BRAINWORKS

Private Equity • Investments • Advisory

2014 ANNUAL REPORT

BRAINWORKS

Private Equity • Investments • Advisory

REGISTERED COMPANY

BRAINWORKS CAPITAL MANAGEMENT (PRIVATE) LIMITED
4 Arden Road
Newlands
Harare
Zimbabwe

Tel +263 4 782 849
Fax +263 4 782 855
Email enquiry@brainworkscapital.com
Website www.brainworkscapital.com

AUDITORS

KPMG CHARTERED ACCOUNTANTS (ZIMBABWE).
100 The Chase
Emerald Hill
Harare
Zimbabwe

LEGAL ADVISORS

DUBE, MANIKAI & HWACHA
6th Floor, Goldbridge
Eastgate Complex
Harare
Zimbabwe

ATHERSTONE & COOK
7th Floor, Mercury House
24 George Silundika Avenue
Harare
Zimbabwe

BANKERS

ECOBANK ZIMBABWE LIMITED
2 Piers Road
Borrowdale
Harare
Zimbabwe

INVESTEE COMPANIES

AFRICAN SUN LIMITED
DAWN PROPERTIES LIMITED
ECOBANK ZIMBABWE LIMITED
GETSURE LIFE ASSURANCE (PRIVATE) LIMITED
GETBUCKS FINANCIAL SERVICES LIMITED
FML OIL COMPANY OF ZIMBABWE (PRIVATE) LIMITED

VALUE STATEMENT

We abide by the set of values listed below which we believe to be pivotal to our success.

Integrity

We strive to provide services to stakeholders with the highest levels of integrity. This is essential to achieving the shared goal of creating value for all stakeholders.

Respect

We believe in respect among team members, and for all stakeholders, thereby creating lasting relationships.

Excellence and innovation

We believe that excellence in execution is critical in the quest to create long-term value for investors.

Teamwork

We have a team of professionals that have strong experience in their areas of expertise. In order for the Company and its stakeholders to benefit from this wide skill set, management and staff work as a team to create long-term value.

Sharing

We believe in broad-based and transparent sharing of value created from the Company's investment activities through various ways. Beneficiaries include the Company's shareholders, directors and employees, Government and local communities.

INDEX

These financial statements are presented in United States Dollars ("US$") and are rounded off to the next dollar.

LETTER TO THE SHAREHOLDERS

Dear Shareholders

We are pleased to present the consolidated financial statements of Brainworks Capital Management (Private) Limited ("the Company" or "Brainworks") and its subsidiaries (herein referred to as "the Group") for the year ended 31 December 2014.

The year 2014 witnessed a difficult economic environment creating numerous challenges and opportunities for businesses in Zimbabwe; notwithstanding the Group made the following significant achievements:

- Successfully acted as advisors to Atlas Mara Co-Nvest Limited ("Atlas Mara") on the acquisition of a controlling shareholding in ABC Holdings Limited ("ABCH").
- Consolidated its influence through the appointment of its board representatives on the African Sun Limited ("African Sun") board.
- Secured an advisory mandate with a listed mining entity.
- Completed the restructuring of the FML Oil Company of Zimbabwe (Private) Limited ("FML Oil") business, which has now broken even, is cash positive and growing its logistics business.
- The life assurance licence application was approved and a licence was granted by the Insurance and Pensions Commissions ("IPEC") in December 2014 for GetSure Life Assurance (Private) Limited (formerly Brainworks Life Assurance) ("GetSure Life").
- Increased its shareholding in Dawn Properties Limited ("Dawn Properties") to a direct interest of 29% and set to increase further to a controlling interest.
- Obtained Reserve Bank of Zimbabwe ("RBZ") approval to list on the Stock Exchange of Mauritius ("SEM").

Overview of the Zimbabwe economic environment

Zimbabwe's economy is expected to grow at a reduced rate of around 3.0% compared to 4.5% in 2013 and 3.1% in 2014. The economy has faced a number of problems which are hampering growth and full recovery. These challenges include:

- Low aggregate demand due to declining disposable income levels;
- Low industrial production and capacity utilisation due to poor demand, under-capitalisation, persistent power shortages, as well as the tight liquidity conditions prevailing in the country;

- A widening current account deficit due to pressure from imports, and limited or reducing export revenues due to the strengthening of the US$;
- Limited inflows of Foreign Direct Investment (FDI) and long-term foreign lines of credit;
- The absence of an active interbank market; and
- The continued absence of the lender of last resort function of the central bank, and resultant caution on expanding operations by all financial institutions.

These constraints impacted negatively on economic activity across all sectors during the year. The performance of capital intensive sectors such as manufacturing and mining was particularly subdued due to very little investment in these sectors.

GDP growth of 3.1% was nevertheless recorded on the back of limited budgetary support from the international community and the highly consumptive fiscal budget that was dominated by the salaries and wages of civil servants at the expense of capital investment in infrastructure. Furthermore, deposits in the banking sector were highly transitory and could not be deployed meaningfully towards funding the productive sectors of the economy.

The economy was in a disinflationary state as inflation growth for the year was negative 0.12%. This was a direct result of the low aggregate demand in the domestic economy. Furthermore, the liquidity stresses on companies resulted in more business closures to the detriment of both production and already high unemployment levels.

The medium to long-term prospects for improvement in the economic environment remain linked to the re-engagement of the international community in order to promote FDI. Furthermore, the improvement of base metal and commodity prices on the international markets will increase the country's export earnings thus reducing the budget trade deficit. The divisibility of the US$ after the introduction of bond coins by the central bank will increase price competitiveness on the domestic market and this is expected to increase aggregate demand.

The creation of a special purpose vehicle by the central bank called the Zimbabwe Asset Management Corporation ("ZAMCO"), to buy the banking industry's non-performing loans (NPLs) is welcomed and will free significant liquidity which can be applied by banks toward funding productive sectors of the economy.

Our Businesses

The Group's business activities can be classified under two main categories:

1. Proprietary investments; and
2. Advisory services.

1. Proprietary Investments

All the proprietary investments of the Company are in the following sectors: financial services, real estate, hospitality and energy, and are domiciled in Zimbabwe.

Banking sector

Investee Company: Ecobank Zimbabwe Limited ("Ecobank" or "the Bank")

2014 Performance Highlights

The Bank has grown its net operating revenue for the year by 14% year-on-year. This has been achieved on the back of increased trade finance activities, reduced cost of funds and an increased customer base; driven by a wider network of branches and ATMs. The Bank continues to pursue a measured growth strategy buttressed by increased investment in human capital and distribution channels. The pursuit of this strategy has resulted in the Bank's operating costs rising by 10% year-on-year. Profit before tax of US$ 3.3 million is 38% higher than 2013's performance. These positive results were achieved on the back of a difficult operating environment.

Total assets of US$ 158 million represent a growth of 24% in December 2013. This growth is attributed to the investment in delivery channels since the Bank started operations in Zimbabwe in 2011, and additional lines of credit from within the Ecobank Group and other international financiers. Fee income continues its dominant role in the Bank's revenue mix as the Bank continued with its strategy of pursuing niche trade finance transactions as an antidote to the worsening liquidity crisis. This strategic thrust will be an important focus for the Bank in the year ahead as it will continue to leverage our relationship with other affiliates of the Ecobank Group to access lines of credit to meet the needs of this important segment of our business. In support of this strategy, the Bank benefited from credit lines worth US$ 57 million from within the Ecobank Group and US$ 26 million from unrelated foreign banks. These were used largely to finance self-liquidating letters of credit and guarantee transactions. This support from related affiliates has significantly improved the Bank's earnings, without growing the balance sheet, given the liquidity constraints obtaining in the market.

As a result of its ownership structure, the Bank falls within the list of Tier 1 banks whose capital requirement has been pegged at US$ 100 million with a compliance deadline of December 2020. The Bank's capitalisation plan submitted to the RBZ has been approved. Currently, the Bank's core capital is above the prescribed minimum levels and we are optimistic that the targeted capitalisation level for 2020 will be achieved.

Ecobank Zimbabwe's Board of Directors is comprised of the following members:

Name of Director	Nationality	Type of Directorship
David Whatman	Zimbabwean	Non-Executive Chairman
Evelyn Tall	Senegalese	Non-Executive Director
Hilda Shindi	Zimbabwean	Non-Executive Director
Fortune Chisango	Zimbabwean	Non-Executive Director
Lloyd Mhishi	Zimbabwean	Non-Executive Director
Daniel Sackey	Ghanaian	Managing Director
Walter Kambwanji (Alt. George Manyere)	Zimbabwean	Non-Executive Director

The shareholding structure of Ecobank Zimbabwe is as follows:

Ecobank Transnational Incorporated	*70.0%*
Brainworks Capital Management (Private) Limited	*29.4%*
Ecobank Staff Share Trust	*0.6%*

Insurance sector

Investee Company: GetSure Life Assurance Company of Zimbabwe Limited ("GetSure Life")

Progress update

The life assurance licence application submitted to the Insurance and Pensions Commission ("the Commission") was approved and a licence was granted in December 2014. GetSure Life is currently undergoing pre-opening procedures entailing the setting up of IT systems, recruitment of key staff, set-up of operating premises and an evaluation of the products and services. It is hoped that operations will commence in the second quarter of 2015. Discussions with a foreign technical and operating partner have reached an advanced stage, and the board is hopeful that once appropriate regulatory approvals have been obtained the relationship will bear fruit.

GetSure Life's Board of Directors is comprised of the following members:

Name of Director	Nationality	Type of Directorship
Walter Kambwanji	Zimbabwean	Non-Executive Chairman
Alwyn Scholtz	South African	Non-Executive Director
Johan Jonck	South African	Non-Executive Director
George Manyere	Zimbabwean	Non-Executive Director
Greg Niemand	South African	Non-Executive Director
Wayne Waterworth	Zimbabwean	Non-Executive Director
David van Niekerk	South African	Non-Executive Director
Kim Mubvumbi	Zimbabwean	Executive Director

The shareholding structure of GetSure Life is as follows:

Brainworks Capital Management (Private) Limited *100%*

Consumer Finance sector

Investee Company: GetBucks Financial Services Zimbabwe Limited ("GetBucks Zimbabwe")

2014 Performance Highlights

GetBucks Zimbabwe has established 15 branches around the country, and grown its loan book to over US$ 8 million, with a customer-base of over 14 000 customers. GetBucks Zimbabwe's financial year-end was 30 June 2014, and a profit before tax of US$ 2.3 million was achieved. The company declared a dividend of US$ 1 million during the year. Going forward, profitability is projected to continue growing.

An application for a microfinance banking licence was submitted to the RBZ following the Board resolving to undertake the conversion. It is hoped that the conversion to a deposit-taking institution will strengthen the ability of the institution to offer its clients competitive products and a better array of financial services and products.

Brainworks acquired an additional shareholding of 5% during the year to increase its stake from 40% to 45%. It is hoped that this increased level of participation and the expected conversion to a deposit-taking microfinance bank will improve shareholder returns significantly.

GetBucks Zimbabwe's Board of Directors is comprised of the following members:

Name of Director	Nationality	Type of Directorship
Glovah Madzima	Zimbabwean	Non-Executive Chairman
Peter Saungweme	Zimbabwean	Non-Executive Director
Dave van Niekerk (alt. Johan Jonck)	South African	Non-Executive Director
Gerrie Fourie	South African	Executive Director
Milanda Manjengwah	Zimbabwean	Non-Executive Director
Rungamo Mbire	Zimbabwean	Non-Executive Director
George Manyere	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Executive Director

The shareholding structure of GetBucks Zimbabwe is as follows:

GetBucks Limited	*55%*
Brainworks Capital Management (Private) Limited	*45%*

Gold Exploration and Mining sector

Investee Company: BCM Gold (Private) Limited ("BCM Gold")

As a result of no meaningful progress on the Lower Gweru exploration activities, the Board resolved to discontinue operations. This was mainly due to the subdued mining investment environment in the country. The investment, with respect to this, has been fully impaired for accounting purposes.

BCM Gold's Board of Directors remains unchanged and is comprised of the following members:

Name of Director	Nationality	Type of Directorship
George Manyere	Zimbabwean	Non-Executive Chairman
Walter Kambwanji	Zimbabwean	Non-Executive Director
Timothy Nuy	Dutch	Non-Executive Director
Peter Bourhill	Zimbabwean	Executive Director
Wayne Waterworth	Zimbabwean	Executive Director

The shareholding structure of BCM Gold is as follows:

Brainworks Capital Management (Private) Limited	*100%*

Oil Distribution and Logistics sector

Investee Company: FML Oil Company of Zimbabwe (Private) Limited ("FML Oil")

2014 Performance Highlights

During the first six months of 2014, FML Oil positioned itself in the regional fuel transportation market as a fuel transporter of choice due to its world-class ADR (European Agreement for the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations) compliant trucks and tankers, its professional approach, and highly skilled and motivated staff. At the beginning of the year, the business was restructured to concentrate primarily on logistics where the focus is on fuel transportation services. Currently, the company is offering these services with a fleet of 10 fuel logistics trucks.

As part of the restructuring, a total of 22 employees were retrenched in a bid to create a lean cost structure for the logistics business. 19 of these staff members were formerly employed on the retail sites, two were junior members of the management team, and in this regard, Cyril Moyo, the then Managing Director, offered to step down as part of these cost-cutting measures. All the retrenchments were formally approved by the Ministry of Labour and the Zimbabwe Revenue Authority. The retrenchment packages were settled in full during the course of 2014. Wayne Waterworth has now taken over the role of Managing Director of the company.

FML Oil now has logistics contracts in place with Rodrig Investments (Private) Limited, Sakunda Logistics (Private) Limited, Petrotrade (Private) Limited and Trafigura (PTE) Limited.

The company is now directly engaging major fuel suppliers in a bid to secure a direct contract with these suppliers, and consequently will no longer have to operate as a subcontractor. In this regard, the company is now registered with Total Trading Product SA (Geneva). The company is also investigating ways to increase the fleet, either through vehicle financing arrangements, or the outright hire of vehicles - these discussions are at an advanced stage.

In December 2014, Union African Special Investment Limited (UASIL) exercised the option to exit from the FML Oil. This resulted in Brainworks Capital holding 100% interest in the company from 51% in 2013.

FML Oil's Board of Directors is comprised of the following members:

Name of Director	Nationality	Type of Directorship
George Manyere	Zimbabwean	Non-Executive Chairman
Walter Kambwanji	Zimbabwean	Non-Executive Director
Wayne Waterworth	Zimbabwean	Managing Director

The shareholding structure of FML Oil is as follows:

Brainworks Capital Management (Private) Limited	*100%*

Hospitality and Real Estate sector

Investee Company: African Sun Limited ("ASL" or "African Sun")

2014 Performance Highlights

Foreign arrivals grew by a consolidated 6% from the same period last year. The growth was recorded from Japan (+37%), USA (+24%), Germany (+20%) and UK (+5%) with declines recorded from France (-10%), China (-32%) and Australia (-12%). The rest of Africa was impacted by South Africa, which reported a decline of 17%. The current outbreak of the Ebola Virus Disease (EVD) has negatively affected travel to Africa, and in particular, West Africa due, in large part, to the wrong perceptions about the risk of EVD transmission to the non-affected parts of Africa. The growth in foreign arrivals translated to a 6% increase in revenue for our three hotels in Victoria Falls. As these hotels constitute a significant 39% of Zimbabwe rooms-stock, it is imperative that we continue to focus on this destination as we seek to grow overall revenue. While occupancy remained flat on last year at 48%, both Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) receded with ADR decreasing by 2% to US$ 98, from US$ 100 and RevPAR coming down to US$ 47, from US$ 48. This was largely driven by the contraction in the Zimbabwe ADR domestic market.

Notably, revenue increased by 1.4% to US$ 56.72 million up from US$ 55.97 million achieved last year. The growth is fully attributed to the revenue contribution of African Sun Amber Accra, which was opened during the year. On a like-for-like basis (i.e. excluding the new Ghana hotel), revenue decreased by 2.5% on last year. On a like-for-like basis, Earnings Before Interest Tax Depreciation and Armotisation (EBITDA) increased by 21% to US$ 8.19 million (see analysis in note 7) up from US$ 6.76 million achieved last year owing to a blitz on operating costs that enabled an 8% (US$ 2.8 million saving) reduction on last year. This EBITDA growth was toned down to a combined 3% growth, including the new hotel. In addition, operating costs increased by an aggregated 2.3% when including the typically higher operating costs of a new hotel.

Operating profit closed 70% lower than last year, weighed down by increased depreciation from completion of the refurbishment and other expenses booked in the current year. Other expenses primarily consist of pre-opening expenses for the new hotel, which have now been fully expensed. Financing costs charged to the African Sun Income Statement increased by 15% from US$ 3.08 million last year to US$ 3.534 million, due to the fact that interest on refurbishment loans is no longer being capitalised (but charged to the Income Statement) following completion of the refurbishment. No borrowing costs were capitalised during the year compared to the US$ 1.05 million capitalised in the last year. These costs will reduce as the anticipated debt restructuring and reduction initiatives gather momentum in the coming year. The investment in Dawn Properties was impaired by US$ 3.13 million to US$ 3.17 million as it was marked to the Zimbabwe Stock Exchange ("ZSE") price of US$ 0.009 per linked unit, at the reporting date, to comply with the requirements of *IFRS 13*, "Fair Value Measurements". The impairment will be reversed in the coming financial year as the disposal of the linked units at the agreed transaction price of US$ 0.0147 per linked units is consummated. Resultantly, African Sun reported a loss after tax of US$ 3.88 million, which was however an improvement of 42% from a loss of US$ 6.67 million incurred last year.

The directors approved the disposal of the staff housing on a sale-and-lease-back basis in order to help reduce borrowings. The fixed property was carried at US$ 4.05 million at 30 September 2013. During the period under review, the directors passed a resolution to reclassify non-distributable reserves amounting to US$ 4.61 million to accumulated losses. The movements have been shown separately in the statement of changes in equity of African Sun.

Debt reduction remains African Sun's priority going forward. Total debt decreased by 22% from September last year, closing at US$ 17.4 million, following repayments amounting to US$ 6.8 million made in this financial year. African Sun is aiming to raise an additional US$ 10 million through the following measures:

- The disposal of the 16.54% investment in Dawn Properties for US$ 5.8 million; and
- A possible rights offer, whose details will be announced in due course amounting to US$ 6 million.

Completion of the above initiatives is expected to reduce African Sun debt to less than US$ 9 million.

Subsequent to year-end, African Sun debt reduced further to US$ 14 million following repayments from both operating cash flows and proceeds received from the disposal of the Dawn Properties stake.

During the year, pursuant to the decision to buy out Mudhut (Jersey) Limited ("Mudhut Jersey") and Wallal Superannuation Fund ("Wallal Superannuation") out of Lengrah, George Manyere replaced Stewart Cranswick, after he stepped down from the African Sun Board.

African Sun's Board of Directors is comprised of the following members:

Name of Director	Nationality	Type of Directorship
Herbert Nkala	Zimbabwean	Non-Executive Chairman
Edwin Shangwa	Zimbabwean	Acting Chief Executive Officer
Believemore Dirorimwe	Zimbabwean	Acting Chief Finance Officer
Tariro Ndebele	Zimbabwean	Non-Executive Director
Alex Makamure	Zimbabwean	Non-Executive Director
Emmanuel Fundira	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Non-Executive Director
Timothy Nuy	Dutch	Non-Executive Director
George Manyere	Zimbabwean	Non-Executive Director
Nonhlanhla Rene Ramikosi	South African	Non-Executive Director

The shareholding structure of African Sun is as follows:

Brainworks and its subsidiaries	*55.11%*
Various Others	*44.89%*

Investee Company: Dawn Properties Limited (“Dawn Properties”)

2014 Performance Highlights

During the year, Brainworks bought an additional 14.41% in Dawn Properties to bring the total direct shareholding to 29.29%. Subsequent to year-end a further 13.70% was acquired triggering a mandatory offer to minorities and bringing the total shareholding to 43%. The shareholding is held through Lengrah Investments (Private) Limited and through Brainworks Capital Management (Private) Limited.

Dawn Properties operating profit for the six months to 30 September 2014 of US$ 874 791 was 11% below the comparative period due to a drop in the property consulting business.

For the property holding business, the rental income for the hotel portfolio at US$ 1.38 million was 5% above the previous year. This outcome was primarily driven by major conferences held in Victoria Falls and Harare during the period under review. Operating profit increased by 21% to US$ 641 312.

The property consultancy cluster was negatively impacted by the tough economic conditions that were prevalent during the period under review. Property management fees, the principal contributor to revenues, came under severe pressure as rent collections suffered due to the poorly performing economy. The net effect was a decline in turnover by 12% compared to last year. Operating expenses also went up by 3%. Cost-cutting measures are being implemented to realise greater savings. Operating profit for the period was reduced by 60% to US$ 137 796.

Dawn Properties are in the process of finalising the application to the City of Harare for approval of the change of land-use for the Marlborough stands measuring approximately 320 hectares for property developments. This will unlock the potential of the land held in that location by facilitating the execution of the plans currently on the drawing board.

Dawn Properties’ Board of Directors is comprised of the following members:

Name of Director	Nationality	Type of Directorship
Phibion Gwatidzo	Zimbabwean	Non-Executive Chairman
Justin Dowa	Zimbabwean	Chief Executive Officer
Patrick Matute	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Non-Executive Director
Musi Mukonoweshuro	Zimbabwean	Non-Executive Director
George Manyere	Zimbabwean	Non-Executive Director
Tendayi Chiweshe	Zimbabwean	Non-Executive Director

The shareholding structure of Dawn Properties is as follows:

Brainworks and its subsidiaries *61.58%*
Various others *38.42%*

2. Advisory Services

Brainworks' advisory license was renewed by the Securities and Exchange Commission of Zimbabwe for 2015.

During 2014, the Company acted as financial advisors for a number of transactions in Zimbabwe. The Company successfully acted as advisors to Atlas Mara on the acquisition of a controlling shareholding in ABCH which was completed on 22 August 2014. The Company is also working on various other mandates.

Financing

The Company has adequate funding for its operations. During 2014, an additional subscription of US$ 5 million was made by Blue Air Capital for 50 million ordinary shares of the Company at US$ 0.10 per share. In the first quarter of 2015, a successful rights offer was undertaken, and US$ 35 million was raised. The funds will be applied to increase shareholdings in certain investee companies and execute investment pipeline opportunities. GetBucks and GetSure Life will be further capitalised while an increase in the shareholding of African Sun and Dawn Properties are also planned. Retirement of debt as well as buying out minorities in Lengrah Investments and FML Oil are also expected to be achieved from the funds raised. This will mean enhanced stakes in the hotel tourism and real estate sectors, as well as the energy sector. The new opportunities being targeted include the acquisition of a significant stake in a mobile networks operator; and the acquisition of an asset management company to complement existing financial services investments. The rights offer resulted in the issue of an additional 350 million shares at a price of US$ 0.10 (ten cents). Post this targeted use of the funds raised the financial and cash position of the Group is projected to be sound.

Term Finance

The ABC Holdings portfolio of shares was disposed and the BancABC loan was settled before year-end. Of the reported debt of US$ 10 million, the Ecobank loan of US$ 2.5 million was settled in January 2015, while the Ecobank Transnational loan is projected to be settled during the first half of the year. Thereafter, the Company will be debt-free and will only borrow to finance specific projects or investment opportunities.

Initial Public Offering (IPO)

The Company has reached an advanced stage in its quest to list on an international stock exchange. The intended listing on the Toronto Stock Exchange ("TSE") could not be achieved and consequently the Board resolved to list on the SEM instead. In this regard, all shareholders approved the proposal to list on the SEM and subsequently RBZ approval was granted for the listing. Currently, management are awaiting an application to ZIMRA to approve the reorganisation of the Company, which will see the Mauritian 100%-owned subsidiary becoming the holding company of the Group. Post the reorganisation, the Company will thereafter be listed on the SEM. The listing of Brainworks will be by introduction and it is hoped to be achieved during the second quarter of the year.

Compliance with Zimbabwe's Indigenisation laws

During the year 2011, the shareholding of the Company was vetted by the Ministry of Youth Development, Indigenisation and Empowerment and was certified compliant with the indigenisation regulations. Over the years, subsequent fundraising exercises have resulted in more foreign ownership of the Company. Currently, the shareholding for purposes of the regulations is not compliant. An indigenisation plan was submitted in terms of the Zimbabwe's Indigenisation and Economic Empowerment Act (Chapter 14:33) which achieves compliance with the requirements of the law.

Shareholding and Broad-Based Local Ownership

Below is the shareholding of the Company as at 31 March 2015, which shows that the Company was 58.13% locally-owned and 41.87% foreign-owned. An indigenisation plan was submitted in terms of Zimbabwe's Indigenisation and Economic Empowerment Act (Chapter 14:33) which achieves compliance with the requirements of the law.

Over 11000 indigenous Zimbabweans are beneficiaries in the Company through the Pension Funds and individuals who are shareholders in the Company.

#	Shareholder	# of Shares	% Shareholding	Classification
1	ADC Financial Services and Corporate Development	87 200 000	15.39%	Foreign
2	Red Rock Capital	75 000 000	13.24%	Foreign
3	Blue Air Capital	75 000 000	13.24%	Foreign
	Total Non-Indigenous	**237 200 000**	**41.87%**	
4	Zahra Investments Trust	25 000 000	4.41%	Indigenous
5	Matthew Daniels Trust	25 000 000	4.41%	Indigenous
6	TDC Investment Trust	15 000 000	2.65%	Indigenous
7	AWT Investment Trust	15 000 000	2.65%	Indigenous
8	Brainworks Investments Trust	10 000 000	1.77%	Indigenous
9	Green Valley Investment Trust	10 000 000	1.77%	Indigenous
10	Brainworks Private Equity Staff Trust	34 498 997	6.09%	Indigenous
	Total Management	**134 498 997**	**23.75%**	
11	Fintrust Pension Fund	67 241 425	11.87%	Indigenous
12	Carnaudmetalbox Group Pension Fund	9 266 667	1.64%	Indigenous
13	PTC Self Insurance Plan	8 533 385	1.51%	Indigenous
14	Comarton Preservation Fund	4 836 890	0.85%	Indigenous
15	Christian Brothers College Pension Fund	1 966 667	0.35%	Indigenous
16	Commercial and Industrial Holdings Pension Fund	1 783 333	0.31%	Indigenous
17	Jacob Bethel (Zimbabwe) Corporation Pension Fund	1 500 000	0.26%	Indigenous
18	Archer Clothing Manufacturers (Private) Limited Pension Fund	1 360 000	0.24%	Indigenous
19	Comarton Consultants Pension Fund	1 440 000	0.25%	Indigenous
20	Brands Africa Pension Fund	1 161 329	0.21%	Indigenous
21	Marathon Pension Fund	759 000	0.13%	Indigenous
22	ZITF Pension Fund	800 000	0.14%	Indigenous
23	Zimbabwe Agricultural Society Pension Fund	500 000	0.09%	Indigenous
24	Brainworks Capital Pension Fund	485 375	0.09%	Indigenous
25	Femina Pension Fund	265 000	0.05%	Indigenous
26	United Styles Pension Fund	180,000	0.03%	Indigenous
27	Style International Pension Fund	110 000	0.02%	Indigenous
	Total Pension Funds	**102 189 071**	**18.04%**	
28	Atchison Actuarial Services Company (Private) Limited	1 000 000	0.18%	Indigenous
29	Nhaka Trust	77 750 000	13.73%	Indigenous
30	Spiral Farming (Private) Limited	6 919 132	1.22%	Indigenous
31	Comarton Consultants (Private) Limited	6 866 666	1.21%	Indigenous
	Total Other Institutional	**92 535 798**	**16.34%**	
	TOTAL	566 423 866	100.00%	

Management remuneration

As an investment company, managers were incentivised on the performance of investments in line with standard international practice. In this regard, below are the details of how management are remunerated and incentivised for performance:

- Management have a minimum service contract of 5 years with the Company.
- Management have a fixed salary which is subject to review on the 5th anniversary of employment.
- Management are not provided with company cars and/or any allowances.
- Management is entitled to an annual bonus equivalent to 20% advisory fee income after deducting operating expenses.

The shareholders resolved to discontinue the management carry structure whereby management and staff were entitled to a bonus on profitable exit from investee companies, as the Company will shortly be listed. In lieu of this cancellation, 34 449 900 shares were issued to Brainworks Private Equity Staff Trust. The overall staff remuneration structure will be subject to review once the Company is listed.

Non-Executive Directors remuneration

Non-Executive Directors, were paid fees for the year of US$ 37 500 for their services as directors.

Financial results

The Group generated revenue of US$ 5.0 million for the year ended 31 December 2014. This was on the back of advisory fees (US$ 2.8 million), dividends (US$ 0.04 million), interest income (US$ 0.2 million), share of associate income (US$ 1.4 million) and logistics revenue (US$ 0.5 million).

Operating costs were US$ 6.7 million, made up of: staff costs (US$ 1.1 million), administration costs (US$ 5.0 million), rental costs (US$ 0.1 million), and impairment and depreciation (US$ 0.5 million). Included in administration costs is an expense of US$ 3.4 million attributable to the conversion of the carry structure, and represents shares issued to Brainworks Private Equity Staff Trust. The issue of the shares to the Trust was ratified by the shareholders at an extraordinary general meeting held on 18 March 2015.

The Group further incurred US$ 1.5 million in finance charges from borrowings. A further loss of US$ 2.6 million was incurred in the consolidation of subsidiaries Lengrah (US$ 1.7 million) and FML Oil (US$ 0.9 million). The losses in Lengrah were driven by the African Sun loss of US$ 3.6 million for the 12 months to 31 December 2014, while the loss in FML Oil was on the back of restructuring and retrenchment costs incurred at the beginning of 2014 as the company repositioned itself as a fuel logistics company primarily. Further losses were incurred in the buyout of minorities from the two companies with US$ 1.7 million incurred in the buyout of Lengrah minorities, while US$ 0.9 million was incurred for the buyout of FML Oil minorities.

On the back of these necessary adjustments, the Group incurred a loss of US$ 4.6 million. The main drivers of the loss are the non-cash expense of US$ 3.4 million attributable to the carry conversion, and the losses incurred in two of the investee companies. The Board is confident that the measures being implemented will enable the loss-making investee companies to be profitable going forward.

The balance sheet of the Group grew to US$ 50.5 million from US$ 49.9 million as at 31 December 2013 on the back of increases in the investment portfolio. The Company’s assets comprised of cash and cash equivalents (US$ 0.9 million), receivables (US$ 5.2 million), investment in associates (US$ 41.0 million), deferred tax asset (US$ 0.9 million), and property and equipment (US$ 2.5 million). Financial instruments held at fair value through profit and loss reduced to nil following the disposal of the entire ABC Holdings shares portfolio. The Board is confident that sufficient taxable revenues will be generated to utilise the deferred tax asset of US$ 0.9 million within the prescribed period.

Shareholders' funds grew from US$ 28.9 million in 2013 to US$ 30.6 million, mainly due to further subscriptions that were made during the year and the allotment of unalloted shares in the prior year. The unalloted shares in the current year of US$ 3.4 million emanated from the shares issued to the Staff Trust, in lieu of the carry structure that was discontinued as the Company prepares for a listing on a publicly-traded stock exchange.

Directorate

NanaAma Botchway-Dowuona resigned from the Board on 2 February 2015 owing to pressing personal commitments - the Board would like to thank her for her invaluable contribution to the success of the Company.

Below is the current composition of the Board of Directors of the Company, and post the planned listing of the Company, the Board will be expanded appropriately:

Name of Director	Nationality	Type of Directorship
Richard Muirimi	Zimbabwean	Non-Executive Chairman
George Manyere	Zimbabwean	Managing Director
Walter Kambwanji	Zimbabwean	Chief Finance Officer
Alwyn Scholtz	South African	Non-Executive Director
Cornel Vermaak	South African	Non-Executive Director
Wayne Waterworth	Zimbabwean	Executive Director

Outlook

The listing of the Company on SEM will boost its profile and enhance its capacity to access funding for its investments in order to further grow shareholder value. The targeted deals will significantly grow the Group's portfolio. Advisory opportunities will continue to be pursued in order to leverage on the capacity and good name created from the high profile deals of 2014. The rather slow pace of economic recovery presents further advisory and investment opportunities. Efforts to turn the hospitality and real estate businesses in our portfolio around are at an advanced stage, and we expect positive results to be enjoyed in 2015.

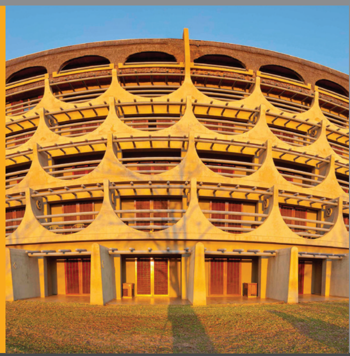
Thank you

We would like to thank our staff, directors and shareholders for your continued support in the Group's development.

Sincerely

George Manyere
Managing Director
29 May 2014

Richard Muirimi
Non-Executive Chairman
29 May 2014

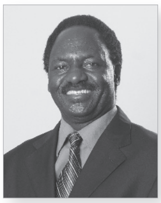


LEADERSHIP

Directors' Biographies

Brief biographies of the Directors are set out below:

Richard Muirimi | Non-Executive Chairman



Richard Muirimi is the founder and current Managing Director of Comarton Consultants (Private) Limited, a leading pension fund services firm in Zimbabwe, administering thirty or more pension funds. Before founding Comarton, Richard was the Non-Executive Chairman of Kingdom Financial Holdings Limited ("KFHL") from its formation in 1995 to 2005. During that period, he guided KFHL through its start-up stage to its initial public offering on the ZSE and the subsequent establishment of subsidiaries. Before his work at KFHL, he held senior positions in Zimnat Life Assurance Company and AON/Minet Insurance Brokers. Richard was the Chairman of the Zimbabwe Association of Pension Funds from 2002 to 2004, and he has been the Deputy Chairman of the Insurance and Pensions Commission since November 2005. In 1987, he graduated as a fellow of the Executive Development Program with the University of Zimbabwe.

George Manyere | Chief Executive Officer/Chief Investment Officer

George Manyere is the Chief Executive Officer/Chief Investment Officer and founder of Brainworks Zimbabwe. George has been involved in all phases of Brainworks development since its founding in 2009. Brainworks Zimbabwe is a leading and growing investment, consultancy and corporate advisory company, primarily in Zimbabwe, with total balance sheet size of approximately US$ 169 million, shareholders' funds of approximately US$ 118 million, consolidated annual revenues of approximately US$ 65 million and total employees in subsidiaries and associates approaching 2,000 (as of 31 March 2015). Within the first five years of its formation, George has led Brainworks in developing and executing its strategy which has seen it become one of Zimbabwe's leading investment holding companies and a market leader in the provision of corporate advisory services. Under his leadership, Brainworks has successfully concluded approximately US$ 120 million in proprietary investments (80% equity transactions and 20% debt), and approximately US$ 500 million in third party corporate advisory transactions comprising both debt and equity transactions. Through Brainworks, George has successfully lead investments in various sectors in Zimbabwe namely financial services (banking, insurance and asset management), energy logistics, hospitality and real estate.

Prior to founding Brainworks, George was an investment professional with the International Finance Corporation (IFC), headquartered in Washington DC. While at IFC, he was responsible for investing in excess of US$ 600 million in sub-Saharan Africa, and managing a portfolio of investments in excess of US$ 400 million and represented IFC on several investee company boards. George sits on several boards of directors and holds a Bachelor of Accounting Science and Honors in Accounting Science from the University of South Africa. He also holds a Certificate in Theory of Accounting from the University of South Africa and has completed various international courses in finance, strategy and investment banking.

Walter Kambwanji | Chief Finance Officer

Walter Kambwanji co-founded Brainworks and is the Company's Chief Financial Officer. He is a Chartered Accountant with significant experience in finance and operations in Zimbabwe and internationally. Prior to co-founding Brainworks Zimbabwe in 2009, he was a professional in the finance department of HSBC in London. Walter has previously been the Finance Director of various institutions in Zimbabwe including BancABC Zimbabwe Limited, Renaissance Merchant Bank Limited and Murray & Roberts Zimbabwe Limited. He was seconded to Premier Bank in April 2009 to undertake the restructuring and strengthening of the banking group's operations. Notable achievements at Premier Bank include the successful rationalisation of operations and staff, restructuring of the balance sheet and containment of costs. Walter holds a Bachelor of Accounting Science from the University of South Africa and a Postgraduate Diploma in Applied Accounting from the University of Zimbabwe. He is a member of the Institute of Chartered Accountants of Zimbabwe. He has completed various international courses in finance, strategy and banking.

Alwyn Scholtz | Non-Executive Director

Alwyn Scholtz is the founding partner of Scholtz Attorneys, a Pretoria-based firm specialising in commercial law and corporate finance. He is also a director of Nkonki Pretoria (Pty) Ltd, a member of the Nkonki Group. Alwyn has significant advisory experience in corporate deals, capital raising and listing on stock exchanges. He currently acts as the Company Secretary for the holding company of one the largest South African agricultural companies. He was previously a partner at Glyn & Marais Inc. (previously Jowell Glyn & Marais Inc.), a law firm in Johannesburg, where he acted as the managing partner for over four years. Alwyn is a holder of a Bachelor of Commerce in Law and a Bachelor of Laws (LLB) from the University of Pretoria.

Cornel Vermaak | Non-Executive Independent Director

Cornel Vermaak is currently Chief Executive Officer of Clearwater Investments, a Switzerland-based and regulated financial services company specialising in asset management, wealth planning and structuring. Prior to founding Clearwater, he was a senior professional within the Credit Suisse Group of companies, servicing the Swiss private banking arena. He has worked in many jurisdictions globally in the trust and financial planning arena, fulfilling the role as Trustee and being responsible for regulatory, management and other issues. Cornel practiced law as an admitted attorney of the Supreme Court of South Africa and is a holder of a B.Com Law, LLB and Hdip Tax degrees. He is also a qualified Estate and Trust Practitioner.

Wayne Waterworth | Executive Director

Wayne Waterworth is currently the Managing Director of FML Oil, a fuel logistics company which is a 100% subsidiary of Brainworks. A chartered electrical engineer by profession, he has significant experience in the mining, construction and engineering sectors in Zimbabwe. Prior to joining Brainworks Capital, Wayne was the Managing Director of Falcon Gold Limited, a Zimbabwe Stock Exchange listed gold mining company, a role he assumed in Jan 2008. He has worked in Europe and in various southern African countries. He is a highly experienced professional with more than 20 years' experience in senior general and technical management roles. He has a proven track record in a variety of industrial and commercial and Turn Key projects in the mining sectors, petrochemicals and large and small-scale construction sectors. At Brainworks Capital, Wayne is also responsible for the technical evaluation of business opportunities, and will assist the Company's investee companies in strengthening their technical operations and enhancing shareholder value.

Directors' Responsibility Statement

The Directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Brainworks Capital Management (Private) Limited, comprising the consolidated statement of financial position at 31 December 2014, and the consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Zimbabwe Companies Act (Chapter 24:03).

In addition, the Directors are responsible for preparing the Directors' report, and the financial statements, in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") which is standard practice in Zimbabwe.

The Group's consolidated financial statements are required by law to give a true and fair view of the state of its affairs, and of the profit or loss for that period. In preparing these consolidated financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Zimbabwe's Companies Act, (Chapter 24:03). The Directors have a general responsibility for taking such steps, as are reasonably open to them, to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Refer to the Letter to the Shareholders page 15 for the composition of the Board of Directors.

The Directors are also responsible for such internal controls as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as, the preparation of the supplementary schedules included in these consolidated financial statements.

The Directors have made an assessment of the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements

The consolidated annual financial statements of the Group, as identified in the first paragraph, were approved by the Board of Directors on 29 May 2015 and signed by:

Walter Kambwanji
Chief Finance Officer/Company Secretary
29 May 2014

Alwyn Scholtz
Audit Committee Chairman
29 May 2014

Committees

1. Investment Committee

The *Investment Committee* is a sub-committee of the Board and its role is to review and approve the Company's investment strategy, approve recommended investments by management, oversee the effective implementation of portfolio management strategies of management, in line with the Company's investment thesis on the investee company, and approve recommended exits by management.

The *Investment Committee* is comprised of the following members:

- Cornel Vermaak (Chairman)
- Richard Muirimi

NanaAma Botchway-Dowuona resigned post year-end in February 2015.

2. Audit Committee

The *Audit Committee* is a sub-committee of the Board and its role is to oversee the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, and the Company's financial reporting statements.

The *Audit Committee's* objectives include assisting the Directors in meeting their responsibilities in respect of the Company's continuous financial disclosure obligations, and overseeing the work of the Company's external auditor.

The *Audit Committee* is comprised of the following members:

- Alwyn Scholtz (Chairman)
- Cornel Vermaak

3. Remuneration and Nomination Committee

The *Remuneration and Nomination Committee* is a sub-committee of the Board and makes recommendations to the Board on the remuneration policy that applies to Executive Directors and senior employees, and is also responsible for identifying candidates to fill vacancies on the Board, as and when they arise, and nominating them for approval by the Board.

The *Remuneration and Nomination Committee* is comprised of the following members:

- Richard Muirimi (Chairman)
- Cornel Vermaak

The Executive Directors attend all committee meetings as invitees.

KPMG

To the members of Brainworks Capital Management (Private) Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Brainworks Capital Management (Private) Limited, which comprise the consolidated statement of financial position as at 31 December 2014, statements of profit and loss and other comprehensive income, changes in equity and the cash flows for the period then ended, and notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 24 to 52.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present a true and fair view of the consolidated financial position of Brainworks Capital Management (Private) Limited as at 31 December 2014, and of its consolidated financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards in the manner required by the Zimbabwe's Companies Act (Chapter 24:03).

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare, Zimbabwe
29 May 2015

Consolidated statement of financial position as at 31 December 2014

	Note	31-Dec-14 US$	31-Dec-13 US$
Assets			
Cash and cash equivalents	*10*	904 281	179 067
Financial instruments held at fair value through profit and loss	*11*	-	7 243 986
Receivables	*12*	5 243 633	4 742 777
Investment in associates	*13*	41 015 270	33 469 599
Deferred tax asset	*14*	889 463	1 462 073
Property and equipment	*15*	2 448 095	2 789 557
Total Assets		**50 500 742**	**49 887 059**
Shareholders' Equity			
Equity attributable to owners of the parent			
Share capital	*18*	53 192	45 692
Share premium	*18*	33 095 500	25 603 000
Unalloted capital	*18*	3 449 900	2 500 000
Non-distributable reserve	*19*	(2 449 872)	117 664
Accumulated (loss)/profits		(3 594 977)	633 599
		30 553 743	**28 899 955**
Non-controlling interest	*20*	-	6 491 922
		30 553 743	**35 391 877**
Total Equity			
Liabilities			
Borrowings	*16*	10 000 803	13 547 149
Other liabilities	*17*	9 946 196	948 033
Total Liabilities		**19 946 999**	**14 495 182**
Total Equity and Liabilities		**50 500 742**	**49 887 059**

Walter Kambwanji
Chief Finance Officer/Company Secretary
29 May 2015

Alwyn Scholtz
Audit Committee Chairman
29 May 2015

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2014

	Note	31-Dec-14 US$	31-Dec-13 US$
Revenue from oil distribution and logistics		1 502 480	2 511 891
Cost of sales from oil distribution and logistics		(959 047)	(2 347 866)
Gross profit		**543 433**	**164 025**
Fee income		2 794 685	-
Interest income		200 659	122 305
Share of associate income	*13*	1 430 801	608 191
Dividend income		35 194	237 568
Net gain from financial instruments at fair value through profit and loss	*6*	-	1 271 437
Total Revenue		**5 004 772**	**2 403 526**
Directors' fees		37 500	22 650
Transaction costs		214 863	-
Audit fees		63 643	39 800
Legal fees		64 790	77 259
Other operating expenses	*7*	6 354 552	1 670 265
Total operating expenses		**6 735 348**	**1 809 974**
Operating (loss)/profit before finance costs		**(1 730 576)**	**593 552**
Finance costs	*8*	1 501 921	2 199 565
Loss before tax		**(3 232 497)**	**(1 606 013)**
Tax (charge)/credit	*9*	(632 370)	805 019
Loss after tax		**(3 864 867)**	**(800 994)**
Other comprehensive income – share of associate loss		(756 889)	-
Total loss		**(4 621 756)**	**(800 994)**
Loss attributable to:			
Owners of the parent		(2 995 179)	(560 256)
Non-controlling interest	*20*	(869 688)	(240 738)
Total loss		**(3 864 867)**	**(800 994)**
Total comprehensive loss attributable to:			
Owners of the parent		(3 405 946)	(560 256)
Non-controlling interest	*20*	(1 215 810)	(240 738)
Total loss		**(4 621 756)**	**(800 994)**
(Loss)/earnings per share (cents)			
Basic and diluted (loss)/earnings per share	*23*	(0.70)	(0.15)

Consolidated statement of cash flows for the year ended 31 December 2014

	Note	31-Dec-14 US$	31-Dec-13 US$
Cash flows from operating activities			
Loss before taxation		**(3 232 497)**	**(1 606 013)**
Adjust for:			
Depreciation	15	166 590	35 701
Loss on disposal		(13 502)	(140)
Unrealised gains on financial instruments at fair value through profit or loss		-	(1 271 437)
Impairment	7	370 314	-
Share-based payment expense	7.2	3 449 900	-
Dividends received		(35 194)	-
Interest expense	8	1 501 921	2 182 034
Interest income		(200 659)	(122 305)
Share of associate income	13	(1 430 801)	-
		576 072	(782 160)
Changes in other liabilities		(994 803)	1 379 091
Changes in receivables		(882 669)	(2 973 871)
Cash utilised in operations		(1 301 400)	(2 376 940)
Interest received		200 659	122 305
Interest paid		(1 016 494)	(899 167)
Dividends received		515 452	-
Capital gains tax paid		(55 642)	-
Net cash from operating activities		**(1 657 425)**	**(3 153 802)**
Cash flows from investing activities			
Acquisition of unlisted investments		(510 500)	(2 466 224)
Acquisition of listed investments		(6 852 019)	(16 584 283)
Disposal of listed investments		7 260 562	-
VAT recovery	15	214 984	-
Purchase of property and equipment	15	(51 115)	(2 582 674)
Disposal of property and equipment		5 214	140
Net cash used in investing activities		**67 126**	**(21 633 041)**
Cash flows from financing activities			
Proceeds from issue of shares		5 000 000	26 426 017
Proceeds from long-term borrowings		6 500 000	3 211 722
Repayment of borrowings		(9 184 487)	(4 777 453)
Net cash from financing activities		**2 315 513**	**24 860 286**
Net increase in cash and cash equivalents		725 214	73 443
Cash and cash equivalents at beginning of period		179 067	105 624
Cash and cash equivalents at end of period	10	**904 281**	**179 067**

Consolidated statement of changes in equity for the year ended 31 December 2014

	Share Capital US$	Share Premium US$	Non-distributable Reserve US$	Unalloted Capital US$	Accumulated (loss)/profit US$	Attributable to Equity Holders of Parent US$	Non-controlling interest US$	Total US$
31 December 2014								
Balance at 1 January 2014	45 692	25 603 000	117 664	2 500 000	633 599	28 899 955	6 491 922	35 391 877
Issue of shares	7 500	7 492 500	-	(2 500 000)	-	5 000 000	-	5 000 000
Awaiting allotment	-	-	-	3 449 900	-	3 449 900	-	3 449 900
Derecognition of NCI	-	-	113 050	-	(922 684)	(809 634)	(5 276 112)	(6 085 746)
(Loss)/Gain on change in degree of control*	-	-	(2 580 532)	-	-	(2 580 532)	-	(2 580 532)
Reclassification of gain on change in degree in control to non-distributable reserve	-	-	310 713	-	(310 713)	-	-	-
Total loss for the year	-	-	-	-	(2 995 179)	(2 995 179)	(869 688)	(3 864 867)
Other comprehensive income	-	-	(410 767)	-	-	(410 767)	(346 122)	(756 889)
Balance at 31 December 2014	**53 192**	**33 095 500**	**(2 449 872)**	**3 449 900**	**(3 594 977)**	**30 553 743**	**-**	**30 553 743**
31 December 2013								
Balance at 1 January 2013	31 523	12 646 626	-	-	983 875	13 662 024	-	13 662 024
Issue of shares	14 169	12 956 374	-	-	-	12 970 543	-	12 970 543
Awaiting allotment	-	-	-	2 500 000	-	2 500 000	-	2 500 000
Acquisition of subsidiary	-	-	117 664	-	-	117 664	6 942 640	7 060 304
Gain/(Loss) on change in degree of control*	-	-	-	-	310 713	310 713	(310 713)	-
Total loss for the year	-	-	-	-	(560 256)	(560 256)	(240 738)	(800 994)
Effect of consolidation*	-	-	-	-	(100 733)	(100 733)	100 733	-
Balance at 31 December 2013	**45 692**	**25 603 000**	**117 664**	**2 500 000**	**633 599**	**28 899 955**	**6 491 922**	**35 391 877**

* Refer to notes 18.4 and 18.5

1. Incorporation and nature of business

Brainworks Capital Management (Private) Limited ("the Company" or "Brainworks" or "the Group") is a Zimbabwean private equity investment company which currently invests in the following sectors:

(i) Financial Services;
(ii) Hospitality;
(iii) Real Estate; and
(iv) Energy.

Brainworks is incorporated and domiciled in Zimbabwe with its registered offices at 4 Arden Road, Newlands in Harare and is registered under the Companies Act of Zimbabwe (Chapter 24:03).

Brainworks is primarily involved in private equity investment activities, fund management, and is a licensed financial advisory company.

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with the provisions of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Companies Act of Zimbabwe (Chapter 24:03).

The 2014 annual financial statements portray the consolidated financial statements of Brainworks Capital Management (Private) Limited. Included in the consolidated financial statements are the Group's operational subsidiaries, Brainworks Petroleum (Private) Limited ("Brainworks Petroleum") and Lengrah Investments (Private) Limited ("Lengrah"). Brainworks Petroleum holds shareholding in FML Oil Company of Zimbabwe (Private) Limited ("FML Oil"). Brainworks shareholding in its subsidiaries, FML Oil (through Brainworks Petroleum) and Lengrah increased to 100% in both subsidiaries in December 2014. Prior to that, the shareholding was 51% and 56.42% in FML Oil and Lengrah respectively. The increase in shareholding was a result of the co-shareholders, Union African Special Investments Limited (shareholder in FML Oil) and Mudhut and Wallal Superannuation Fund (shareholder in Lengrah), exercising the options they held to exit out of the subsidiaries.

2.2 Basis of measurement

The consolidated financial statements are prepared on the historical costs basis except for financial instruments at fair value through profit or loss that are measured at fair value.

2.3 Presentation currency

These consolidated financial statements are presented in United States Dollars ("USD" or "US$") which is the Company's functional currency.

2.4 Use of estimates and judgment

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are described in note 2.4.1.

2.4.1 Significant estimates and judgements

Key sources of estimation uncertainty include:

- Determination of fair values of financial instruments and determination of discount rates and cash flow projections for use in valuing unquoted investments.
- Determination of useful lives and residual values used in the calculation of the depreciation expense (notes 3.3.2 and 15).
- Recognition of deferred tax asset (note 14).
- Determination of whether an investment is a financial instrument at fair value through profit and loss, investment in associate or a subsidiary (notes 3.1, 3.2 and 3.2.1).
- Assessment for impairment of assets (note 3.5).
- Determination of the value per share for the carried interest as well as the total cost of the carried interest (notes 7.2 and 18.6).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and to all the companies in the Group.

3.1 Financial instruments

The Group recognises financial assets or financial liabilities on its consolidated statement of financial position when it becomes a party to the contractual provisions of the financial instrument.

3.1.1 Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income.

Financial assets designated as at fair value though profit and loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise of receivables and cash and cash equivalents. Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

3.1.2 Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise borrowings and other liabilities.

3.1.3 Fair value of financial assets and liabilities

The valuation technique used depends on the nature of the financial instrument.

Fair value hierarchy

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. *IFRS 13* specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group’s market assumptions.

These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities traded on the ZSE.
Level 2 – Inputs other than quoted prices included within ***Level 1*** that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This level includes unlisted equity investments.

The hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

3.1.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they bear discretionary dividends and do not contain any obligations to deliver cash or other financial assets. Discretionary dividends are recognised as equity distributions on approval by the Company's shareholders.

3.2 Basis of consolidation

i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, but if they are related to the issue of debt or equity securities, they are capitalised.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii) Non-controlling interests ('NCIs')

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Subsidiaries

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when 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, 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 the acquiree's identifiable net assets.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. All subsidiaries are consolidated in the consolidated financial statements.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, transactions with the owners in their capacity as owners.

The difference between the 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.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2.1 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 49% of the voting rights. If the holding is less than 20%, the Group will be presumed not to have significant influence unless such influence can be clearly demonstrated. The existence of significant influence by the Group is usually evidenced in one or more of the following ways:

- Representation on the Board of Directors or equivalent governing body of the investee;
- Participation in the policy making process;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel; and
- Provision of essential technical information.

Investments in associates are accounted for by the equity method of accounting in the consolidated financial statements and are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of profit or loss of the investee after the date of acquisition. If the ownership in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income would be reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit or loss of associate" in the statement of profit or loss and other comprehensive income.

3.3 Property and equipment

3.3.1 Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

3.3.2 Depreciation

Items of equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component to the residual value of the item. Items of equipment are depreciated from the date that they are installed and are ready for use. The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

- Leasehold improvements 5 years
- Motor vehicles 5 years
- Heavy vehicles 10 years
- Computer equipment 5 years
- Office equipment 5 years
- Furniture and fittings 5 years
- Buildings 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land and capital work in progress are not depreciated.

3.4 Leases

Lease payments – lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3.5 Impairment

3.5.1 Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.5.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in profit or loss.

Exploration and valuation assets are assessed for impairment if:

(i) Sufficient data exists to determine technical feasibility and commercial viability; and
(ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Losses are recognised in profit or loss.

3.6 Employee benefits

Post-employment benefits

The Group's employees are on a defined contribution plan. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the relevant service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.7 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.8 Revenue recognition

3.8.1 Dividend income

Dividend income is recorded when the Group's right to receive the payment is established.

3.8.2 Net gain from financial instruments at fair value through profit and loss

The net gain from financial instruments held at fair value through profit or loss includes all realised and unrealised fair value changes, but excludes interest and dividend income on short positions. The Group uses the first-in, first-out method to determine the gain on disposal. Fair value adjustments on the financial instruments are presented and disclosed separately from gains and losses on disposals.

3.8.3 Revenue from oil distribution and logistics

Revenue from oil and logistics arises from the sales of fuel, oil products and fuel transportation services is recognised when the Group has transferred the significant risks and rewards of ownership to the buyer and it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. These criteria are considered to be met when the goods are delivered to the buyer or when service has been provided to the customer in full.

3.8.4 Fee income

Fees are earned on advisory services and income is recognised when the service has been rendered.

3.8.5 Share of associate income

The share of associate income is recognised net of associate expenses and tax only to the extent of the Group's interest.

3.8.6 Interest

Interest income and expense, are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of the effective interest rate includes all fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest is presented in the following lines in the statement of profit or loss and other comprehensive income:

- Interest receivable in "interest income" line; and
- Interest payable in "finance costs" line.

3.9 Related parties

- A person or a close member of that person's family is related party to the Group if that person has control or joint control, significant influence or is a member of the key management personnel of the Group.
- An entity is a related party to the Group if that entity is part of Brainworks Capital Management (Private) Limited and/or related to a significant non-controlling interest as a subsidiary, associate, joint venture or post-employment benefit plan.

The Company has related party relationships. Transactions and balances are reflected in note 22.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Transactions with related parties are conducted on an arm's length basis.

4. Adoption of new and revised financial reporting standards

The following revisions, issues and amendments set out below became effective for the current year:

- Investment Entities *(Amendments to IFRS 10, IFRS 12 and IAS 27)*.
- Offsetting Financial Assets and Financial Liabilities (*Amendments to IAS 32*).
- Recoverable Amount Disclosures for Non-Financial Assets (*Amendments to IAS 36*).
- Novation of Derivatives and Continuation of Hedge Accounting (*Amendments to IAS 39*).
- IFRIC 21 Levies.

The adoption of these revised standards in the current year has not led to any changes in the Group's accounting policies. These revisions, issues and amendments do not have a material financial effect on the recognition or measurement of transactions and events, nor the financial position or performance of the Group.

New financial reporting standards yet to be adopted by the Group

A number of new standards, amendments to standards and interpretations in issue were not yet effective during the year ended 31 December 2014. These have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

Standard/interpretation

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under *IFRS 3 Business Combinations*. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendment to *IFRS 10 Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with *IFRS 10* and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to *IFRS 12 Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with *IFRS 10* to make disclosures required by *IFRS 12* relating to investment entities. The amendment to *IAS 28 Investments in Associates and Joint Ventures* modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended *IFRS 10* conditions for not presenting consolidated financial statements.

The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured. As a consequence of these amendments, the Group will amend its accounting policy with effect from 1 July 2016 for acquisitions of interests in a joint operation. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

Amendments to IAS 27 Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in its separate financial statements to account for its investments in subsidiaries, associates and joint ventures. The amendments apply retrospectively for annual periods beginning on or after 1 January 2016.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final *IFRS 9 Financial Instruments Standard*, which replaces earlier versions of *IFRS 9* and completes the IASB's project to replace *IAS 39 Financial Instruments: Recognition and Measurement.* This standard will have a significant impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to *IAS 39*, the criteria for classification into these categories are significantly different. In addition, the *IFRS 9* impairment model has been changed from an "incurred loss" model from *IAS 39* to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

IFRS 15 Revenue from contracts with customers

This standard replaces *IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers* and *SIC-31 Revenue – Barter of Transactions Involving Advertising Services.*

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is currently in the process of performing a more detailed assessment of the impact of this standard on the Group and will provide more information in the year ending 30 June 2015 financial statements.

The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under *IFRS*.

Amendments to IAS 1 Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments apply for annual periods beginning on or after 1 January 2016.

Amendments to *IAS 16* and *IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to *IAS 16 Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments to *IAS 38 Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

5. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the assets or liability.

5.1 Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed included market multiples and discounted cash flow analyses using expected future cash flows and a market-related discount rate.

5.2 Receivables

The fair value of receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

	31-Dec-14 US$	31-Dec-13 US$
6. Net gain from instruments at fair value through profit and loss		
Gains/(losses) on listed investments	-	653 804
Gain on the put option	-	778 994
Adjustment as a result of changes in timing of cash flows on the put option	-	(161 361)
	-	**1 271 437**
7. Other operating expenses		
Contributions to a defined contribution pension plan	56 314	44 413
Social security contributions	15 039	7 258
Other staff costs	999 062	748 564
Office rental	97 747	88 618
Impairment loss (note 7.1)	370 314	-
Administration costs (note 7.2)	4 649 486	745 711
Depreciation	166 590	35 701
	6 354 552	**1 670 265**

7.1 Impairment loss

The impairment loss pertains to a receivable from one of the Company's subsidiaries, BCM Gold (Private) Limited. The subsidiary is currently not operational hence it was deemed prudent to impair the receivable pertaining to it.

7.2 Administration costs

Shareholders resolved to discontinue the management carry structure whereby management and staff were entitled to an incentive on profitable exit from investee companies, as the company intends to be listed in the foreseeable future. In lieu of this cancellation, 34 449 900 shares were issued at US$ 0.10 per share to Brainworks Private Equity Staff Trust (the Trust). The valuation at US$ 0.10 was based on actual share issues that had been undertaken at that price per share, prior to and subsequent to the conversion of the carry structure.

Included in administration costs is the expense of US$ 3 449 900 attributable to the conversion of the carry structure. These shares had not yet been allotted at year end (see note 18.6).

	31-Dec-14 US$	31-Dec-13 US$
8. Finance Costs		
Interest on ABC Holdings Limited facility (note 16)	238 459	296 615
Interest on Ecobank Transnational Incorporated facility (note 16)	426 620	386 182
Interest on Metbank Limited facility	(117 365)	495 654
Ever Prosperous (Private) Limited facility (note 16)	464 449	968 161
Interest on Ecobank Limited facility (note 16)	305 266	-
Interest on other payables	8 405	-
Imputed interest on preference shares	176 087	52 953
	1 501 921	**2 199 565**
9. Tax Credit		
Capital gains tax expense	73 385	-
Deferred tax	558 985	(805 019)
Tax charge/(credit)	**632 370**	**(805 019)**
9.1 Tax rate reconciliation		
Loss before tax	(3 232 497)	(1 606 013)
Tax calculated at 25.75%	(832 368)	(413 548)
Tax effect of:		
Non-taxable income/non-deductible expenses		
Fair value adjustment on shares	-	(301 594)
Deferred tax asset not recognised	189 494	-
Impairment losses	95 356	-
Share-based payment expense	888 349	-
Other	218 154	(89 877)
Income tax charge/(credit)	**558 985**	**(805 019)**
10. Cash and Cash Equivalents		
Cash and bank balances	**904 281**	**179 067**

There are no encumbrances or restrictions against cash and cash equivalents.

	31-Dec-14 US$	31-Dec-13 US$
11. Financial Instruments held at fair value through profit and loss		
Listed investments	-	4 083 323
Put option	-	3 160 663
	-	**7 243 986**

The put option arose as a result of a transaction entered into to purchase shares and sell them at an exercise price of US$ 1.07 a share. This gave rise to a put option being recognised at fair value through profit and loss at an amount of US$ 3 160 663 using the difference between the strike price of US$ 0.60 and the exercise price of the put option as per the agreement. The put option matured on 30 June 2014 and was settled.

12. Receivables

	31-Dec-14 US$	31-Dec-13 US$
Receivables due from related parties	4 417 963	1 031 638
Other receivables	825 670	3 711 139
Total	**5 243 633**	**4 742 777**

None of the receivables have been impaired as no evidence of impairment exists over any of the receivables. The carrying amount of the receivables approximates fair values.

13. Investment in Associates

	31-Dec-14 US$	31-Dec-13 US$
Investment in Ecobank Zimbabwe Limited	15 959 270	15 290 714
Investment in GetBucks Zimbabwe Limited	2 000 006	670 072
Investment in African Sun Limited	10 561 449	12 106 510
Investment in Dawn Properties Limited	12 494 545	5 402 303
	41 015 270	**33 469 599**
Reconciliation of carrying amount of associates		
As at 1 January	33 469 599	15 312 014
Additions	7 352 018	17 549 394
Dividends received	(480 259)	-
Share of associates profit	1 430 801	608 191
Share of associates other comprehensive income (OCI)	(756 889)	-
As at 31 December	**41 015 270**	**33 469 599**

13. Investment in Associates (continued)

The associates are accounted for using the equity method. The summarised pro-forma financial statements of the associates for the 12 months ended 31 December 2014 are as follows:

	Audited Ecobank 31-Dec-14 US$	*Unaudited* GetBucks 31-Dec-14 US$	*Unaudited* African Sun 31-Dec-14 US$	*Unaudited* Dawn Properties 31-Dec-14 US$
Statement of comprehensive income				
Revenue	19 145 000	7 586 418	58 002 438	6 409 282
Total expenses	16 871 000	4 632 506	59 802 913	4 417 521
Profit/(Loss) after tax	2 274 000	2 953 912	(1 800 475)	199 761
Share of associate Profit/(Loss)	631 218	1 279 934	(776 725)	296 374
Share of associate OCI	37 338	-	(794 227)	-
Statement of financial position				
	31-Dec-14	**31-Dec-14**	**31-Dec-14**	**30-Sept-14**
Total assets	157 524 000	8 452 993	47 340 025	89 846 673
Total liabilities	115 140 000	4 080 605	36 771 395	2 541 553
Equity	42 384 000	4 372 388	10 568 630	87 305 120
Total equity and liabilities	157 524 000	8 452 993	47 340 025	89 846 673
Year end	**31-Dec-14**	**30-Jun-14**	**30-Sept-14**	**31-Mar-14**

- The associates are all incorporated in Zimbabwe and the principal places of business are in Harare.
- The shareholding in Ecobank Zimbabwe (comprising a retail bank and an asset management company), an unlisted investment, was maintained at 29.4% (2013: 29.4%). The investment is accounted for as an associate due to significant influence arising from being the indigenisation partner and having two members out of seven on its Board of Directors.
- The shareholding in GetBucks Zimbabwe (a microfinance company), an unlisted investment, was 45% (2013: 40%) on 31 December 2014. The investment is accounted for as associate due to significant influence arising from having three members out of seven on its Board of Directors.
- The shareholding in African Sun Limited, a hotel company listed on the ZSE, was at 43.31% (2013: 43.14%) as at 31 December 2014. The investment is accounted for as an associate due to significant influence arising from having three members out of nine on its Board of Directors.
- The shareholding in Dawn Properties, a property company listed on the ZSE, was 29.29% (2013: 14.88%) as at 31 December 2014. An additional interest of 14.41% was acquired in December 2014. The 29.29% shareholding in Dawn Properties is accounted for as an investment in associate due to significant influence arising from the appointment of one Board member out of seven on the Dawn Properties Board. African Sun and Lengrah Investments have a voting pool agreement, where the combined shareholding of the two companies amounts to 31.42% of Dawn Properties.

	31-Dec-14 US$	Recognised in profit/loss US$	31-Dec-13 US$
14. Deferred Tax			
The movement on the deferred tax account is shown below:			
Fair value on listed investments	17 743	49 452	(31 709)
Fair value on unlisted investments	(559 357)	(533 190)	(26 167)
Provision for credit losses	87 167	87 167	-
Leasehold improvements	(563)	(69)	(494)
Property and equipment	(81 530)	(254 082)	172 552
Prepayments	(7 696)	(7 696)	-
Estimated tax loss	1 433 699	85 808	1 347 891
	889 463	**(572 610)**	**1 462 073**
Unconsolidated subsidiary loss	-	13 625	-
Deferred tax asset	**889 463**	**(558 985)**	**1 462 073**

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe that it is probable that these assets will be recovered. The Directors believe that sufficient taxable profits will be generated to utilise the tax benefits.

15. Property and Equipment

	Property US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture & fittings US$	Capital work in progress US$	Total US$
At 31 December 2014							
Cost							
Opening balance	1 216 226	242 123	30 709	69 805	49 584	1 291 333	2 899 780
Additions	-	-	1 311	1 100	-	48 704	51 115
Transfers from work in progress	-	1 177 819	-	-	-	(1 177 819)	-
Recovered input VAT	-	(52 766)	-	-	-	(162 218)	(214 984)
Disposals	-	(1 000)	(2 465)	(14 000)	(2 494)	-	(19 959)
	1 216 226	**1 366 176**	**29 555**	**56 905**	**47 090**	**-**	**2 715 952**
Depreciation and impairment							
Opening balance	8 674	45 479	9 863	26 141	20 066	-	110 223
Depreciation charge for the period	9 118	130 628	5 873	11 425	9 546	-	166 590
Disposals	-	(500)	(1 032)	(7 000)	(424)	-	(8 956)
Accumulated depreciation	**17 792**	**175 607**	**14 704**	**30 566**	**29 188**	**-**	**267 857**
Net carrying amount at 31 December 2014	**1 198 434**	**1 190 569**	**14 851**	**26 339**	**17 902**	**-**	**2 448 095**

There are no encumbrances against property and equipment.

15. Property and Equipment (continued)

	Property US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture & fittings US$	Capital work in progress US$	Total US$
At 31 December 2013							
Cost							
Opening balance	45 000	193 150	17 005	47 506	39 445	-	342 106
Additions	1 181 226	63 973	13 704	22 299	10 139	1 291 333	2 582 674
Disposals	(10 000)	(15 000)	-	-	-	-	(25 000)
	1 216 226	**242 123**	**30 709**	**69 805**	**49 584**	**1 291 333**	**2 899 780**
Depreciation and impairment							
Opening balance	2 825	28 328	4 758	12 221	11 748	-	59 880
Depreciation charge for the period	5 849	22 151	5 105	13 920	8 318	-	55 343
Disposals	-	(5 000)	-	-	-	-	(5 000)
Accumulated depreciation	**8 674**	**45 479**	**9 863**	**26 141**	**20 066**	**-**	**110 223**
Net carrying amount at 31 December 2013	**1 207 552**	**196 644**	**20 846**	**43 664**	**29 518**	**1 291 333**	**2 789 557**

16. Borrowings

	Note	31-Dec-14 US$	31-Dec-13 US$
ABC Holdings Limited	***16.1***	-	2 114 726
Ecobank Transnational Incorporated	***16.2***	4 500 803	4 074 182
Ever Prosperous Worldwide Limited	***16.3***	3 000 000	3 888 674
Metbank Limited short-term facility	***16.4***	-	2 295 654
Preference share debt	***16.5***	-	1 173 913
Ecobank Zimbabwe Limited facility	***16.6***	2 500 000	-
		10 000 803	**13 547 149**

16.1 The loan from ABC Holdings had a maturity date of 31 December 2021 and attracted interest at 15% per annum. The facility was repaid in full in September 2014.

16.2 The amount due to Ecobank Transnational Incorporated ("ETI") matures on 30 June 2015 and attracts interest at 10% per annum. Interest is payable half yearly in arrears. The facility is secured by 70 000 000 shares in Ecobank Zimbabwe.

16.3 The amount due to Ever Prosperous Worldwide Limited ("Ever Prosperous") relates to funding advanced for the acquisition of Dawn Properties shares and attracts interest at 24% per annum. The loan was settled on 30 April 2015. The facility was secured by 288 824 078 shares in Ecobank Zimbabwe.

16.4 The Metbank Limited ("Metbank") facility related to short-term funding advanced and attracted interest at 15% per annum. The facility was repaid in January 2014.

16.5 Preference shares worth US$ 1 350 000 were issued on 3 September 2013 to UASIL an investor in FML Oil, which is a subsidiary of Brainworks Petroleum. In December 2014, UASIL exercised their option to exit. Consequently, the preference shares were redeemed.

16.6 The Ecobank Zimbabwe facility related to short-term funding advanced and attracted interest at 12.5% per annum the loan was repaid in full in January 2015.

16.7 The carrying amounts of all the loans approximate their fair values.

	31-Dec-14 US$	31-Dec-13 US$
17. Other Liabilities		
Payable to Union African Special Investments Limited (note 17.1)	2 375 000	-
Payable to Mudhut (Jersey) Limited and Wallal Superannuation Fund (note 17.2)	7 358 627	-
Audit fees	37 250	30 000
Capital gains tax payable	17 743	473 684
Payroll accruals	34 302	49 236
Sundry payables	123 274	395 113
	9 946 196	**948 033**

The carrying amounts of other liabilities approximate fair values.

17.1 Payable to Union African Special Investments Limited (UASIL)

UASIL exercised the option to exit FML Oil and put the ordinary and preference shares to the Company, which assumed the liability of US$ 2 375 000 as per the agreement. The exit of UASIL means that the Company now holds a 100% interest in FML Oil. The liability was settled on 31 March 2015.

17.2 Payable to Mudhut (Jersey) Limited and Wallal Superannuation Fund (Mudhut and Wallal)

Mudhut and Wallal exercised the option to exit Lengrah Investments and put the ordinary shares to the Company, which assumed the liability of US$ 7 358 627 as per the agreement. The exit of Mudhut and Wallal means that the Company now holds a 100% interest in Lengrah Investments. This amount is guaranteed by 43 322 773 African Sun shares and 365 716 551 Dawn Properties shares. The liability is payable by 31 May 2015.

	31-Dec-14 US$	31-Dec-13 US$
18. Capital and Reserves		
18.1 Authorised		
1 000 000 000 ordinary shares of US$ 0.0001 each	100 000	100 000
18.2 Issued and fully paid		
Nominal value of shares		
As at 1 January	45 692	31 523
Shares issued at US$ 0.000 1	7 500	14 169
As at 31 December	**53 192**	**45 692**
Number of shares		
As at 1 January	456 924 869	315 235 737
Shares issued	75 000 000	141 689 132
As at 31 December	**531 924 869**	**456 924 869**
18.3 Share premium		
Premium on ordinary shares	33 095 500	25 603 000

All shares rank equally with regard to the Company's residual assets and dividends. The holders of ordinary shares are entitled to one vote per share at meetings of the Company. The unissued shares are under the control of the Directors.

18.4 Change in degree of control

The Company's degree of control in its subsidiaries FML Oil and Lengrah Investments increased from 51% and 56.42% respectively to 100% in both companies as at 31 December 2014. This was as a result of the exit by UASIL for FML Oil and Mudhut and Wallal for Lengrah Investments. This change in degree of control resulted in the Company realising losses of US$ 889 514 and US $1 690 924 for FML Oil and Lengrah Investments respectively.

18.5 Effect of consolidation

The effect of consolidation relates to previously unrecognised retained income of Brainworks Petroleum as it had not been consolidated in the prior years.

	31-Dec-14 US$	31-Dec-13 US$
18.6 Unalloted shares		
These were shares attributable to the Brainworks Private Equity Staff Trust. The 2013 unalloted shares pertained to Blue Air Capital.	3 449 900	2 500 000
19. Non-distributable Reserve		
Non-distributable reserve	(2 449 872)	117 664

This comprises a balance that arose as a result of the revaluation of assets upon the adoption of the use of the United States Dollar ("US$" or "USD") as the functional currency. Included in the balance is the Company's share of associates other comprehensive loss. The other comprehensive loss from associates is predominantly with respect to foreign currency translation adjustments. Gains and losses arising from changes in degree of control also make up the balance.

20. Non-controlling interest

Non-controlling interests pertained to Lengrah Investments and FML Oil in which interests of 100% (2013: 56%) and 100% (2013: 51%) were held respectively by Brainworks as at 31 December 2014. Shareholding was increased to 100% following the buyout of minorities in both subsidiaries. Refer to note 17.1 and 17.2. The following table summarises the information relating to the non-controlling interests (NCI):

Non-Controlling Interest (NCI) percentage	Lengrah Investments 100% 31-Dec-14 US$	FML Oil 100% 31-Dec-14 US$
Net assets	-	-
Book value of NCI	-	-

Non-Controlling Interest (NCI) percentage	44% 31-Dec-13 US$	49% 31-Dec-13 US$ 3 months
Total assets	17 558 603	2 409 221
Total liabilities	1 817 180	1 442 389
Net assets	15 741 723	966 832
Book value of NCI	**6 926 226**	**473 748**

20. Non-controlling interest (continued)

Non-Controlling Interest (NCI) percentage	Lengrah Investments 100% 31-Dec-14 US$	FML Oil 100% 31-Dec-14 US$
Revenue	(480 351)	543 433
Loss before tax	(939 050)	(920 504)
Loss allocated to NCI	**(755 362)**	**(460 448)**
Cash flows from operating activities	(258 108)	(798 003)
Cash flows from investing activities	-	174 208
Cash flows from financing activities	250 000	526 100
Net increase in cash and cash equivalents	(8 108)	(97 695)

Non-Controlling Interest (NCI) percentage	44% 31-Dec-13 US$	49% 31-Dec-13 US$ 3 months
Revenue	(40 581)	164 025
Loss before tax	(275 319)	(246 437)
Loss allocated to NCI	**(119 984)**	**(120 754)**
Cash flows from operating activities	1 500 536	(1 230 786)
Cash flows from investing activities	(17 508 812)	(1 388 220)
Cash flows from financing activities	16 016 742	2 713 730
Net increase in cash and cash equivalents	8 466	(94 724)

	31-Dec-14 US$	31-Dec-13 US$

21. Operating leases

The Group has operating leases for its office premises. The lease term is for one year and it is renewable. The minimum lease payments under the operating lease were as follows:

	31-Dec-14 US$	31-Dec-13 US$
No later than one year	97 747	159 621

22. Related parties

22.1 Related party balances

	31-Dec-14 US$	31-Dec-13 US$
Receivables due from related party companies		
African Development Corporation	2 400 000	798 194
GetBucks Financial Services Zimbabwe Limited	2 017 963	233 444
Borrowings obtained from related party companies		
Ecobank Transnational Incorporated (note 16.2)	4 500 803	4 074 182
ABC Holdings Limited (note 16.1)	-	2 114 726
Ecobank Zimbabwe Limited (note 16.6)	2 500 000	-
Cash balances with related party transactions		
Ecobank Zimbabwe Limited	483 593	69051

Nature of relationships with related parties:

- African Development Corporation ("ADC") holds a 16.39% shareholding in Brainworks.
- GetBucks an associate of Brainworks as a result of a 45% shareholding in the company.
- ABC owned 37% by ADC that holds a 16.39% shareholding in Brainworks.
- Ecobank Transnational holds a 70% interest in Ecobank Zimbabwe, an associate of Brainworks as a result of a 29.4% interest in the Company.

The terms and conditions of the amounts due from related parties are as follows:

- GetBucks was issued in August 2014 and is payable by 31 December 2015. It attracts interest at 25% per annum.
- ADC – the amount due attracted no interest and was repaid in January 2015.

	31-Dec-14 US$	31-Dec-13 US$
22.2 Related party transactions		
Interest income		
GetBucks Financial Services Zimbabwe Limited	183 507	122 305
	183 507	**122 305**
Interest expense		
Interest on ABC Holdings Limited facility	238 459	296 615
Interest on loan from Ecobank Transnational Incorporated	426 620	386 182
Interest on Ecobank Zimbabwe facility	305 266	-
	970 345	**682 797**
22.3 Compensation of key management personnel		
Short-term employee benefits	347 500	589 225
Post-employment pension and medical aid benefits	41 622	42 230
Total compensation	**389 122**	**631 455**
23. Earnings per share		
23.1 Basic and diluted earnings per share		
Loss for the year attributable to parent: US$	(3 405 946)	(560 256)
Weighted average number of shares	484 008 202	386 080 303
Earnings per share: cents	**(0.70)**	**(0.15)**

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share are the same as earnings per share as there were no potential dilutive ordinary shares held.

24. Financial Risk Management

24.1 Liquidity risk

Definition
Liquidity risk arises in the general funding of the Company's activities and in the management of positions. It includes the risk of being unable to fund assets at appropriate maturities and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Identification techniques
This risk is identified through gap and maturity analyses.

Measurement methods
Liquidity risk is measured using the gap analysis techniques and the term structure of assets and liabilities.

Monitoring and controlling mechanisms
The funding gap is monitored through a number of management reports, including maturity profiles. The Company continually assesses risk by identifying and monitoring changes in funding required to meet business objectives and targets set in terms of the overall Company strategy.

Adequacy and effectiveness of risk management systems
The liquidity risk management and control mechanisms in place are adequate, effective and are adhered to by all staff members.

24.2 Market risk

Market risk arises from adverse movements in the market place which cause interest rate, foreign exchange rate and equity price fluctuations in the markets that the Company operates.

Interest rate risk

Definition
The Company's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets and interest bearing liabilities mature or reprice at different times or in differing amounts.

Identification techniques
Interest risk is identified using the term structure of assets and liabilities.

Measurement methods
Rate sensitive assets and liabilities are analysed and a maturity profile exhibited.

Impact evaluation
The Company has evaluated this risk as low. At present it does not have any variable rate assets or liabilities.

Strategies for management/mitigation
The Board of Directors reviews the gap analyses and appropriate action is taken to keep risk within set limits.

24. Financial Risk Management (continued)

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Total US$
Liquidity gap analysis					
As at 31 December 2014					
Assets					
Cash and cash equivalents	904 281	-	-	-	904 281
Financial instruments at fair value	-	-	-	-	-
Receivables	2 400 000	-	2 843 633	-	5 243 633
	3 304 281	**-**	**2 843 633**	**-**	**6 147 914**
Liabilities					
Borrowings	-	10 000 803	-	-	10 000 803
Other liabilities	212 569	9 733 627	-	-	9 946 196
	212 569	**19 734 430**	**-**	**-**	**19 946 999**
Sensitivity gap	3 091 712	(19 734 430)	2 843 633	-	(13 799 085)
Cumulative gap	3 091 712	(16 642 718)	(13 799 085)	(13 799 085)	-

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Total US$
Liquidity gap analysis					
As at 31 December 2013					
Assets					
Cash and cash equivalents	179 067	-	-	-	179 067
Financial instruments at fair value	-	7 243 986	-	-	7243 986
Receivables	-	-	4 742 777	-	4 742 777
	179 067	**7 243 986**	**4 742 777**	**-**	**12 165 830**
Liabilities					
Borrowings	-	-	7 358 241	6 188 908	13 547 149
Other liabilities	-	948 033	-	-	948 033
	-	**948 033**	**7 358 241**	**6 188 908**	**14 495 182**
Sensitivity gap	179 067	6 295 953	(2 615 464)	(6 188 908)	(2 329 352)
Cumulative gap	179 067	6 475 020	3 859 556	(2 329 352)	-

24. Financial Risk Management (continued)

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Other US$	Total US$
Interest rate gap analysis						
As at 31 December 2014						
Assets						
Cash and cash equivalents	904 281	-	-	-	-	904 281
Financial instruments at fair value	-	-	-	-	-	-
Receivables	2 400 000	-	2 843 633	-	-	5 243 633
	3 304 281	**-**	**2 843 633**	**-**	**-**	**6 147 914**
Liabilities						
Borrowings	2 500 000	7 500 803	-	-	-	10 000 803
Other liabilities	-	-	-	-	9 946 196	9 946 196
	2 500 000	**7 500 803**	**-**	**-**	**9 946 196**	**19 946 999**
Sensitivity gap	804 281	(7 500 803)	2 843 633	-	(9 946 196)	(13 799 085)
Cumulative gap	804 281	(6 696 522)	(3 852 889)	(3 852 889)	(13 799 085)	-

	Up to 1 month US$	2 to 6 months US$	7 to 12 months US$	Above 12 months US$	Other US$	Total US$
Interest rate gap analysis						
As at 31 December 2013						
Assets						
Cash and cash equivalents	179 067	-	-	-	-	179 067
Financial instruments at fair value	-	3 160 663	-	-	4 083 323	7 243 986
Receivables	-	-	-	-	4 742 777	4 742 777
	179 067	**3 160 663**	**-**	**-**	**8 826 100**	**12 165 830**
Liabilities						
Borrowings	-	10 258 510	-	3 288 639	-	13 547 149
Other liabilities	-	-	-	-	948 033	948 033
	-	**10 258 510**	**-**	**3 288 639**	**948 033**	**14 495 182**
Sensitivity gap	179 067	(7 500 803)	-	(3 288 639)	7 878 067	(2 329 352)
Cumulative gap	179 067	(6 696 522)	(6 918 780)	(10 207 419)	(2 329 352)	-

Interest rate sensitivity analysis

A 5% increase/decrease in the average borrowing rates of the Group for the year ended 31 December 2014 would have resulted in a decrease/increase in the Group's recorded profit of US$ 74 129.

24. Financial Risk Management (continued)

Foreign exchange risk

Definition
Foreign exchange risk is the risk that arises from adverse changes in foreign exchange rates and emanates from a mismatch between foreign currency inflows and outflows.

Identification techniques
The risk is identified through the analysis of the Company's open foreign exchange positions.

Measurement methods
The risk is measured through the Company's open foreign exchange positions.

Impact evaluation
The Company has evaluated this risk as low in view of the fact that at present it does not have any open foreign exchange positions.

Strategies for management/mitigation
The risk is managed through market analysis techniques.

Monitoring and controlling mechanisms
The risk is controlled through the use of limits set by the Board on the overall foreign exchange position.

Adequacy and effectiveness of risk management system
Management is confident that the foreign exchange risk management systems in place are adequate and effective, and are complied with in all material respects by all staff members.

Equity price risk

Definition
Equity price risk is the possibility that equity prices will fluctuate, affecting the fair value of equity investments that derive their value from a particular equity investment of index of equity prices.

Identification techniques
The Company tracks the performance of all its equity investments using the price lists issued by members of the ZSE.

Measurement methods
Based on the price lists from the members of the ZSE, the Company quantifies the risk.

Impact evaluation
Equity price risk is assessed as high as the Company’s equities are in a single counter.

Strategies for management/mitigation
The Company manages its exposure to equity price risk by monitoring and evaluating stock performances.

Fair value of financial assets and liabilities

The table below summarises the various assets and liabilities measured at fair value and the level on the fair value hierarchy:

	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
31 December 2014				
Listed investments	-	-	-	-
Put option	-	-	-	-
Total	**-**	**-**	**-**	**-**
31 December 2013				
Listed investments	4 083 323	-	-	4 083 323
Put option	3 160 663	-	-	3 160 663
Total	**7 243 986**	**-**	**-**	**7 243 986**

The Group had no financial assets and liabilities that were carried at fair value as at 31 December 2014.

Adequacy and effectiveness of risk management system

The risk management system has proved adequate and effective in managing equity price risk.

24.3 Capital management

The Company is regulated by the Securities and Exchange Commission, being a licensed financial advisory firm; however there are no prescribed capital levels.

The Company's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future growth of the business. Management monitors the return on capital. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company's target is to achieve a return on capital above 30% over a period of up to 5 years. The weighted-average interest rate on interest-bearing borrowings was 15% (2013: 17%). There are no share-based payment schemes in place.

The Company monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity. The Company's policy is to keep the ratio below 1.00. The Company's adjusted net debt to equity ratio at 31 December was as follows:

	31-Dec-14 US$	31-Dec-13 US$
Total borrowings	10 000 803	13 547 149
Less: cash and cash equivalents	(904 281)	(179 067)
Net debt	**9 096 522**	**13 368 082**
Total equity	**30 553 743**	**28 899 955**
Net debt to adjusted equity ratio	**0.30**	**0.46**

24.4 Credit risk

Definition
Credit risk is the risk that a counter party will not honour its obligations to the Company as and when they become due.

Identification techniques
The Company assesses prospective customers or investees prior to granting credit facilities to them.

Measurement methods
The risk is measured through assessing the risk of default through investigations of the counterparty's credit worthiness.

Impact evaluation
Credit risk is rated low in the Company as the systems for identification measurement and controlling the risk are effective.

Strategies for management/mitigation
The Company has a credit risk management process which operates through authorization limits.

Exposure to credit risk
The carrying amounts of the financial assets represent the maximum credit exposure. The maximum exposure at reporting date was as follows:

	Note	Carrying amount 31-Dec-14 US$	Carrying amount 31-Dec-13 US$
Bank	***10***	904 281	179 067
Put option	***11***	-	3 160 663
Receivables	***12***	5 243 633	4 742 777
Total		**6 147 914**	**8 082507**

None of the financial assets have been impaired as no evidence of impairment exists over any of the assets. The carrying amount of the financial assets approximates fair values.

25. Capital Commitments

25.1 GetSure Life Assurance

In December 2014, GetSure Life Assurance, a 100%-owned subsidiary of the Company, was granted a life assurance license by the Insurance and Pensions Commission. The Company will require US$ 2 000 000 to meet the regulated capital. This commitment is expected to be incurred within the first half of 2015.

25.2 GetBucks

In 2014, the GetBucks Board of Directors resolved to convert the credit only microfinance license to a deposit-taking microfinance license. If granted the license, GetBucks will require a total of US$ 5 000 000 in capital. The Company's commitment in the required increase in capital will be US$ 1 500 000.

25.3 Potential asset management company acquisition

The Company is in discussions for the acquisition of an existing licensed asset management company. If successful, US$ 1 000 000 will be required for the purchase.

26. Subsequent Events

26.1 Rights offer to raise funding

Brainworks Zimbabwe recently concluded a rights offer which was underwritten by Red Rock Capital and Blue Air Capital. This latest round of fund raising closed on 23 March 2015 with the funds raised earmarked for consolidating investments in the Real Estate and Hospitality sectors and exploiting opportunities in the financial services sector in Zimbabwe. A total of US$ 29,663,808 was raised from the rights offer.

26.2 Dawn Properties

An additional 13.70% shareholding in Dawn Properties was acquired in March 2015 and a further 19% was acquired in April 2015 resulting in a total shareholding of 62% in Dawn Properties. This will trigger a mandatory offer to minorities as per the ZSE requirements.

26.3 African Sun

The Company undertook a mandatory offer to the minority shareholders of African Sun which opened on the 20th of April 2015 and closed on the 11th of May 2015. As a result, an additional 12% interest was acquired bringing the total shareholding to 55.11% in African Sun.

27. Going Concern

The consolidated financial statements have been prepared on a going concern basis. The Group is assessed to be a going concern despite the loss of US$ 4 621 756 incurred for the year ended 31 December 2014. The loss for the year was primarily driven by a non-recurring non-cash expense of US$ 3 449 900 (see note 7.2). The fully underwritten and renounceable rights offer undertaken subsequent to year end to raise US$ 35 million will go a long way to finance the Company's deal pipeline and enhance profitability.

The Group has a positive net asset position of US$ 30 553 743. The Directors have thus made the assessment of the Group to continue as a going concern as they believe that the business will be a going concern in the foreseeable future.

BRAINWORKS CAPITAL MANAGEMENT (PRIVATE) LIMITED
4 Arden Road
Newlands
Harare
Zimbabwe

Tel +263 4 782 849
Fax +263 4 782 855
Email enquiry@brainworkscapital.com
Website www.brainworkscapital.com

Design, Typesetting, Editing & Proofreading: www.mantaraydesign.co.za