(47 496)**
Year ended 31 December 2017			
As at 1 January 2017	(47 496)	-	(47 496)
Credited to statement of comprehensive income	8 639	-	8 639
As at 31 December 2017	**(38 857)**	**-**	**(38 857)**

	GROUP		
	Provisions US$	Assessable tax losses US$	Total US$
Deferred tax assets			
Year ended 31 December 2016			
As at 1 January 2016	295 261	883 000	1 178 261
Credited / (charged) to statement of comprehensive income	63 934	(316 761)	(252 827)
As at 31 December 2016	**359 195**	**566 239**	**925 434**
Year ended 31 December 2017			
As at 1 January 2017	359 195	566 239	925 434
Credited / (charged) to statement of comprehensive income	128 418	(485 858)	(357 440)
As at 31 December 2017	**487 613**	**80 381**	**567 994**

18 INCOME TAXES (CONTINUED)

18.2 Deferred taxes (continued)

18.2.4 The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	COMPANY		
	Provisions US$	Assessable tax losses US$	Total US$
Deferred tax assets			
Year ended 31 December 2016			
As at 1 January 2016	49 646	674 851	724 497
Charged to statement of comprehensive income	(11 168)	(522 483)	(533 651)
As at 31 December 2016	**38 478**	**152 368**	**190 846**
Year ended 31 December 2017			
As at 1 January 2017	38 478	152 368	190 846
Credited / (charged) to statement of comprehensive income	25 635	(152 368)	(126 733)
As at 31 December 2017	**64 113**	**-**	**64 113**

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. Based on forecasts, directors are of the opinion that, the taxable profits will offset the current deferred tax asset.

The Group did not have any unrecognised tax losses (2016: US$137 410).

19 DISCONTINUED OPERATIONS

The Group 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 year ended 31 December 2016.

Analysis of the loss for the year from discontinued operations

	31 December 2017 US$	31 December 2016 US$
Statement of comprehensive income		
Revenue	-	45 415
Cost of sales	-	(21 169)
Gross profit	**-**	**24 246**
Operating expenses	-	(82 564)
Impairment	-	(71 007)
Loss before income tax	**-**	**(129 325)**
Income tax expense	-	-
Loss after income tax	**-**	**(129 325)**
Analysis of cash flows from discontinued operations		
Net cash outflow from operating activities	-	(11 864)
Net cash outflow from investing activities	-	-
Net cash (outflow) / inflow from financing activities	-	-
Net cash used in discontinued operations	**-**	**(11 864)**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

20 EMPLOYEE PENSION COSTS

The Group and all employees contribute to one or more of the following independently administered defined contribution pension funds:

(a) African Sun Limited Pension Fund - Zimbabwe

This fund is a defined contribution scheme. All employees, except those who are members of the Catering Industry and Pension Fund are members of this fund.

(b) Catering Industry Pension Fund - Zimbabwe

This is a defined contribution scheme which covers employees in specified occupations of the catering industry. The majority of employees of African Sun Limited are members of this fund.

(c) Provident Fund- South Africa

The Branch which is resident in South Africa has a defined contribution provident fund, of which full time employees of the Branch are members.

(d) National Social Security Authority Scheme ("NSSA") - Zimbabwe

The Group and all its employees based in Zimbabwe contribute to the National Social Security Authority Scheme, promulgated under the National Social Security Act (Chapter 14:17). The Group's obligations under this scheme are limited to specific contributions legislated from time to time.

Group contributions to the plans during the year charged to the income statement amounted to;

	31 December 2017 US$	31 December 2016 US$
African Sun Limited Pension Fund	279 028	377 327
Catering Industry Pension Fund	190 385	189 201
Provident Fund - South Africa	6 220	5 810
National Social Security Authority Scheme	174 409	177 623
	650 042	**749 961**

21 OTHER INCOME AND EXPENSES

		31 December 2017 US$	31 December 2016 US$
21.1	**Other income**		
	Provisions reversed	162 313	475 358
	Unwinding of interest of staff debtors	-	44 725
	Profit from disposal property, plant and equipment	-	281 362
	Insurance claim	-	225 000
	Export incentive	1 423 692	278 889
	Sale of scrap	3 684	-
	Sun vacations management fees receivable	-	139 108
		1 589 689	**1 444 442**
21.2	**Other expenses**		
	Retrenchment costs	29 477	-
	Loss from sale of property, plant and equipment	44 482	-
	Fair value adjustment of biological assets (note 7)	5 939	-
	VAT and withholding tax penalty	262 796	245 210
	Adjustment to medical aid liability	-	66 354
	Other receivables write off	15 313	53 183
		358 007	**364 747**

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

22 EXPENSES BY NATURE

	31 December 2017 US$	31 December 2016 US$
Inventory recognised in cost of sales	5 600 596	4 110 350
Outside laundry in cost of sales	554 318	536 767
Employee benefit expenses		
- payroll cost in cost of sales	6 347 997	5 598 549
- payroll cost in operating expenses	8 113 092	7 469 602
- directors' fees	85 117	110 582
Impairment charges on trade receivables	130 344	125 350
Depreciation, usage and amortization (note 6)	2 695 649	2 788 568
Sales and marketing	1 841 114	1 415 525
Operating lease costs	6 085 780	5 253 008
Audit fees and other professional services;		
-current year	189 908	240 519
-prior year	-	-
Repairs and maintenance	2 456 526	2 310 365
Electricity and water	2 497 764	2 544 880
Council rates	623 156	-
Franchise fees	752 837	618 457
Insurance	311 712	344 708
Licenses	296 311	234 163
Vehicle running expenses	187 329	190 765
Security	836 739	870 458
Guest supplies	726 675	556 240
Banqueting and guest entertainment	309 661	355 772
Telephone costs	263 010	387 023
Printing and stationery	350 464	276 699
Bank charges	180 529	207 652
Management fees	1 394 343	1 099 290
Consultancy costs	67 805	330 519
Foreign exchange losses	18 095	23 547
Other	3 236 509	2 895 132
Total cost of sales and operating expenses	**46 153 380**	**40 894 490**
Cost of sales	15 444 453	12 993 608
Operating expenses	30 708 927	27 900 882
Total cost of sales and operating expenses	**46 153 380**	**40 894 490**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

23 FINANCE COSTS AND INCOME

		31 December 2017 US$	31 December 2016 US$
23.1	**Finance income**		
	Interest income on bank deposits	3 167	5 133
	Interest on short term investments	4 109	18 557
		7 276	**23 690**
23.2	**Finance costs**		
	Interest costs on bank borrowings	(948 264)	(1 130 355)
	Guarantee commissions payable to Brainworks Capital Management (Privite) Limited	(105 135)	-
	Interest reversal on statutory liabilities	-	353 491
		(1 053 399)	**(776 864)**
	Net financing costs for the year	**(1 046 123)**	**(753 174)**
23.3	**Net interest paid**		
	For the purposes of statement of cash flows, net interest paid comprise the following;		
	Finance costs from continuing operations per statement of comprehensive income	(1 053 399)	(776 864)
	Interest reversal on statutory liabilities	-	(353 491)
	Deferred finance costs paid in the current year	(130 501)	-
	Deferred finance costs expensed in the current year	93 850	-
	Accrued guarantee commission payable to Brainworks Capital Management (Private) Limited	105 135	-
	Interest paid	**(984 915)**	**(1 130 355)**
	Interest received		
	Interest costs on bank borrowings	3 167	5 133
	Interest cost on short term investments	4 109	18 557
		7 276	**23 690**
	Net interest paid	**(977 639)**	**(1 106 665)**

There were no borrowing costs capitalised during the period (2016: nil)

24 EARNINGS PER SHARE

		31 December 2017 US$	31 December 2016 US$
24.1	**Basic earnings per share: cents**		
	From continuing operations	0.56	0.57
	From discontinued operations	-	(0.01)
	Total basic earnings attributable to owners of parent	**0.56**	**0.56**
24.2	**Diluted earnings per share: cents**		
	From continuing operations	0.56	0.57
	From discontinued operations	-	(0.01)
	Total dilute earnings attributable to owners of parent	**0.56**	**0.56**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

24 EARNINGS PER SHARE (CONTINUED)

		31 December 2017 US$	31 December 2016 US$
24.3	**Headline earnings per share: cents**		
	Headline earnings	0.56	0.31
	Diluted headline earnings	0.56	0.31
24.4	**Reconciliations of earnings used in calculating earnings per share**		
	Earnings / (loss) attributable to owners of the parent arising from		
	From continuing operations	4 816 523	4 936 035
	From discontinued operations	-	(129 325)
	Profit attributable to owners of the parent	**4 816 523**	**4 806 710**
	Adjustments for;		
	Profit from disposal of African Sun Limited PCC	-	(1 176 165)
	Reclassified foreign currency translation reserve	-	(755 651)
	Loss/ (profit) from disposal of property, plant and equipment	44 482	(281 653)
	Fair value adjustment of biological assets	5 939	-
	Impairment of property and equipment	-	71 827
	Headline earnings attributable to owners of the parent	**4 866 944**	**2 665 068**
24.5	**Weighted average number of shares used as the denominator**	**Number**	**Number**
	Weighted average number of shares used as the denominator		
	Number of shares in issue	861 771 777	861 771 777
	Weighted average number of shares in issue for basic earnings / (loss) per share	861 771 777	861 771 777
	Weighted average number of shares in issue for diluted earnings / (loss) per share	861 771 777	861 771 777

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

Weighted average number of shares for diluted earnings are calculated by adjusting the weighted number of ordinary shares with the potentially dilutive ordinary shares. As at 31 December 2017 there were no potential dilutive share options (2016: nil).

		31 December 2017 Numbers	31 December 2016 Numbers
24.6	**Net asset value per share (cents)**		
	Net assets	11 508 719	6 659 797
	Number of ordinary shares in issue	861 771 777	861 771 777
	Net asset value per share	**1.34**	**0.77**

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

25 SUMMARY OF CASHFLOW WORKINGS

		31 December 2017 US$	31 December 2016 US$
25.1	**Cash generated from operations**		
	Profit / (loss) before income tax from;		
	Continuing operations	5 859 411	4 964 771
	Discontinued operations	-	(129 325)
	Loss before income tax including discontinued operations	**5 859 411**	**4 835 446**
	Adjustments for non-cash items including discontinued operations:		
	Depreciation and hotel equipment usage (note 6)	2 695 644	2 788 568
	Loss / (profit) from disposal of property and equipment	44 482	(281 362)
	Fair value adjustment of biological assets (note 7)	5 939	-
	Impairment of property and equipment (note 6)	-	71 827
	Reclassified foreign currency translation reserve (note 8.3.2)	-	(755 651)
	Gain from disposal of subsidiary (note 8.3.2)	-	(1 176 165)
	Finance costs net (note 23)	1 046 123	753 174
	Cash generated from operations before changes in working capital	**9 651 599**	**6 235 837**
	Changes in working capital:		
	(Increase)/decrease in inventories	(634 011)	185 451
	Current trade and other receivables and trade and other payables:	194 210	(3 917 759)
	-Increase in current trade and other receivables	(758 207)	(1 530 640)
	-Increase / (decrease) in current trade and other payables	1 838 663	(5 090 332)
	-Disposal of African Sun PCC Limited trade and other debtors	-	(601 065)
	-Disposal of African Sun PCC Limited trade and other creditors	-	1 731 761
	-Accrued interest prior year	-	353 491
	-Receivables from disposal of property, plant and equipment	-	1 087 166
	-Receipts from receivables relating to disposal of property, plant equipment	(806 357)	-
	-Guarantee commissions payable to Brainworks Capital Management (Privite) Limited	(105 135)	-
	-Withholding taxes off set against income tax liabilities	(28 789)	-
	-Movement in deferred interest	36 651	-
	-Foreign translation differences	17 384	131 860
	Non-current trade and other receivables and trade and other payables	(764 790)	775 989
	-(Increase) / decrease in non current trade and other receivables	(164 790)	211 078
	-(Decrease) / increase in non-current trade and other payables	(600 000)	564 911
	Cash generated from operations	**8 447 008**	**3 279 518**
25.2	**Proceeds from disposals of property and equipment**		
	Cost of property and equipment disposed (note 6)	989 515	2 578 313
	Accumulated depreciation of property and equipment disposed (note 6)	(851 709)	(972 927)
	Net book amount	137 806	1 605 386
	(Profit) / loss from disposal of property, plant and equipment	(44 482)	281 362
	Proceeds accounted for under receivables	-	(1 087 166)
	Receipts from receivables relating to disposal of property, plant equipment	806 357	-
	Cash proceeds from disposal of property and equipment	**899 681**	**799 582**
25.3	**Proceeds from disposals of Subsidiary**		
	Proceeds from disposal of subsidiary for cash flow purpose were calculated as follows		
	Cash consideration received		
	Cash at bank of disposed subsidiary	-	54 891
	Proceeds from disposal of subsidiary	-	(9 423)
		-	**45 468**

26 RELATED PARTY TRANSACTIONS

26.1 Transactions with related parties

The following transactions occurred with related parties during the year

	31 December 2017 US$	31 December 2016 US$
Operating lease rentals expense charged by Dawn Properties Limited	2 921 697	2 250 162
Settlement of timeshare units and other various leasehold improvements with Dawn Properties Limited	-	1 415 135
Security obtained from Dawn Properties Limited for a US$2 million loan	-	3 990 000
Guarantee commission paid to Dawn Properties Limited	16 625	9 975
Disposal of Bulawayo Trade Fair casino to Threenie (Private) Limited	-	350 000
Management services fees payable to Brainworks Capital Management (Private) Limited	-	283 427
Guarantee obtained from Brainworks Capital Management (Private) Limited for loan facilities	5 870 000	1 749 989
Revenue from various related parties	27 223	59 683
General life assurance and funeral cover premium to Getsure Life Assurance (Private) Limited	76 070	49 289
Compensation to key management personnel	982 727	905 743

Major related party transactions are further explained below;

(a) Operating lease rentals payable to Dawn Properties Limited

Lease rentals relate to the leases of 7 hotels leased from Dawn Properties Limited following the closure of Beit Bridge Express Hotel. Included in operating lease expenses for the Group is US$2.92 million (2016: US$2.25 million) charged by Dawn Properties Limited. All leases with Dawn Properties Limited are at arms length.

(b) Settlement of timeshare units and other leasehold improvements with Dawn Properties Limited

In 2016 African Sun Limited and Dawn Properties Limited agreed to settle a long term dispute with regards to ownership of timeshare units at Troutbeck Resort in Inyanga and at Carribea Bay Resort in Kariba. In the same vein the two entities also agreed to settle an amount of US$ 0.36 million relating to other leasehold improvements. The agreement was reached after opinions from the legal advisors of both African Sun Limited and Dawn Properties Limited

Under the agreement Dawn Properties Limited agreed to pay African Sun Limited an amount of US$1.05 million for the right to own the timeshare units and US$0.36 million for the transfer of ownership of other leasehold properties to Dawn Properties Limited. During the year US$0.75 million (2016: US$0.66 million) was offset against operating lease rental obligation to clear the outstanding balance.

(c) African Sun Limited borrowing secured by Dawn Properties Limited

In 2016 African Sun obtained a facility of US$2 million from a local bank. The facility was secured by fixed property valued at US$3.99 million owned by Dawn Properties Limited ("Dawn"). The facility was to refinance a loan used in soft refurbishment of hotels owned by Dawn. The security was released in 2017 after the facility was fully settled.

Guarantee commission is payable to Dawn at 1% per annum of the value of the fixed property pledged. In the event of a default, African Sun in return ceded to Dawn all its rights, title and interests in the operating business of Great Zimbabwe Hotel, Caribbea Bay Resort, and Amber Hotel Mutare on a going concern basis. As at 31 December 2016, the outstanding loan amount was US$1.88 million. The Board approved the security arrangement between the two companies.

The loan was repaid through a refinancing facility on 23 August 2017 after guarantee commissions amounting to US$16 625 (2016: US$9 975) were paid.

(d) Disposal of Bulawayo Trade Fair Casino to Threenie (Private) Limited

In 2016 Bulawayo Trade Fair Casino was sold to Threenie (Private) Limited, a company owned by the independent non-executive chairman of the Group Mr. H Nkala. The selling price was agreed at US$350 000 to be settled by an initial payment of US$50 000 and thereafter monthly equal instalments of US$10 000 until the amount is fully paid. The net book amount of assets at the time of sale was US$177 188 and profit realised from disposal was US$172 812. The terms of payment were changed at the end of the year, US$96 000 will be paid in 2018 in equal monthly instalment, US$108 000 will be paid in 2019 in equal monthly installments with the balance paid off in 2020. During 2017 US$45 000 (2016: US$60 000) was paid by Threenie (Private) Limited and US$245 000 (2016: US$290 000) was outstanding.

Notes to the Financial Statements (continued)

For the year ended 31 December 2017

26 RELATED PARTY TRANSACTIONS (CONTINUED)

26.1 Transactions with related parties (continued)

(e) Management and consultation services agreement

African Sun Limited signed a management agreement with Brainworks Capital Management (Private) Limited in 2016 for provision of various consultations and management services. The consultation fees are charged at 0.065% of monthly turnover with a maximum of US$35 000 per month. The management agreement was terminated effective 31 December 2016. Management fees amounting to US$283 427 were charged during the year ended 31 December 2016.

(f) Revenue from various related parties

Included in the revenues for the current year is US$27 223 (2016: US$59 683) from various related parties. These transactions occurred in the normal course of the business and were at arms length. Where discounts were extended to related parties, they were within the range normally offered to third parties.

(g) Guarantee obtained from Brainworks Capital Management (Private) Limited for loan facilities

Borrowings amounting to US$5 870 00 (2016: US$1 749 989) were secured with an unlimited guarantee from Brainworks Capital Management (Private) Limited. Guarantee commissions amounting to US$105 135 (2016: US$nil) were charged to income statement.

(h) General life assurance premium to Getsure Life Assurance (Private) Limited

Getsure Life Assurance (Private) Limited, a subsidiary of Brainworks Capital Management (Private) Limited was contracted by African Sun Limited to underwrite the benefits of the Group's staff general life assurance. Premiums of US$76 070 (2016: US$49 289) were expensed and premiums of US$5 851 (2016: US$nil) were outstanding.

(i) Key management compensation

Key management includes directors (executive and non-executive), Human Resources Director, Sales and Marketing Director, the Company Secretary and head of internal audit. The compensation paid or payable to key management for employee services is as shown below:

	31 December 2017 US$	31 December 2016 US$
Salaries and other short term employee benefits	898 510	795 161
Non-executive directors' fees	84 217	110 582
	982 727	**905 743**

26.2 Year end balances arising from transactions with related parties

		GROUP		COMPANY	
	Nature of relationship	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
Payables to related parties					
Dawn Properties Limited	Common shareholding	409 945	350 402	-	-
Getsure Life Assurance (Private) Limited	Common shareholding	8 727	-	8 727	-
Brainworks Capital Management (Private) Limited	Holding company	121 993	134 081	121 993	134 081
African Sun Zimbabwe (Private) Limited	Subsidiary	-	-	9 053 703	10 090 213
		540 665	**484 483**	**9 184 423**	**10 224 294**
Receivables from related parties					
Executives - housing and car loans	Employees	165 835	170 642	165 835	170 642
African Sun Zimbabwe (Private) Limited in lieu of statutory obligations	Subsidiary	-	-	1 095 103	1 078 563
Dawn Properties Limited	Common shareholding	-	749 157	-	749 157
Threenie(Private) Limited	Common directors	245 000	290 000	245 000	290 000
		410 835	**1 209 799**	**1 505 938**	**2 288 362**

Notes to the Financial Statements (continued)
For the year ended 31 December 2017

26 RELATED PARTY TRANSACTIONS (CONTINUED)

26.2 Year end balances arising from transactions with related parties (continued)

The payables to Dawn Properties Limited arose from 'lease rentals and are due one month after billing. All balances to and from related parties do not carry interest.

(j) Receivables from executives
The receivables from executives arose from housing and car loans advanced. Housing and car loans are payable over a 5 year period in 60 equal instalments and no interest is charged.

The balance on loans to executives is analysed below:

	GROUP		COMPANY	
	31 December 2017 US$	31 December 2016 US$	31 December 2017 US$	31 December 2016 US$
As at 1 January	170 642	179 309	170 642	179 309
Housing and car loans advanced during the year	145 450	-	145 450	-
Housing and car loans repaid during the year	(50 307)	(36 755)	(50 307)	(36 755)
Unwinding of interest	(25 060)	28 088	(25 060)	28 088
As at 31 December	**240 725**	**170 642**	**240 725**	**170 642**

Receivables from related parties were discounted using the rate of 7.50% (2016: 10%).

27 COMMITMENTS

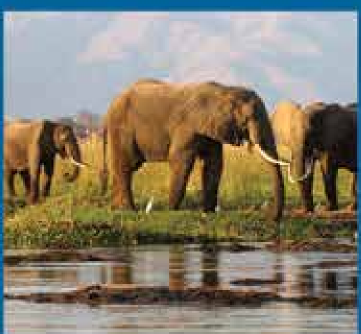
		31 December 2017 US$	31 December 2016 US$
27.1	**Operating lease commitments** The Group leases all its hotels in Zimbabwe under operating lease agreements. The lease terms are between 5 and 15 years, and all the lease agreements are renewable at the end of the lease period at market rates. The estimated undiscounted future minimum lease payments under the operating leases are as follows:		
	Not later than 1 year		
	- Fixed	1 461 564	1 573 992
	Later than 1 year and not later than 5 years		
	- Fixed	5 846 256	6 295 968
	Later than 5 years		
	- Fixed	1 461 564	3 147 984
	Total lease commitments	**8 769 384**	**11 017 944**
27.2	**Capital expenditure**		
	Authorised by directors and contracted for	-	-
	Authorised by directors but not contracted for	4 963 957	6 262 291
		4 963 957	**6 262 291**

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

28 EVENTS AFTER REPORTING DATE

On 8 March 2018, the Board declared a final dividend of US$600 655 being US$0.000697 per share (0.0697 US cents per share) payable out of the profits of the Group for the year ended 31 December 2017. In accordance with IAS 10 "Events after the reporting period" the dividend declared on 8 March 2018 was declared after the reporting period, therefore the dividend has not been accounted for as a liability as at 31 December 2017 but has been disclosed in the notes and will be accounted for in the financial statements for the year ending 31 December 2018.




KARIBA

Experience the Splendour of the Serene Lake

Group Supplementary Information

For the year ended 31 December 2017

	CAGR %	31 December 2017	31 December 2016	31 December 2015**	30 September 2014	30 September 2013 Restated
SHARE PERFORMANCE: US CENTS						
Basic earnings per share						
Basic (loss) / earnings per share from continuing operations	-	0.56	0.57	(0.67)	(0.05)	(1.07)
Basic loss per share from discontinued operations	-	-	(0.01)	(0.31)	(0.22)	-
Basic (loss) / earnings per share for the year	-	0.56	0.56	(0.98)	(0.27)	(1.07)
Diluted earnings per share						
Diluted (loss) / earnings per share from continuing operations	-	0.56	0.57	(0.67)	(0.05)	(1.04)
Diluted loss per share from discontinued operations	-	-	(0.01)	(0.31)	(0.22)	-
Diluted (loss) / earnings per share for the year	-	0.56	0.56	(0.98)	(0.27)	(1.04)
Headline earnings per share						
Headline earnings / (loss) per share	-	0.56	0.31	(0.96)	0.09	(0.16)
Diluted headline earnings / (loss) per share	-	0.56	0.31	(0.96)	(0.96)	(0.16)
Net asset value per share	6	1.34	0.77	0.29	1.28	1.73
Closing market price per share	45	4.80	1.20	1.70	2.10	1.10
Share information						
In issue	1	861 771 777	861 771 777	861 771 777	831 472 907	831 472 907
Market capitalisation	24	41 365 045	10 341 261	14 650 120	17 302 758	17 302 758
ZSE industrial index	13	327	145	115	195	200
RATIOS AND RETURNS						
Revenue generation						
Revenue: US$	2	51 827 232	43 600 924	63 154 973	53 568 809	56 275 679
Room occupancy %	3	53	44	49	48	48
RevPAR: US$	-	48	45	45	47	48
ADR: US$	2	93	93	93	98	100
Profitability and returns						
EBITDA: US$	5	8 369 497	5 484 832	7 092 331	8 342 346	6 948 193
EBITDA margin (%)	7	16	13	11	16	12
Pre-tax return on equity (%)	419	51	73	(356)	(250)	7%
Income after taxation to total capital employed (%)	-	32	32	(87)	(17)	(15)
Pre-tax return on total assets (%)	64	14	14	(26)	(18)	2
Solvency						
Gearing (%)	(12)	34	34	65	58	56
*Interest cover (times)	22	3	4	1	2.53	1.17
Shareholders' equity to total assets (%)	(6)	20	20	7	22	25
Total liabilities to total shareholders' funds (%)	7	405	405	1,255	355	306
Liquidity						
Current assets to interest free liabilities and short term borrowings	(2)	0.59	0.59	0.35	0.76	0.63
Productivity						
Turnover per employee: US$	8	45 185	38 347	50 727	34 561	32 669
Other						
Number of employees	(9)	1 147	1 137	1 245	1 550	1 666
Number of shareholders	(5)	7 173	7 192	7 177	8 815	9 013

* Ratio has been calculated excluding non-cash items and material non-recurring items like profit on disposal of subsidiary

** Covers a period of 15 months

Shareholders' Profile

As at 31 December 2017

Shareholders analysis as at 31 December 2017 by volume

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
1-5000	6,040	84.20	4,844,109	0.56
5001-10000	388	5.41	2,658,579	0.31
10001-25000	397	5.53	6,106,535	0.71
25001-50000	130	1.81	4,526,081	0.53
50001-100001	88	1.23	5,979,213	0.69
100001-200000	53	0.74	7,543,765	0.88
200001-500000	30	0.42	9,051,596	1.05
500001-1000000	19	0.27	15,312,825	1.78
Above 1 000 000	28	0.39	805,749,074	93.50
TOTAL	**7,173**	**100.00**	**861,771,777**	**100.00**

Shareholder analysis by type

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
Local companies	610	8.50	565,004,666	65.56
Insurance companies	13	0.18	204,843,344	23.77
Local resident	6,119	85.31	38,890,982	4.51
Other corporate holdings	60	0.83	17,630,315	2.05
Pension funds	43	0.60	11,927,535	1.38
Fund managers	41	0.57	9,965,991	1.16
Nominees local	76	1.06	4,801,626	0.56
Non resident never resident	171	2.38	3,558,279	0.41
Non resident individual	27	0.38	2,357,776	0.27
Foreign companies	7	0.10	2,767,022	0.33
Banks	2	0.03	22,319	0.00
Deceased estates	4	0.06	1,922	0.00
Total	**7,173**	**100.00**	**861,771,777**	**100.00**

CONSOLIDATED TOP 10 AS AT 31 DECEMBER 2017

Top ten shareholders

Range of holdings	As at 31 December 2017		As at December 2016	
	Issued shares	Percentage	Issued shares	Percentage
Brainworks Hotels (Private) Limited	497,010,465	57.67	497,010,465	57.67
Old Mutual Life Ass Co Zim Ltd	205,411,112	23.84	204,677,415	23.75
Old Mutual Zimbabwe Limited	66,212,575	7.68	66,212,575	7.68
Guramatunhu Family Trust	6,822,535	0.79	6,822,535	0.79
African Sun Employee Share	6,698,969	0.78	6,698,969	0.78
Local Authorities Pension Fund	3,620,863	0.42	3,620,863	0.42
Adlab (Private) Limited	3,550,000	0.41	3,550,000	0.41
Pickover Investments P/L	3,108,442	0.36	3,108,442	0.36
LHG Malta Holdings Limited	2,599,519	0.30	-	0.00
Stanbic Nominees (Pvt) Ltd NNR	2,638,190	0.31	2,638,190	0.31
Other	64,099,107	7.44	67,432,323	7.83
Total	**861,771,777**	**100.00**	**861,771,777**	**100.00**

Top ten shareholders

Range of holdings	Number of shareholders	Percentage	Issued shares	Percentage
Public	7,128	99.37	851,781,545	98.84
Directors	-	-	-	-
Non-public	45	0.63	9,990,232	1.16
Total	**7,173**	**100.00**	**861,771,777**	**100.00**

Non-public includes Employee Share Participation Trust and managerial employees who hold shares in the Company in their individual capacities.
Public refers to Local Companies, Insurance Companies, Nominees, Banks, Investments, Trusts, Pension Funds and other organisations.
Directors mean Company directors who hold shares in the Company directly and indirectly.

Shareholders' Profile (continued)

As at 31 December 2017

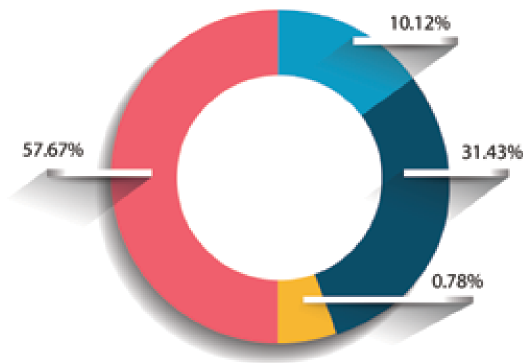
Major shareholders	As at 31 December 2017	Percentage	As at 31 December 2016	Percentage
Brainworks Capital Management (Private) Limited	497,010,465	57.67	497,010,465	57.67
Old Mutual Life Ass Co Zim Ltd	205,411,112	23.84	204,677,415	23.75
Old Mutual Zimbabwe Limited	66,212,575	7.68	66,212,575	7.68
Total	**768,634,152**	**89.19**	**767,900,455**	**89.10**

Resident and non-resident shareholders

	As at 31 December 2017	Percentage	As at 31 December 2016	Percentage
Resident	853,088,700	98.99	855,688,219	99.29
Non Resident	8,683,077	1.01	6,083,558	0.71
Total	**861,771,777**	**100**	**861,771,777**	**100**

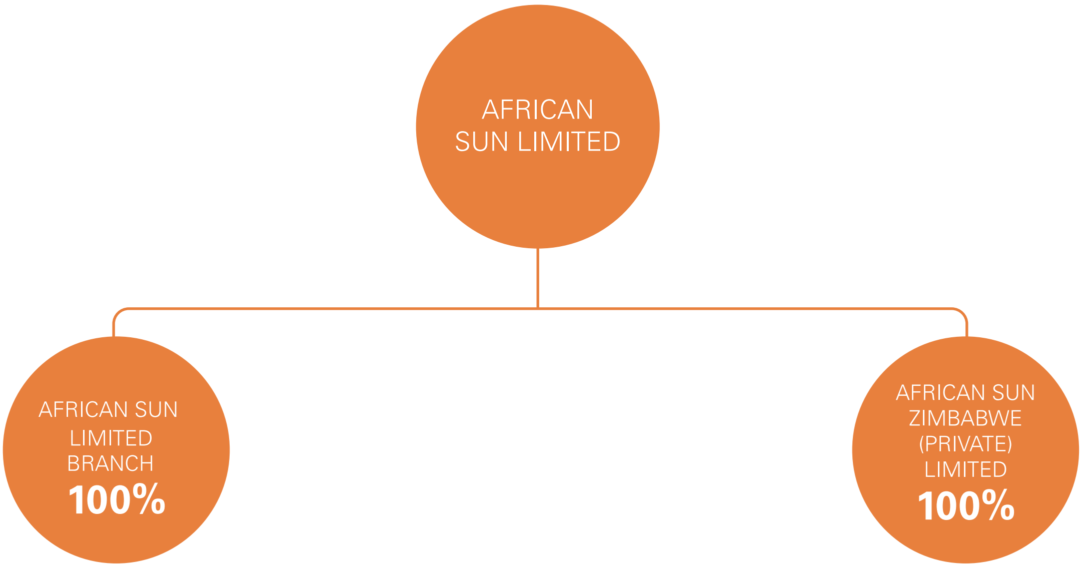
The residency of a shareholder is based on place of domicile as recorded in the share register as defined for Exchange Control and does not denotes status in terms of indigenisation regulations.

Brainworks Capital Management (Private) Limited	57.67%
Old Mutual Zimbabwe Entities Combined	31.43%
Public Investors	10.12%
Zimbabwe Sun Employee Share Ownership Trust	0.78%
Total	100.00%

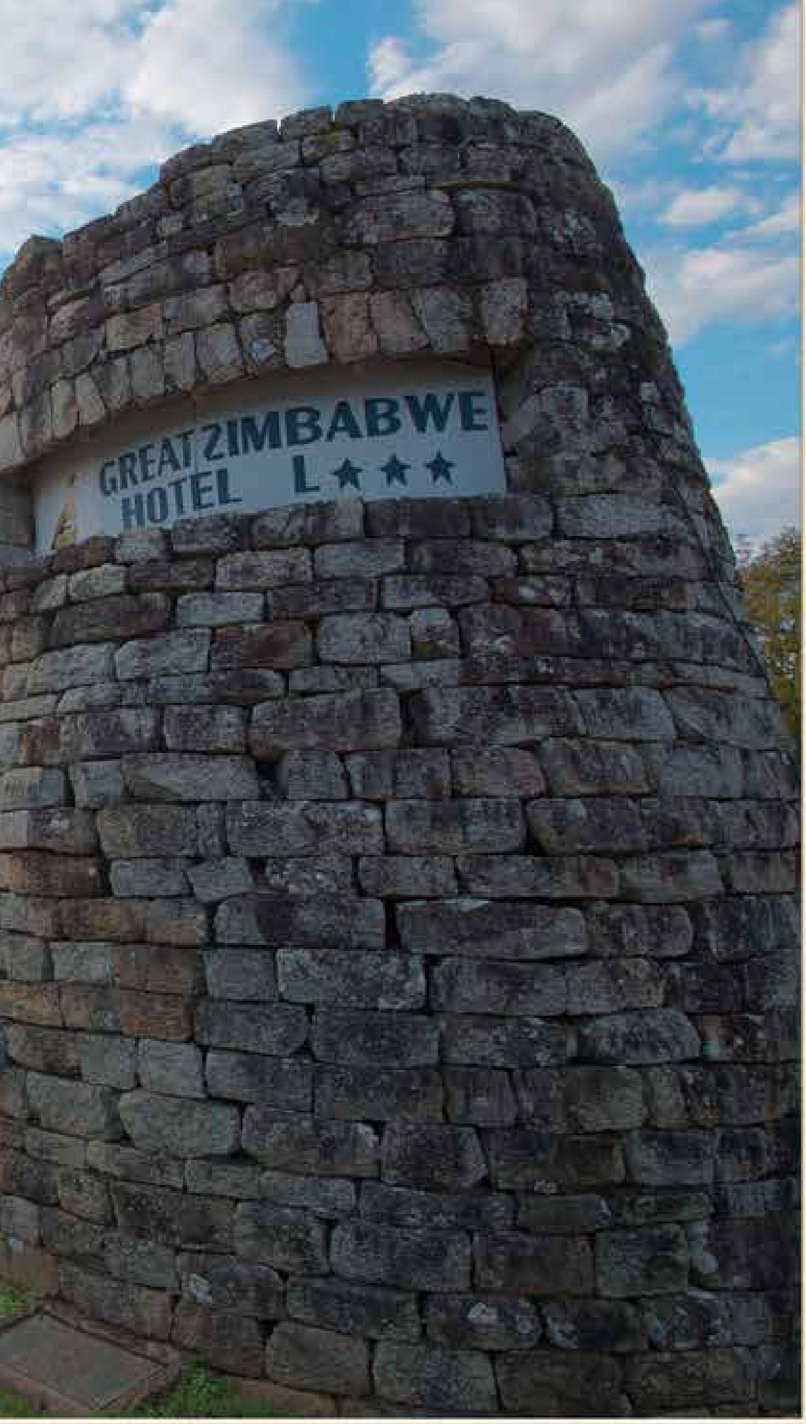


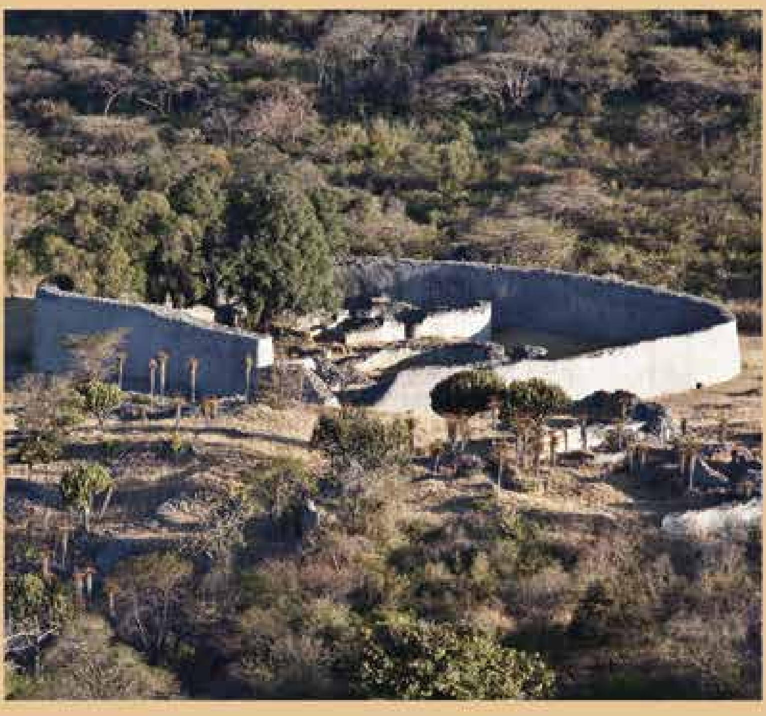
Group Structure

As at 31 December 2017



African Sun Zimbabwe (Private) Limited is the hotel operating entity. African Sun Limited Branch is the Group's Pan African Central Reservations office, primarily servicing foreign guests into the Group's hotels.





MASVINGO

Explore the Unique
World Heritage Cultural Site

Great Zimbabwe
Hotel


5
7
2
3
6
1
8
4

Board of Directors

1. **MR. HERBERT NKALA**
Independent non-executive Chairman

Mr. H Nkala (Herbert) was appointed Chairman of the African Sun Board on 31 March 2015 having joined the Board on 24 November 2014. Herbert is a marketing practitioner and is currently the Managing Director of Arena Investments (Private) Limited.

2. **MR. EDWIN SHANGWA**
Managing Director

Mr. E T Shangwa (Edwin) was appointed to the position of Managing Director on 17 September 2015. An accountant by training and a holder of a Master in Business Administration Degree, Ed has experience in the tourism and hospitality industry spanning over 30 years in hotel operations and accounting.

3. **MR. BELIEVE DIRORIMWE**
Finance Director

Mr. B H Dirorimwe (Believe) was appointed to the position of Finance Director on 17 September 2015. A Chartered Accountant (Zimbabwe and South Africa), Believe has been instrumental in the Group's capital raising initiatives, new projects and business restructuring.

4. **MR. BRETT CHILDS**
Non-executive Director

Mr. B Childs (Brett) was appointed to the African Sun Board on 16 March 2017. Brett is a Chartered Accountant (South Africa) and the Chief Executive Officer of Brainworks.

5. **MR. EMMANUEL ANESU FUNDIRA**
Independent non-executive Director

Mr. E A Fundira (Emmanuel) was appointed to the African Sun Board on 17 October 2012. A marketer by profession, Emmanuel 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.

6. **MR.ALEX MAKAMURE**
Independent non-executive Director

Mr. A Makamure was appointed to the African Sun Board on 17 October 2012. A Chartered Accountant (Zimbabwe), Alex is the Company Secretary and Group Treasurer for Delta Corporation Limited.

7. **MS. NYARADZO G MAPHOSA**
Independent non-executive Director

Ms. N G Maphosa (Nyaradzo) has served as non-executive director of African Sun since 17 October 2012. A registered Legal Practitioner, Notary Public and Partner with Sawyer and Mkushi Legal Practitioners, Nyaradzo has been in practice for the past 17 years where she is Attorney of record for several financial institutions in Zimbabwe.

8. **MR. PETER SAUNGWEME**
Non-executive Director

Mr. P Saungweme (Peter) was appointed to the African Sun Board on 8 March 2018. Peter is a Chartered Accountant by training and is the Chief Finance Officer of Brainworks.

Management

EXECUTIVE COMMITTEE

Seated from left: E.T. Shangwa (Managing Director) and T.M. Ndebele (Sales and Marketing Director).
Standing from left: B.H. Dirorimwe (Finance Director), V.T. Musimbe (Company Secretary) and E. Nyakurerwa (Human Resources Director).

DIVISIONAL HEADS

R. Hodson	Hotels Under Management - Legacy Hospitality Management Limited
I. Katsidzira	Hotels Under the InterContinental Hotels Group ("IHG") Franchise (Holiday Inns)
E.T. Shangwa	Owner Managed Hotels and other Strategic Business Units

HOTEL AND RESORT GENERAL MANAGEMENT

Property General Managers

Area General Managers

L. Burr	Monomotapa Harare and Troutbeck Resort
A. Landry	Elephant Hills Resort and Conference Centre, The Kingdom at Victoria Falls and Hwange Safari Lodge

Hotels Under Management

A. Landry	Elephant Hills Resort and Conference Centre
D. Kung	The Kingdom at Victoria Falls
N. Newmarch	Hwange Safari Lodge
V. Halimana	Monomotapa Harare
C. Chimbira	Troutbeck Resort

Hotels Under Franchise

I. Katsidzira	Holiday Inn Harare
C. Mulinde	Holiday Inn Bulawayo
C. Chinwada	Holiday Inn Mutare

Stand Alone Hotels

A. Matema	Caribbea Bay Resort
M. Terera	Great Zimbabwe Hotel

The Victoria Falls Hotel Partnership

G. Togni	The Victoria Falls Hotel

Sun Casinos

S. Mkandla	Harare Sun Casino and Makasa Sun Casino

Corporate Information

Directorate

Chairman
H. Nkala

Non-executive Directors
E.A. Fundira
P. Saungweme
A. Makamure
B. Childs
N.G. Maphosa

Executive Directors
E.T. Shangwa – Managing Director
B.H. Dirorimwe – Finance Director

Board Committees

Finance and Audit Committee
A. Makamure (Chairman)
P. Saungweme
E.A. Fundira
B. Childs

Nominations Committee
H. Nkala (Chairman)
B. Childs
A. Makamure

Human Resources and Remuneration Committee
P. Saungweme (Chairman)
B. Childs
N.G. Maphosa

Marketing Committee
E.A. Fundira (Chairman)
N.G. Maphosa
A. Makamure

Company Secretary
V.T Musimbe

Independent Auditor

PricewaterhouseCoopers Chartered Accountants (Zimbabwe)
Building Number 4, Arundel Office Park
Norfolk Road
Mount Pleasant
P.O. Box 453
Harare
Zimbabwe

Main Bankers

FBC Bank Limited
5th Floor, FBC Centre
Nelson Mandela Avenue
Harare
Zimbabwe

Nedbank Zimbabwe Limited
16th Floor, Old Mutual Centre
Third Street
Harare
Zimbabwe

Legal Advisors

Dube, Manikai and Hwacha Commercial Law Chambers
6th Floor, Gold Bridge
Eastgate Complex
Robert Mugabe Road
Harare
Zimbabwe

Registered Office

African Sun Limited
c/o Monomotapa Harare
54 Parklane
Harare
Zimbabwe

Physical Address

African Sun Limited
Bally House,
Mount Pleasant Business Park,
870 Endeavour Crescent, Off Norfolk Road,
Harare
P.O. Box CY 1211,
Causeway
Harare

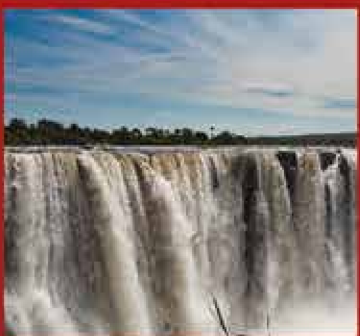
Shareholders' Diary

Shareholders' Diary

March 2018	Full Year Results 2017
May 2018	Annual Report 2017 Published
28 June 2018	Forty-sixth Annual General Meeting

Interim Reports

Anticipated Date	
August 2018	Half Year Results 2018
March 2019	Full Year Results 2018
June 2019	Forty-seventh Annual General Meeting


HARARE & VICTORIA FALLS

It's a Sure Bet all the Way

Notice to Members

NOTICE IS HEREBY GIVEN TO THE SHAREHOLDERS OF THE COMPANY THAT, the Forty Sixth Annual General Meeting of Shareholders of African Sun Limited will be held in the Kariba Room at Holiday Inn Harare, Corner 5th Street and Samora Machel Avenue, Harare on Thursday, 28 June 2018 at 1200 hours for the purpose of considering the following business to be transacted and, if deemed fit, passing with or without amendment, the resolutions set out hereunder, and considering any other matters raised by shareholders, at the AGM:

Voting thresholds:
For the purpose of approving the ordinary resolutions the support of more than 50% of the voting rights exercised by shareholders present in person, or represented by proxy, at the AGM is required.

ORDINARY BUSINESS

1. Statutory Financial Statements
To receive and adopt the financial statements for the period ended 31 December 2017, together with the report of the Directors and Auditors therein.

2. Directors Resignations and Appointments
Ms. T Ndebele and Mr. W T Kambwanji resigned from the Board on 1 September 2017 and 8 March 2018 respectively. Mr. P. Saungweme was appointed to the Board on the 8 March 2018 and retires at the end of his interim appointment. Being eligible, he will offer himself for re-election at the Annual General Meeting.

All the other non-executive directors will be subject to re-election at the Annual General Meeting. All the non-executive directors being eligible will offer themselves for re-election at the Annual General Meeting.

3. Independent Auditors

3.1 To ratify the Auditors' remuneration for the past audit.
3.2 To confirm the re-appointment of PricewaterhouseCoopers (Zimbabwe) as external auditors of the Company for the ensuing year.

4. Director's Fees
To ratify the payment of directors' fees for the Chairman and non-executive directors for the period ended 31 December 2017.

ANY OTHER BUSINESS

To transact any other business competent to be dealt with at the Annual General Meeting.

Note:
(a) In terms of section 129 of the Companies Act (Chapter 24:03), members are entitled to appoint one or more proxies to act in the alternative, to attend, vote and speak in their place at the meeting. A proxy need to be a member of the Company.
(b) In terms of Article 80 of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

By Order of the Board

V. T. Musimbe

V T Musimbe
Company Secretary

Registered Office
African Sun Limited
Monomotapa Harare
54 Parklane,
Harare,
Zimbabwe

7 June 2018

Corporate and Hotel Directory

African Sun Limited
Incorporated and domiciled in the Republic of Zimbabwe Registration number: 643/1971

Registered Office
African Sun Limited, c/o Monomotapa Harare
54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 24 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Transfer Secretaries
First Transfer Secretaries (Private) Limited
1 Armagh Ave, Eastlea, Harare, Zimbabwe
Tel: +263 4 782869 /7
Email: rchidemboz@fts.com

Physical Address
African Sun Limited, Bally House, Mount Pleasant Business Park, 870 Endeavour Crescent off Norfolk Road, Harare
P.O.Box CY 1211, Causeway , Harare, Zimbabwe
Tel: + Tel: +263 24 338232 -6, +263 78 270 5382, +263 78 270 5379, +263 78 270 5384
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

Investor Relations
Web: www.africansunhotels.com

Telephone Directory

For reservations:

Pan African Central Reservations Office, ("PACRO") Johannesburg Email: pacro@africansunhotels.com	+27 100030079,100030081-5
Harare Central Reservations Office Harare ("HACRO") Email: reservations@africansunhotels.com	+263 24 700521 or +263 782 706 785-7
Legacy Hotels and Resorts, Baobab House, 5 Autumn Street, Rivonia, Johannesburg, South Africa Email: hotels@legacyhotels.co.za	+27 11 234 1823

Hotels Under Management

Monomotapa Harare	+263 24 704501-30
Elephant Hills Resort and Conference Centre	+263 83 44793-9
Hwange Safari Lodge	+263 81 331-6
The Kingdom at Victoria Falls	+263 83 44275 or 42358
Troutbeck Resort	+263 26 298 881 or 298 883-6

Hotels Under Franchise

Holiday Inn Mutare	+263 20 64431
Holiday Inn Bulawayo	+263 29 252464, 257211 or 252460-9
Holiday Inn Harare	+263 24 251200-14 or 795610-38

Owner Managed Hotels

Caribbea Bay Resort	+263 61 2452-4
Great Zimbabwe Hotel	+263 39 262274, 265427 or 264187

The Victoria Falls Hotel Partnership

The Victoria Falls Hotel	+263 83 44751-60 or 44203-5

Sun Casinos

Harare Sun Casino	+263 24 704501-30
Makasa Sun Casino	+263 83 44275 or 42358

AFRICAN SUN

LIMITED

PROXY FORM FOR THE ANNUAL GENERAL MEETING

For use at the Forty Sixth Annual General Meeting of Shareholders of African Sun Limited will be held in the Kariba Room at Holiday Inn Harare, Corner 5th Street and Samora Machel Avenue, Harare on Thursday, 28 June 2018 at 1200 hours.

I/We, the undersigned ____

of ____

Being registered holder(s) of ______________________________ ordinary shares

Hereby appoint ____

or failing him, ____

Or failing them, the Chairman of the meeting as my/our proxy to act for me/us and vote for me/us on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on Thursday, 28 June 2018 at 1200 hours and at any adjournment thereof.

PROXY

(a) In terms of section 129 of the of the Companies Act (Chapter 24:03), members are entitled to appoint one or more proxies to act in the alternative, to attend and vote and speak in their place at the meeting. A proxy need not be a member of the Company.

(b) In terms of article 80 of the Company's Articles of Association, instruments of the proxy must be lodged at the registered office of the Company at least forty-eight hours before the time appointed for holding the meeting.

Signed at ____________________ this ____________________ day of ____________________ 2018

Signature of Shareholder ____

PLEASE NOTE

If the address on the envelope of this letter is incorrect, please fill in the correct details below and return to the Company Secretary.

Name ____

Address ____

____

____

Stamp

THE COMPANY SECRETARY

Registered Office:
AFRICAN SUN LIMITED
C/O Monomotapa Harare,
54 Parklane, Harare, Zimbabwe.
PO Box CY 1211, Causeway,
Harare, Zimbabwe.

Physical Address:
AFRICAN SUN LIMITED
Bally House,
Mount Pleasant Business Park,
Off Norfolk Road, 870 Endeavour Crescent,
Mount Pleasant, Harare, Zimbabwe.
PO Box CY 1211, Causeway,
Harare, Zimbabwe.

AFRICAN SUN
LIMITED

REGISTERED OFFICE
African Sun Limited, c/o Monomotapa Harare
54 Parklane, Harare, P.O. Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 4 338 232 - 40, +263 78 270 5382 - 4, +263 78 270 5379, +263 4 250501-6.
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com

CORPORATE HEAD OFFICE
African Sun Limited
Bally House, Mount Pleasant Business Park,
870 Endeavour Crescent, Off Norfolk Road, Harare, Zimbabwe.
P O Box CY 1211, Causeway, Harare, Zimbabwe
Tel: +263 4 338 232 - 40, +263 78 270 5382 - 4, +263 78 270 5379, +263 4 250501-6.
Email: venon.musimbe@africansunhotels.com
Web: www.africansunhotels.com
www.africansuninvestor.com