

ABRIDGED AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 December 2016



The Directors of Afinitas Limited are pleased to report on the operational and financial performance of the Company. This review covers the 12 months ended December 2016, a period of notable progress in building Afinitas into a pan African investment holding company.

Review of operations

During the year, the Board of Directors authorised the establishment of two new companies; Ethiopia Investments Limited ("EIL") and Adventis Limited ("Adventis"). A budget of \$2.5m was allocated to each of the new companies and experienced management teams have been appointed for both companies. In addition, a rapid expansion of the Company's 50% owned event management business, Africa Events Limited ("AEL"), has been approved with investor trips to 12 African countries planned for the next 12 months. AFSIC, the flagship event, continues to develop as the leading investment event for Africa's financial services sector.

Adventis is an Africa focused asset management company that has been established to pursue investment opportunities in Africa, with a strong focus on Africa's growing financial services sector. The company was formed towards the end of the reporting period and has shown rapid progress. It is anticipated that Adventis will launch a fund focused on strengthening Africa's financial sector during the 2017 calendar year.

EIL is a permanent capital vehicle that is focused on developing a world class Ethiopia focused conglomerate attracting significant inward investment into this exciting and rapidly developing country. EIL will invest across multiple sectors and in businesses at different stages of the development curve.

The process of establishing EIL has been delayed by the state of emergency announced in October by the Government of Ethiopia. Despite the political turbulence the Board believes that Ethiopia remains an attractive investment destination for long term investment.

In the last quarter of 2016 an expansion of the activities of AEL was approved to include investor roadshows. These will be focused on connecting investors with investment opportunities in the Infrastructure, Energy, Power, Renewables, Mining and Oil and Gas sectors. An experienced management team has been appointed to run these events. In addition AFSIC, AEL's flagship event focused on investment into Africa's financial sector, will take place in London during May 2017 and is anticipated to witness record attendance numbers for the fifth year in a row.

Review of financial statements

The financial statements for 2016 reflect the Company's expected initial growth and development stage. The financial year under review was the first year of full operations for Afinitas. It should be noted that the comparative period in 2015 only covers 5 months of operations from the time when the Company commenced operations. As a result a year on year comparison will show a significant change over the two years.

As is the case with any start-up company, operating costs are always likely to exceed revenue generated with the necessary investment in human resources and infrastructure at a time when revenue streams are not fully developed. In this context, administrative costs which include investment in travel expenditure and employee remuneration increased notably during the year.

The Afinitas group increased its staff head count to nine people during 2016. In contrast, the group only had two employees in 2015.

Despite the accounting loss reflected in the financial statements, the Directors are confident that the company is in a strong financial position. Total cash on the balance sheet is \$8m which includes \$5m allocated to EIL and Adventis. The balance of \$3m is available for investment in the current financial year.

Expenditure at EIL and Adventis is closely monitored and at this stage is in line with expectation and operational progress is also on track. These two investments are adequately funded to meet their strategic objectives.

Outlook

The next 12 months are likely to see continued strong progress towards Afinitas becoming a significant pan African investment holding company. The Board anticipates that some of the new businesses will become cash flow positive and profitable towards the end of the year. It is possible that Afinitas may seed and establish at least one more operating company during 2017. In this regard the Company is working on establishing an office in Nairobi, Kenya. Details of this new venture will be communicated to the market in due course.

For and on behalf of the Board of Directors

Lesang Magang
Chairman

Rupert McCammon
Managing Director

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

Figures in US Dollar	Group		Company	
	2016	2015	2016	2015
Revenue	310 814	-	-	-
Other income	10 925	46 838	-	46 838
Operating expenses	(704 058)	(93 761)	(391 255)	(93 761)
Operating loss	(382 319)	(46 923)	(391 255)	(46 923)
Finance income	57 676	17 956	57 676	17 956
Loss before taxation	(324 643)	(28 967)	(333 579)	(28 967)
Taxation	-	-	-	-
Loss for the year	(324 643)	(28 967)	(333 579)	(28 967)
Other comprehensive income:				
Items that may be reclassified to profit or loss:				
Exchange differences on translating foreign operations	(10 707)	(26)	-	-
Other comprehensive income for the year net of taxation	(10 707)	(26)	-	-
Total comprehensive loss for the year	(335 350)	(28 993)	(333 579)	(28 967)
Loss attributable to:				
Owners of the parent	(329 111)	(28 967)	(333 579)	(28 967)
Non-controlling interest	4 468	-	-	-
	(324 643)	(28 967)	(333 579)	(28 967)
Total comprehensive loss attributable to:				
Owners of the parent	(334 465)	(28 980)	(333 579)	(28 967)
Non-controlling interest	(885)	(13)	-	-
	(335 350)	(28 993)	(333 579)	(28 967)
Earnings per share				
Per share information				
Basic earnings per share (c)	(0.152)	(0.014)	(0.156)	(0.014)
Diluted earnings per share (c)	(0.152)	(0.014)	(0.133)	(0.014)

Statement of Changes in Equity

for the year ended 31 December 2016

Figures in US Dollar	Stated capital	Foreign currency translation reserves	Accumulated loss	Total attributable to equity holders of the group/company	Non-controlling interest	Total equity
Group						
Balance at 1 January 2015	10	-	(12 744)	(12 734)	-	(12 734)
Loss for the year	-	-	(28 967)	(28 967)	-	(28 967)
Other comprehensive income	-	(13)	-	(13)	(13)	(26)
Total comprehensive Loss for the year	-	(13)	(28 967)	(28 980)	(13)	(28 993)
Issue of shares	9 164 828	-	-	9 164 828	-	9 164 828
Share issue costs	(97 278)	-	-	(97 278)	-	(97 278)
Business combinations	-	-	-	-	74	74
Total contributions by and distributions to owners of company recognised directly in equity	9 067 550	-	-	9 067 550	74	9 067 624
Balance at 1 January 2016	9 067 560	(13)	(41 711)	9 025 836	61	9 025 897
(Loss) / profit for the year	-	-	(329 111)	(329 111)	4 468	(324 643)
Other comprehensive income	-	(5 354)	-	(5 354)	(5 353)	(10 707)
Total comprehensive Loss for the year	-	(5 354)	(329 111)	(334 465)	(885)	(335 350)
Balance at 31 December 2016	9 067 560	(5 367)	(370 822)	(8 691 371)	(824)	8 690 547
Company						
Balance at 1 January 2015	10	-	(12 744)	(12 734)	-	(12 734)
Loss for the year	-	-	(28 967)	(28 967)	-	(28 967)
Total comprehensive Loss for the year	-	-	(28 967)	(28 967)	-	(28 967)
Issue of shares	9 164 828	-	-	9 164 828	-	9 164 828
Share issue costs	(97 278)	-	-	(97 278)	-	(97 278)
Total contributions by and distributions to owners of company recognised directly in equity	9 067 550	-	-	9 067 550	-	9 067 550
Balance at 1 January 2016	9 067 560	-	(41 711)	9 025 849	-	9 025 849
Loss for the year	-	-	(333 579)	(333 579)	-	(333 579)
Total comprehensive Loss for the year	-	-	(333 579)	(333 579)	-	(333 579)
Balance at 31 December 2016	9 067 560	-	(375 290)	8 692 270	-	8 692 270

Board of Directors

Mr. Lesang Magang Independent Non-Executive Chairman
Mr. Rupert McCammon Managing Director
Mr. Leutlwtse Tumelo Executive Director
Dr. Keith Jefferis Independent Non-Executive Director

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Contact Details

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Statement of Financial Position

as at 31 December 2016

Figures in US Dollar	Group		Company	
	2016	2015	2016	2015
Assets				
Non-Current Assets				
Property, plant and equipment	36 774	2 833	36 774	2 833
Investments in subsidiaries	-	-	201	100
	36 774	2 833	36 975	2 933
Current Assets				
Trade and other receivables	58 344	84 389	114 861	47
Other financial assets	11 004	251 273	11 004	251 273
Current tax receivable	1 463	964	1 463	964
Cash and cash equivalents	8 664 244	8 798 553	8 542 174	8 774 160
	8 735 055	9 135 179	8 669 502	9 026 444
Total Assets	8 771 829	9 138 012	8 706 477	9 029 377
Equity and Liabilities				
Equity				
Stated capital	9 067 560	9 067 560	9 067 560	9 067 560
Foreign currency translation reserve	(5 367)	(13)	-	-
Accumulated loss	(370 822)	(41 711)	(375 290)	(41 711)
	8 691 371	9 025 836	8 692 270	9 025 849
Non-controlling interest	(824)	61	-	-
	8 690 547	9 025 897	8 692 270	9 025 849
Liabilities				
Current Liabilities				
Trade and other payables	34 035	14 961	14 207	3 528
Loans from related companies	1 079	16 966	-	-
Deferred income	46 168	80 188	-	-
	81 282	112 115	14 207	3 528
Total Equity and Liabilities	8 771 829	9 138 012	8 706 477	9 029 377

Statement of Cash Flows

for the year ended 31 December 2016

Figures in US Dollar	Group		Company	
	2016	2015	2016	2015
Cash flows from operating activities				
Cash used in operations	(379 103)	(35 814)	(492 566)	(43 141)
Finance income	57 676	17 956	57 676	17 956
Tax paid	(499)	(964)	(499)	(964)
Net cash from operating activities	(321 926)	(18 822)	(435 389)	(26 149)
Cash flows from investing activities				
Purchase of property, plant and equipment	(36 765)	(3 134)	(36 765)	(3 134)
Movement in investments	-	-	(101)	(100)
Purchase of financial assets	240 269	(251 273)	240 269	(251 273)
Net cash from investing activities	203 504	(254 407)	203 403	(254 507)
Cash flows from financing activities				
Proceeds on share issue	-	9 067 550	-	9 067 550
Repayment of shareholders loan	-	(12 734)	-	(12 734)
Repayment of loan from related company	(15 887)	-	-	-
Proceeds from loans from related company	-	16 966	-	-
Net cash from financing activities	(15 887)	9 071 782	-	9 054 816
Total cash and cash equivalents movement for the year	(134 309)	8 798 553	(231 986)	8 774 160
Cash and cash equivalents at the beginning of the year	8 798 553	-	8 774 160	-
Total cash and cash equivalents at end of the year	8 664 244	8 798 553	8 542 174	8 774 160

Auditors

Grant Thornton
 Plot 50370, Acumen Park,
 Fairgrounds, Gaborone,
 Botswana

Investing in Africa.