



Audited Condensed Financial Statements

for the year ended 31 December 2016

FINANCIAL HIGHLIGHTS

Revenue - US\$43.60 million

12% down on 12 months
31% down on 15 months

Operating expenses - US\$27.90 million

19% down on 12 months
36% down on 15 months

EBITDA - US\$5.48 million

1% down on 12 months
23% down on 15 months

Finance costs - US\$0.78 million

60% down on 12 months
70% down on 15 months

Profit after tax - US\$4.81 million

From US\$8.56 million loss on 12 months
From US\$8.31 million loss on 15 months

Occupancy - 44%

4 percentage points down on 12 months
5 percentage points down on 15 months

ADR - US\$93

Flat on both 12 and 15 months

RevPAR - US\$41

7% down on 12 months
9% down on 15 months

MESSAGE FROM THE CHAIRMAN

INTRODUCTION

The operating environment in Zimbabwe continued to deteriorate reflected in the nation's negative inflation rate of 0.93%. Increasing import strain, low liquidity and the weak regional currencies against the United States Dollar resulted in subdued performance for the period under review. Regionally, the weak South African Rand to the US dollar affected the South African market, which contributes significantly to tourist arrivals into Zimbabwe. In tandem, traffic from international markets was markedly depressed despite our competitive room rates. The Group adopted a targeted volume stimulation drive backed by cost reduction initiatives to mitigate the composite effect of the local, regional and international markets downturn on our hotels' occupancy and room rates. These initiatives included targeting regional conventions business, increasing the Group's representation in our source markets and attendance at international travel and trade shows, and increased promotions to our domestic market. The initiatives culminated in a successful turnaround of our business as the Group reported a profit after tax of US\$4.81 million compared to a loss of US\$8.31 million posted in the 15 months period ended 31 December 2015. Zimbabwe tourism continues to show its resilience in spite of macro-economic conditions.

FINANCIAL REVIEW

Group revenue for the year ended 31 December 2016 was US\$43.6 million; a 31% decline from US\$63.2 million reported in the 15-month period ended 31 December 2015. However, the reported revenue represents a 12% decrease for the comparable 12-month period last year. There was a noticeable decline in the average monthly revenues for the period under review reflected by the drop in room occupancy from 48% in the prior year to 44%. The weak South African Rand against the US Dollar has a negative impact on tourist arrivals into Zimbabwe, as the United States Dollar denominated costs render Zimbabwe a more expensive option compared with other regional destinations. The overall international market declined as arrivals from USA into our hotels recorded a 9% drop compared to prior year. A combination of these factors saw the revenue per available room ("RevPAR") recede from US\$45 recorded in the same period for the previous year to US\$41, mitigated by the average daily rate ("ADR") which remained unchanged at US\$93.

At US\$5.48 million, the EBITDA was 1% below the prior 12-month period despite a 12% drop in revenues. On a positive note, costs of financing our business continued to decline, dropping by 70% due to restructuring of our debt.

The Group recorded a profit before tax for the year from continuing operations of US\$4.96 million, a substantial turnaround from a loss of US\$6.15 million reported in the 15 months ended 31 December 2015. The profit from the disposal of a subsidiary (US\$1.93 million), Reserve Bank of Zimbabwe (RBZ) export incentive (US\$0.28 million), profit on disposal of fixed assets (US\$0.28 million) and insurance claims (US\$0.23 million) led to the recording of US\$3.03 million in other income.

SIGNIFICANT FINANCIAL MATTERS

Disposal of African Sun Limited PCC

African Sun Limited PCC was disposed effective 1 June 2016 for a cash consideration of US\$0.055 million resulting in a gain on disposal of \$51.93 million, accounting for the subsidiary's net liability position of US\$1.13 million. The disposal was undertaken in fulfilment of the Board's strategy to exit foreign operations. Overall, the disposal contributed to the improvement of the Group's equity position and reduction of the negative working capital gap.

Settlement of timeshares and leasehold improvements

During the year African Sun Limited and Dawn Properties Limited agreed to settle a longstanding dispute relating to the ownership of the timeshare units at the Troutbeck (24 units) and Caribbea Bay Resorts (11 units) alongside a dispute over leasehold improvements. In the settlement, Dawn Properties Limited agreed to pay African Sun Limited the sum of US\$1 415,135. The net book value of assets was US\$1 370 505 and a gain of US\$0.045 million was realised.

OUTLOOK

The following key initiatives centred on the Group's strategy continue to realise progress:

- drive volume growth through specific and targeted promotions both in the domestic and international markets;
- harness and fully utilise e-marketing, social media and online platforms for a wider market reach;
- leveraging on international brands and delivering exceptional customer service in all our hotels;
- reward our guests with the attractive loyalty programs as offered by the different brands in our stable; and
- reduce cost of sales and operating overheads.

We are further encouraged by the optimism of the tourism industry arising from the completion of the Victoria Falls Airport expansion and refurbishment, which will lead to increased foreign arrivals and improved our occupancy

at our Victoria Falls properties. A number of airlines have expressed interest in the route, and those that have confirmed that they will fly into Victoria Falls will increase the weekly airline seat arrival by 40%. Four carriers; Kenya Airways, Rwanda Air, SA Airlink and Ethiopian Airways have already committed to commence flying into Victoria Falls. Kenya Airways is expected to introduce three times a week direct flights into Victoria Falls from Nairobi by the end of May 2017. The additional flights will increase seat arrivals into this market by 40%.

Management have developed an existing marketing plan for 2017, which aims to exploit opportunities in targeted greenfield markets.

DIRECTORATE CHANGES

Since the last Annual General Meeting, Mr. Timothy Nuy and Mr. George Manyere resigned from the Board on 31 July 2016 and 16 March 2017 respectively. Mr. Brett Childs was appointed to the Board on 16 March 2017.

On behalf of the board, I take this opportunity to thank the departing directors for their invaluable contribution over the years and welcome Mr. Childs to the Board.

DIVIDEND DECLARATION

In view of the need to improve the Company's equity and the need to conserve cash resources, the Board has resolved not to declare a dividend for the year ended 31 December 2016.

APPRECIATION

I would like to commend fellow directors, management and staff for the enthusiasm and dedication with which they have confronted and overcome the many challenges that have faced our business for the period under review. I believe that this commitment will serve us well in the realisation of African Sun's ambitions. I would also like to thank all our stakeholders for their continued support as the company forges ahead.

H Nkala
Chairman

16 March 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All figures in US\$	As at 31 December 2016 Audited	As at 31 December 2015 Audited
Assets		
Non-current assets		
Property and equipment	21 270 729	23 978 944
Biological assets	165 137	165 137
Trade and other receivables	178 893	389 971
	21 614 759	24 534 052
Current assets		
Inventories	1 453 628	1 639 079
Trade and other receivables	5 663 267	4 132 627
Cash and bank balances (excluding bank overdrafts)	4 885 160	3 079 533
	12 002 055	8 851 239
Total assets	33 616 814	33 385 291
Equity and liabilities		
Equity attributable to owners of the parent		
Share capital	8 617 716	8 617 716
Share premium	25 123 685	25 123 685
Other reserves	-	1 273 921
Foreign currency translation reserve	(3 500 446)	(2 889 372)
Accumulated losses	(23 581 158)	(29 661 789)
Total equity	6 659 797	2 464 161
Liabilities		
Non-current liabilities		
Other payables	1 730 148	1 165 237
Borrowings	6 3 013 848	2 317 534
Deferred tax liabilities	3 617 873	3 589 137
	8 361 869	7 071 908
Current liabilities		
Trade and other payables	11 118 551	14 938 712
Provisions for other liabilities	2 220 905	3 491 077
Borrowings	6 5 255 692	5 419 433
	18 595 148	23 849 222
Total liabilities	26 957 017	30 921 130
Total equity and liabilities	33 616 814	33 385 291

The notes below are an integral part of these condensed financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures in US\$	Year ended 31 December 2016 Audited	15 months ended 31 December 2015 Audited
Continuing Operations		
Revenue	43 600 924	63 154 973
Cost of sales	(12 993 608)	(18 282 442)
Gross profit	30 607 316	44 872 531
Other income	1 444 442	2 952 491
Operating expenses	(27 900 883)	(43 455 105)
Other expenses	(364 747)	(5 822 727)
Impairment of assets	-	(2 197 264)
Profit from disposal of subsidiary	1 176 165	-
Recycled from other comprehensive income	755 651	-
Operating profit / (loss)	5 717 944	(3 650 074)
Finance income	23 690	4 553
Finance costs	(776 864)	(2 504 008)
Profit / (loss) before income tax	4 964 770	(6 149 529)
Income tax (expenses) / credit	(28 735)	464 839
Profit / (loss) from continuing operations	4 936 035	(5 684 690)
Loss from discontinued operations	(129 325)	(2 625 751)
Profit / (loss) for the period	4 806 710	(8 310 441)
Profit / (loss) for the period attributable to Owners of the parent:	4 806 710	(8 310 441)
Profit / (loss) for the period attributable to owners of the parent arises from:		
Continuing operations	4 936 035	(5 684 690)
Discontinued operations	(129 325)	(2 625 751)
	4 806 710	(8 310 441)
Other comprehensive income / (loss)-net of tax: Items that are being or may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	144 577	(23 487)
Exchange differences on translation of discontinued operations	-	(356 891)
Recycled to profit or loss	(755 651)	-
Total other comprehensive income / (loss)	(611 074)	(380 378)
Total comprehensive income / (loss) for the period	4 195 636	(8 690 819)
Total comprehensive income / (loss) for the period attributable to:		
Owners of the parent	4 195 636	(8 690 819)
Total comprehensive income / (loss) for the period attributable to owners of the parent arises from:		
Continuing operations	4 324 961	(5 708 177)
Discontinued operations	(129 325)	(2 982 642)
	4 195 636	(8 690 819)
Earnings / (loss) per share from continuing and discontinued operations attributable to: Owners of the parent during the year: US cents		
Basic earnings / (loss)		
From continuing operations	0.57	(0.60)
From discontinued operations	(0.01)	(0.31)
Earnings / (loss) for the period	0.56	(0.91)
Diluted earnings / (loss)		
From continuing operations	0.57	(0.60)
From discontinued operations	(0.01)	(0.31)
Earnings / (loss) for the period	0.56	(0.91)
Headline earnings / (loss) per share	0.31	(0.89)

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures in US\$	Year ended 31 December 2016 Audited	15 months ended 31 December 2015 Audited
Cash flows from operating activities		
Cash generated from operations	3 279 518	8 516 051
Interest received	23 690	4 553
Interest paid	(1 130 355)	(2 964 082)
Net cash generated from operating activities	2 172 853	5 556 522
Cash flows from investing activities		
Purchase of property and equipment	(1 757 047)	(2 005 230)
Proceeds from sale of property and equipment	799 582	184 660
Proceeds from disposal of subsidiary	45 468	-
Proceeds from sale of non-current assets held for sale	-	5 825 248
Net cash (used in) / generated from investing activities	(911 997)	4 004 678
Cash flows from financing activities		
Proceeds from issue of shares	-	469 633
Proceeds from short-term borrowings	6 050 477	2 611 036
Proceeds from long-term borrowings	2 000 000	-
Deposit utilised from debt service reserve account	104 602	264 851
Repayment of short-term borrowings	(7 005 726)	(7 862 769)
Repayment of long-term borrowings	-	(3 610 590)
Cash generated from / (used in) financing activities	1 149 353	(8 127 839)
Net increase in cash and cash equivalents	2 410 209	1 433 361
Cash and cash equivalents at beginning of the period	2 462 754	1 103 491
Exchange gain / (loss) on cash and cash equivalents	12 197	(74 098)
Cash and cash equivalents at the end of the period	4 885 160	2 462 754





Audited Condensed Financial Statements for the year ended 31 December 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Non-distributable reserves	Equity settled share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total equity
All figures in US\$							
15 months ended 31 December 2015							
Balance as at 1 October 2014	8 314 729	24 734 304	1 273 921	100 856	(2 508 994)	(21 351 348)	10 563 468
Loss for the period	-	-	-	-	-	(8 310 441)	(8 310 441)
Other comprehensive loss:							
Currency translation differences	-	-	-	-	(380 378)	-	(380 378)
Total comprehensive loss for the period	-	-	-	-	(380 378)	(8 310 441)	(8 690 819)
Transaction with owners:							
Employee share scheme - value of employee services	-	-	-	121 881	-	-	121 881
Share option exercised by employees	302 987	389 381	-	(222 737)	-	-	469 631
Total transactions with owners	302 987	389 381	-	(100 856)	-	-	591 512
Balance as at 31 December 2015	8 617 716	25 123 685	1 273 921	-	(2 889 372)	(29 661 789)	2 464 161
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
Transfer to accumulated losses	-	-	(1 273 921)	-	-	1 273 921	-
Profit for the year	-	-	-	-	-	4 806 710	4 806 710
Other comprehensive income:							
Currency translation differences	-	-	-	-	(611 074)	-	(611 074)
Total comprehensive income for the year	-	-	-	-	(611 074)	4 806 710	4 195 636
Balance as at 31 December 2016	8 617 716	25 123 685	-	-	(3 500 446)	(23 581 158)	6 659 797

The performance of these segments for the period under review is analysed below;

	Year ended 31 December 2016 Audited	15 months ended 31 December 2015 Audited
All figures in US\$		
Revenue		
Hotels under management	21 119 922	32 261 657
African Sun managed hotels	26 082 541	34 766 533
-Hotels under franchise	13 095 711	17,702,113
-Hotels under stand alone brands	2 766 738	4,334,639
-Partnership	6 303 060	7,614,140
-Other complementary operations	3 917 032	5,115,641
Intersegment transactions	(3 601 539)	(3 873 217)
	43 600 924	63 154 973
Gross profit		
Hotels under management	14 387 028	22,450,915
African Sun managed hotels	16 220 288	22,421,616
-Hotels under franchise	9 176 098	12,630,329
-Hotels under stand alone brands	1 962 854	3,077,072
-Partnership	4 794 526	5,656,202
-Other complementary operations	286 810	1,058,013
	30 607 316	44,872,531
Earnings before interest, tax, depreciation and amortization ("EBITDA")		
Hotels under management	(16 185)	3 018 402
African Sun managed hotels	5 501 016	4 073 929
-Hotels under franchise	1 667 434	2 335 019
-Hotels under stand alone brands	156 231	295 912
-Partnership	2 179 882	2 250 952
-Other complementary operations	1 497 469	(807 954)
	5 484 831	7,092,331
Profit / (loss) before income tax		
Hotels under management	(1 117 965)	(1 488 915)
African Sun managed hotels	6 082 735	(4 660 614)
-Hotels under franchise	740 305	(1 054 826)
-Hotels under stand alone brands	37 963	(313 083)
-Partnership	1 959 242	1 529 300
-Other complementary operations	3 345 225	(4 822 005)
	4 964 770	(6 149 529)
Total assets		
Hotels under management	11 313 600	11 317 079
African Sun managed hotels	22 303 214	22 068 212
-Hotels under franchise	8 023 320	7 386 284
-Hotels under stand alone brands	1 575 521	1 538 063
-Partnership	4 071 287	4 043 916
-Other complementary operations	8 633 086	9 099 949
	33 616 814	33 385 291
Total liabilities		
Hotels under management	5 150 670	5 441 333
African Sun managed hotels	21 806 348	25 479 797
-Hotels under franchise	2 465 044	2 621 191
-Hotels under stand alone brands	859 901	862 426
-Partnership	1 980 091	1 881 173
-Other complementary operations	16 501 312	20 115 007
	26 957 018	30 921 130

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

African Sun Limited ("the Company") and its subsidiaries (together, "the Group") leases and operates eleven hotels in Zimbabwe following, the closure of Beit Bridge Express Hotel on 31 January 2016. The Group also operates a central reservations office in South Africa.

The Company is incorporated and domiciled in Zimbabwe, and listed on the Zimbabwe Stock Exchange. The ultimate parent of the Company is Brainworks Capital Management (Private) Limited, which owns 57.64% (2015: 57.43%) of the ordinary share capital of the Company.

The Company's registered address is Monomotapa Hotel, Number 54, Park Lane Road, Harare, Zimbabwe. These condensed financial statements were approved for issue by the directors on 16 March 2017.

2 STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Zimbabwe Stock Exchange Listings Requirements, and in the manner required by the Zimbabwe Companies Act (Chapter 24:03).

3 ACCOUNTING POLICIES

The principal accounting policies adopted in the presentation of these financial statements are consistent with those of the previous financial year except where stated.

These condensed financial statements are presented in United States of America dollars ("US\$") and are prepared on the historical cost basis modified by revaluation of biological assets.

4 AUDIT OPINION

These financial statements should be read in conjunction with the complete set of financial statements for the year ended 31 December 2016, which have been audited by PricewaterhouseCoopers Chartered Accountants (Zimbabwe). An unqualified audit opinion has been issued which also includes a section on key audit matters. The auditor's report on the financial statements is available for inspection at the Company's registered office.

5 GOING CONCERN

The Group recorded a profit after tax from continuing operations of US\$4.94 million for the year ended 31 December 2016 despite a 12% drop in revenue from the comparable 12 months ended 31 December 2015. The turnaround in profitability is a result of the cost cutting initiatives, which were implemented. From the profit of US\$4.94 million, US\$1.57 million was from core operations, indicating the strengthened structures to return to profitability going forward should revenue improve. Part of the major changes was the disposal of African Sun Limited PCC ("ASL PCC") in 2016, resulting in a gain on disposal of US\$1.9 million. These initiatives improved the Group's equity from US\$2.46 million reported in December 2015 to US\$6.66 million as at 31 December 2016.

The return to profitability coupled with restructuring of statutory historical debts and disposal of African Sun Limited PCC resulted in the improvement of the Group's negative working capital to US\$6.59 million from US\$15 million reported in December 2015, and gearing to 34% from 65% reported in 2015.

To ensure profitability and reduction in the negative working capital in the ensuing year, the Group will be working on various initiatives, which include;

- revenue generation initiatives to grow the domestic market and sustain the profitable foreign market;
- continue with our soft refurbishment at the various hotels to address key areas to give our guest the best experience;
- continuous business processes improvement to cut costs and match revenue generation levels; and
- continue to engage our bankers to restructure our borrowings to obtain the right pricing for our borrowings and achieve a good balance between short-term and long-term loans.

Based on the aforementioned, the Directors have assessed the ability of the Group to continue as a going concern and are of the view that the

preparation of these annual financial statements on a going concern basis is appropriate.

6 BORROWINGS

	As at 31 December 2016 Audited	As at 31 December 2015 Audited
All figures in US\$		
Non-current:		
Foreign bank loans	-	979 167
Local bank loans	3 013 848	1 338 367
Total non-current	3 013 848	2 317 534
Current:		
Foreign bank loans	-	1 837 990
Local bank loans	5 251 926	3 034 317
Foreign bank overdrafts	-	259 781
Local bank overdrafts	-	252 396
Finance lease liability	3 766	34 949
Total current	5 255 692	5 419 433
Total borrowings	8 269 540	7 736 967

Borrowings including bank overdrafts bear an average interest cost of 10.19% annually (2015: 13.10%). Borrowings amounting to US\$4.57 million are secured by notarial general covering bonds ("NGCB") over selected receivables and movables, and an unlimited guarantee by Brainworks Capital Management (Private) Limited. Borrowings amounting to US\$3.7 million are unsecured.

7 SEGMENT ANALYSIS

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

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

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

Earnings before interest, tax, depreciation and amortisation ("EBITDA") has been calculated excluding exceptional charges relating to fair value adjustments and impairments for 2016 and the comparatives.

Revenue and profit measures excludes discontinued operations.

Change in business model

During the last quarter of the year 2015 the Group finalised a change of its business model from the traditional hotel management model to a hotel investment model. The Group has started using this new model to manage its business from 1 January 2016. The new 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, Troutbeck Resort, Hwange Safari Lodge and The Kingdom at Victoria Falls Hotel.

2. African Sun managed operations

- These are split further into sub-segments which are;
- Hotels under franchise ("Holiday Inn"): These are hotels run under the InterContinental Hotels Group ("IHG") Holiday Inn brand. The hotels are Holiday Inn Harare, Holiday Inn Bulawayo and African Sun Amber Hotel Mutare soon to be rebranded to Holiday Inn Mutare.
 - Hotels operating under stand alone brands: These are Great Zimbabwe Hotel and Carribea Bay Resort.
 - 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").
 - Other complementary operations: Comprise Central office, Sun Casinos and the Branch in South Africa.

8 KEY RELATED PARTY TRANSACTIONS

The following were key related party transactions during the year;

(a) Operating lease rentals

African Sun Limited disposed its entire shareholding in Dawn Properties Limited. However the two now have a common shareholding with Brainworks Management (Private) Limited which holds 66.81% shares in Dawn Properties limited (2015: 66.81%)

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\$2.25 million (2015: US\$2.96 million) charged by Dawn Properties Limited.

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

During the year 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.

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 had been sought.

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\$0.66 million was set off against operating lease rental obligation and the outstanding balance of US\$0.75 million will be set off against operating lease rentals in 2017. The outstanding amount from Dawn Properties Limited contributed to the increase in our trade and other receivables by 17% from prior year.

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

African Sun obtained a facility of US\$2 million from a local bank during the year. The facility is secured by fixed property valued at US\$3.99 million owned by Dawn Properties Limited. The facility was to refinance a loan used in soft refurbishment of hotels owned by Dawn Properties Limited. The salient terms on the security arrangement are;

- Tenure - 5 years and expires on 31 October 2020. However, the period could be less if African Sun clears or manages to refinance the loan
- Guarantee commission 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, Carribea 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.

Subsequent to year end, the security on the facility was varied to a notarial general covering bond ("NGCB") over certain receivables and movable assets valued at US\$3 million.

(d) Management and consultation services agreement

African Sun Limited signed a management agreement with Brainworks Capital Management (Private) Limited for provision of various consultations and management services. The management fees are charged at 0.65% of monthly turnover with a maximum of US\$35 000 per month. During the year management fees charge was US\$283 427 (2015:nil) and US\$134 081 (2015:nil) was outstanding as at 31 December 2016.

9 CAPITAL COMMITMENTS

	Year ended 31 December 2016 Audited	15 months ended 31 December 2015 Audited
All figures in US\$		
Authorised by Directors and contracted for	-	-
Authorised by Directors, but not contracted for	6 262 291	11 992 386
	6 262 291	11 992 386

Capital commitments relate to acquisition of property and equipment and will be financed from cash generated from operations.

10 CONTINGENT LIABILITY

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

