BRAINWORKS CAPITAL

ZIMBABWE'S PRE-EMINENT PRIVATE EQUITY INVESTMENT COMPANY

ANNUAL REPORT 2011

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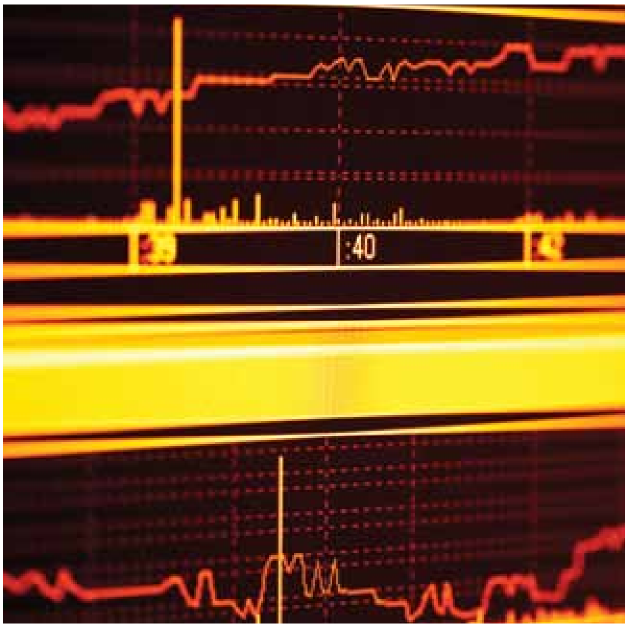


WE ARE A MEDIUM TO LONG TERM INVESTOR

LETTER TO SHAREHOLDERS

Dear Shareholders

We are pleased to present the inaugural annual report to shareholders of Brainworks Capital Management (Private) Limited (herein referred to as "the Company") for the seven months ended 31 December 2011.

In May 2011, the Company, a private equity investment firm focusing on investing in Zimbabwe, was launched. Since the beginning of 2011, the operating environment has been challenging, but we remain confident in the future of this country and the opportunities it offers.

Our belief in deploying intellectual capital, operating expertise and financial capital to grow value in Zimbabwe continues to be central in our stated investment model of co-investing with outstanding international operating partners in high growth opportunities.

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

1. 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.

2. RESPECT

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

3. EXCELLENCE

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

4. 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 skills set, management and staff work as a team to create long-term value.

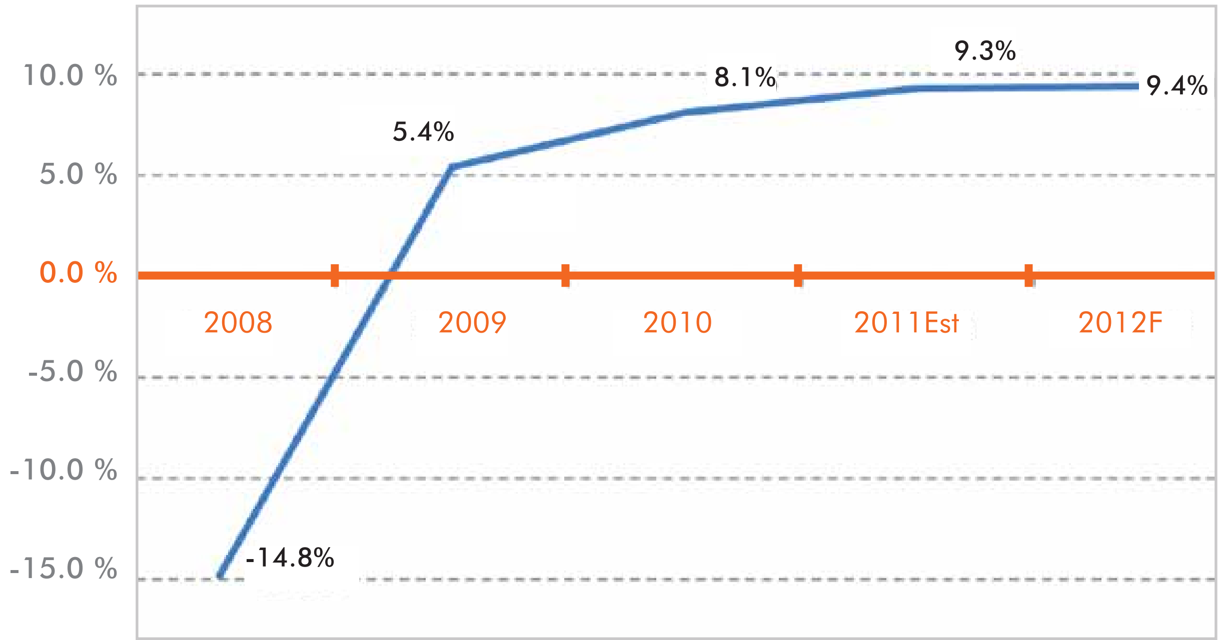
5. SHARING

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.

OVERVIEW OF THE ZIMBABWE OPPORTUNITY

Despite the lack of meaningful international financial support for the turnaround of the Zimbabwe economy since 2009, favourable commodity prices coupled with a stable macroeconomic environment has continued to drive the Zimbabwean economy as depicted in the graph below showing GDP growth:

ZIMBABWE GDP – 2008 TO 2012



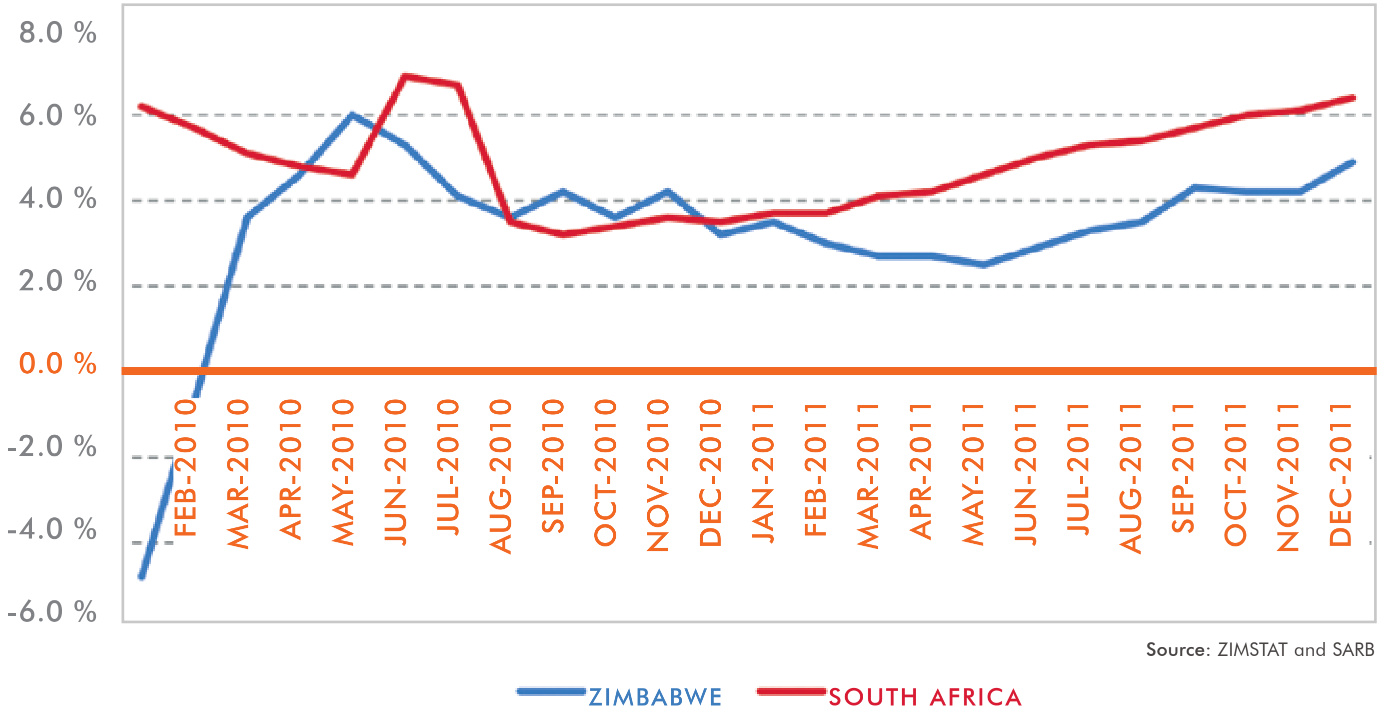
Source: Zimbabwe Ministry of Finance

Expansion of the Zimbabwe economy in 2011 was underpinned by growth in mining (25.8%), agriculture (7.4%), finance and insurance (24%), distribution and tourism (10.3%) and manufacturing (3.5%). Economic activity is projected to further grow by 9.4% in 2012, underpinned by strong performance in finance (23%); mining (15.9%); tourism (13.7%); and agriculture (11.6%). Downside risks to the outlook, however, include the following:

1. The likelihood of an unfavourable agriculture season characterised by delays in the distribution of subsidised inputs, late onset of the rainy season and mid-season dry spells;
2. Erratic power supply and rising utility costs;
3. Political uncertainty surrounding the constitution and elections;
4. Slow-down in export demand as global economic activity decelerates;
5. Liquidity challenges;
6. High interest rates; and
7. Gigantic rise in mining fees.

Price stability experienced under the multiple currency system since 2009 has also provided an enabling business environment in Zimbabwe. As depicted below, Zimbabwe's annual headline inflation has been lower than South Africa for most of the last 2 years:

ZIMBABWE YEAR-ON-YEAR INFLATION



Source: ZIMSTAT and SARB

Despite the prospects of elections in 2012 or 2013, the Zimbabwe economy will continue to grow and offer attractive investment opportunities for medium to long-term investors. The Company is well positioned to take advantage of the opportunities unfolding in Zimbabwe prior to a complete turnaround of the economy.

BUILDING A STRONG PLATFORM

The Company is a financial services and commodity-focused investment company that co-invests with leading international partners in promising, high-growth companies in Zimbabwe. A long-term investment perspective with special emphasis on capital preservation is taken. Consequently, the dislocation caused by this economic downturn will, as in past cycles globally, lead to attractive opportunities for the future.

OUR BUSINESS

Our business is structured as follows:

1. PROPRIETARY INVESTMENTS

Our focus on proprietary investments is in Zimbabwe and we primarily invest in financial services and commodities related opportunities. We have a target Internal Rate of Return of 30% on our investments over an investment holding period of between 3 to 5 years. We add value to our investments through board representation and being an active local shareholder. During the year under review, we expended most of our energy and focus in establishing a presence in our target sectors and/or consolidating our initial investments in those target sectors.

SECTOR:	BANKING
INVESTEE COMPANY:	ECOBANK ZIMBABWE LIMITED
SHAREHOLDING:	36.91%
STRATEGIC RATIONALE:	Attractive sector with medium to long-term strong growth potential. We are in partnership with a pan-African banking operator and have strong representation on the board and influential shareholding.

SECTOR:	ASSET MANAGEMENT
INVESTEE COMPANY:	ECOBANK ASSET MANAGEMENT ZIMBABWE LIMITED
SHAREHOLDING:	36.91%
STRATEGIC RATIONALE:	Complimentary sector to the banking and insurance sectors. We are in partnership with the asset management arm of the Ecobank Group and have strong representation on the board and influential shareholding.

SECTOR:	LIFE ASSURANCE
INVESTEE COMPANY:	BRAINWORKS LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED
SHAREHOLDING:	100%
STRATEGIC RATIONALE:	Sector has strong potential to grow in the medium to long-term and we have made considerable progress in establishing a presence through a greenfield approach. A licence application has been submitted to the Insurance and Pensions Commission and we are hopeful of a positive outcome. Target date of commencing operations is in Quarter 2, 2012 and formal arrangements have been entered into with a strong foreign operator and investor, which will see us reducing our shareholding to 40%, subject to all regulatory approvals.

SECTOR:	CONSUMER FINANCE
INVESTEE COMPANY:	GET BUCKS FINANCIAL SERVICES ZIMBABWE LIMITED
SHAREHOLDING:	100% (PRIOR TO ANTICIPATED DILUTION TO 45%)
STRATEGIC RATIONALE:	Significant opportunities currently exist in this sector and we have made considerable progress in establishing a presence through a greenfield approach. The company has been licensed by the Registrar of Banks/Reserve Bank of Zimbabwe. Target date of commencing operations is 1st of June, 2012. A transaction has advanced, which will see us reducing our shareholding to 45%, by partnering with a significant foreign international operator that has immense experience in operating in the consumer finance sector, primarily in South Africa and the region.

SECTOR:	AGRIBUSINESS
INVESTEE COMPANY:	SENWES ZIMBABWE (PRIVATE) LIMITED
SHAREHOLDING:	100% (PRIOR TO ANTICIPATED DILUTION TO 40%)
STRATEGIC RATIONALE:	This sector has historically been vital to the economic growth of Zimbabwe and its role in the future turnaround of the country is critical. Significant opportunities exist and we have laid a strong foundation to pursue these opportunities. A transaction has advanced which will see us reducing our shareholding to 40%, by partnering with a significant foreign international operator in this sector - this transaction is subject to all regulatory approvals.

SECTOR:	GOLD EXPLORATION AND MINING
INVESTEE COMPANY:	BCM GOLD (PRIVATE) LIMITED
SHAREHOLDING:	100%
STRATEGIC RATIONALE:	Gold mining has dominated Zimbabwe industry for more than a century and Zimbabwe has been one of Africa's largest gold producing countries amongst Tanzania, South Africa and Ghana. We have sponsored the creation of a junior gold mining house that is engaged in exploration for, and development of, multi-million ounce gold deposits through exploration in highly prospective under-explored areas in Zimbabwe. Through SRK Consulting, we are currently prospecting on 1,892.13 Ha of valid gold claims in the Gweru mining district.

SECTOR:	OIL DISTRIBUTION AND STORAGE
INVESTEE COMPANY:	FML OIL COMPANY OF ZIMBABWE (PRIVATE) LIMITED
SHAREHOLDING:	100% (PRIOR TO ANTICIPATED DILUTION TO 30%)
STRATEGIC RATIONALE:	The continued turnaround of the Zimbabwe economy is increasing the consumption of petroleum products and this has strengthened the attractiveness of this sector. We have entered this sector and are in the process of completing a transaction with a strong foreign operator in this sector, which will result in a significant strengthening of our existing platform.

2. PRIVATE EQUITY FUND MANAGEMENT

While building our proprietary investment position as a first step, coupled with the strong human capital we offer in private equity investing in emerging markets, we have a unique opportunity to build a private equity fund management business in southern Africa. We have made considerable progress in laying the foundation for this exciting space and we expect to see this adding to value creation for shareholders in the near future.

3. ADVISORY

As the Zimbabwe economy continues its turnaround, we see significant opportunities in financial advisory and restructurings. Through cultivating our extensive local and global relationships, we have commenced building a presence in this area. Currently, advisory services are provided on selective conflict-free transactions whereby we tap into intellectual capital and relationships to achieve results for our clients.

FINANCING

Financial strength is vital to achieving our investment objectives - we finance our business through the following methods:

1. ACQUISITION FINANCE

We raised US$5 million in acquisition finance which ranges between a tenor of three years and ten years. This form of financing is useful in our business model and acts as a bridge to future share issuances.

2. PRIVATE PLACEMENT OF NEWLY ISSUED ORDINARY SHARES

We undertook two private placements of shares during the year to institutional investors, which raised US$12 million in equity. We are grateful to local pension funds and foreign institutional investors who have expressed confidence in us by supporting the private placements.

As at 31 December 2011, the ownership of the company was approximately 70% held by institutional investors and the balance by management. Through this process, the vote of confidence received from the African Development Corporation (ADC), who subscribed to approximately 28% shareholding in the Company, was humbling. ADC is a Frankfurt stock exchange-listed financial services group focusing on investment in sub-Saharan Africa's highly profitable banking and insurance markets, as well as on proprietary investments in selected frontier markets. ADC's involvement in the Company, alongside the local pension fund shareholders, provides a superb foundation for the growth and development of shareholder value. The investment by ADC provides significant international support for the Company.

3. INITIAL PUBLIC OFFERING (IPO)

The Company is as yet not listed on any stock exchange but there is a driving commitment to do so when market conditions are considered conducive. We have been pro-active in dealing with the prospects of the Company's IPO and during the course of the year under review, we have strengthened our process, including corporate governance structures - we believe that this will facilitate the achievement of a successful IPO in the near future. We believe that achieving an IPO will unlock the value that we are currently building and will also provide liquidity of the Company's shares. Shareholders will be kept updated on this process and the timing of a successful IPO.

COMPLIANCE WITH ZIMBABWE'S INDIGENISATION LAWS

Through the private placement of shares undertaken during the year under review, significant broad-based ownership of the Company was achieved through focus on attracting local pension funds as shareholders of the Company. During the year, the shareholding of the Company was vetted by the Ministry of Youth Development, Indigenisation and Empowerment and was certified compliant with the indigenisation regulations. We are proud of this achievement as it positions the Company well to execute the investment model with outstanding international operating partners willing to invest in Zimbabwe in the target sectors.

SHAREHOLDING AND BROAD-BASED LOCAL OWNERSHIP

Below is the closing shareholding structure of the Company, which shows that the Company was 71.77% locally owned and thereby compliant with Zimbabwe's Indigenisation and Economic Empowerment Act (Chapter 14:33):

#	SHAREHOLDER	SHAREHOLDING %	CLASSIFICATION
1	ADC Financial Services and Corporate Development	28.23	Foreign
2	Fintrust Pension Fund	20.20	Indigenous
3	Zahra Investments Trust	8.14	Indigenous
4	Matthew Daniels Trust	8.14	Indigenous
5	TDC Investment Trust	4.89	Indigenous
6	AWT Investment Trust	4.89	Indigenous
7	Chemplex Pension Fund	4.13	Indigenous
8	Brainworks Investments Trust	3.26	Indigenous
9	Green Valley Investment Trust	3.26	Indigenous
10	Carnaudmetalbox Group Pension Fund	4.21	Indigenous
11	Comarton Consultants (Private) Ltd	1.43	Indigenous
12	Brainworks Capital Pension Fund	1.40	Indigenous
13	PTC Self Insurance Plan	2.78	Indigenous
14	Comarton Preservation Fund	1.13	Indigenous
15	Metropolitan Bank Pension Fund	1.02	Indigenous
16	Archer Clothing Manufacturers (Private) Limited Pension Fund	0.35	Indigenous
17	Atchison Actuarial Company (Private) Ltd	0.26	Indigenous
18	Christian Brothers College Pension Fund	0.48	Indigenous
19	Comarton Consultants Pension Fund	0.34	Indigenous
20	Jacob Bethel (Zimbabwe) Corporation Pension Fund	0.47	Indigenous
21	Brands Africa Pension Fund	0.37	Indigenous
22	United Styles Pension Fund	0.06	Indigenous
23	Femina Pension Fund	0.09	Indigenous
24	Style International Pension Fund	0.01	Indigenous
25	Commercial and Industrial Holdings Pension Fund	0.49	Indigenous
	TOTAL	100.00	

The company is committed to achieving broad-based local ownership and we are proud to report that of the 71.77% local ownership held in the Company, the beneficiary ownership represents in excess of 11,000 local Zimbabweans.

MANAGEMENT AND PERFORMANCE INCENTIVES

During the year, efforts were focused on securing and building an excellent management team with significant expertise to pursue the objectives of the Company. As an investment company, managers are incentivised on the performance of investments in line with standard international practice. In that regard, below are the details of how management are remunerated and incentivised for performance:

1. Management have a minimum service contract of 5 years with the Company.
2. Management have a fixed salary which is subject to review on the 5th anniversary of employment.
3. Management are not provided with company cars or any financial assistance.
4. No other financial benefits are paid by the Company, aside from the fixed salary, except for pension contributions which are in line with industry standards.
5. Management is entitled to a performance bonus equivalent to 20% on capital gains realised above an internal rate of return of 10% on the Company's investments ("Performance Bonus"). The Performance Bonus is calculated and paid on an investment-by-investment basis as and when the Company has successfully exited the investments.

No fees were paid to non-executive directors during the year 2011 to allow the business to grow and consummate all the target deals in the pipeline. The non-executive directors have further resolved to waive their fees until 2013.

2011 FINANCIAL RESULTS

The Company generated sufficient revenue to cover operating costs with total revenue of US$1.3 million against total operating costs of US$749 000. In addition finance costs of US$344 000 were incurred on acquisition finance of US$4.8 million. Consequently, the Company achieved Profit after Tax of US$411 115. The balance sheet size closed at US$17.3 million as at 31 December 2011.

Total assets were made up of (i) 36.90% in Ecobank Zimbabwe Limited carried at US$14.9 million, (ii) 100% in FML Oil Company of Zimbabwe carried at US$368 000, (iii) Lower Gweru Gold Mines carried at US$137 000, (iv) Cash, listed securities and receivables totalling US$1.6 million and (v) Property and Equipment of US$70 000.

Revenue comprised of: (i) US$38 000 in dividends, (ii) US$32 000 in interest earned on investment of cash and (iii) US$$1.2 million in advisory fees, structured fee income and gains on investments. Operating expenses were made up of US$134 000 in transaction costs, US$20 880 in audit and legal fees, US$251 000 in staff costs and US$230 830 in administrative costs.

DIRECTORATE

Below is a composition of the board of directors of the Company and attendance of meetings during the year under review:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP	TOTAL # OF MEETINGS HELD	TOTAL # OF MEETINGS ATTENDED
Richard Muirimi	Zimbabwean	Non-Executive Chairman	4	4
Vulindlela Ndlovu	Zimbabwean	Non-Executive Director	4	4
Alwyn Scholtz	South African	Non-Executive Director	4	4
Cornel Vermaak	South African	Non-Executive Director	4	4
Dirk Harbecke	German	Non-Executive Director	4	4
NanaAma Dowuona	Ghanaian	Non-Executive Director	4	4
George Manyere	Zimbabwean	Managing Director	4	4
Walter Kambwanji	Zimbabwean	Chief Finance Officer	4	4
Wayne Waterworth	Zimbabwean	Executive Director	4	4

OUTLOOK

We are proud of the firm that the Company is emerging to become through the support and efforts of our shareholders, directors, management and staff. The platform built to date has significant potential to benefit from unfolding opportunities as implementation of Zimbabwe's indigenization regulations continues. We will continue to assess opportunities that come our way, however, our primary focus in 2012 will be the consolidating and strengthening our existing investment portfolio.

We consider the growth prospects to be strong and encouraging.

Yours sincerely,

Richard Muirimi
Chairman

George Manyere
Managing Director

WE ARE A PROACTIVE INVESTOR

RICHARD MUIRIMI

ZIMBABWEAN | NON-EXECUTIVE CHAIRMAN

Richard Muirimi has significant experience in Pension and Employee Benefits Services. He founded Cormaton Consultants (Private) Limited in 1995 and is currently the Managing Director, responsible for driving the vision, development and implementation of the strategy. Cormaton is a leading pension fund administrator in Zimbabwe, administering at least 30 pension funds. He spearheaded the launch of the Comarton Managed Pension Funds Investments Consortium in 2007, an investment fund with US$ 55 million in investable funds, some of which have already been invested in real estate and public equities on the ZSE. The investment fund is now actively pursuing investments in alternative asset classes, primarily private equity, a new investment class in Zimbabwe which Comarton is actively sponsoring its introduction in the market.

Richard was previously the Chairman of the Zimbabwe Association of Pension Funds over the period April 2002 to February 2004. He is currently the Deputy Chairman of the Insurance and Pensions Commission, an appointment he has held since 1 November 2005. Among his other major achievements, he was the inaugural Non-Executive Chairman of Kingdom Financial Holdings Limited ("KFHL") on its formation in 1995 until he resigned from the board in 2005. During that period as Chairman of KFHL, he guided KFHL through the following:

- Launch of the financial services group.
- Initial capitalisation through Private Placement of shares amongst founding shareholders.
- IPO of KFHL and listing on the ZSE.
- Establishments and development of all subsidiaries includingAsset Management, Merchant Bank, Commercial Bank, Stock Broking.
- Regional expansion into Botswana and Zambia.
- Managing compliance within a very unpredictable regulatory environment.

Richard has also previously held senior positions in Zimnat Life Assurance Company (1995-1998) and AON/Minet Insurance Brokers (1982-1995). In 1987 he graduated as a fellow of the Executive Development Program with the University of Zimbabwe.

ALWYN SCHOLTZ

SOUTH AFRICAN | NON-EXECUTIVE DIRECTOR

Alwyn Scholtz is the Founding Partner of Scholtz Attorneys, a firm specialising in commercial law and corporate finance among other areas. The firm is based in Tshwane (Pretoria), South Africa and to-date, Alwyn has advised clients, some listed on the Johannesburg Stock Exchange (JSE), on general commercial work. This included a company listed on the Hong Kong Stock Exchange on the acquisition of a majority interest in a company which owns a platinum mine in the Groblersdal area in South Africa. Alwyn conducted the concomitant due diligence on the structure of the holding entities, the financing structures and mining licenses. The total value of the transaction was approximately US$300 million.

Alwyn has also advised an international IT Group operating from the United States and Switzerland on various proposed take-overs and financing transactions and has also advised a Zinc and Copper project in Zambia on its proposed listing on the AIM Market in London.

Alwyn is currently acting as the Company Secretary for a major shareholder in one the largest commercial agricultural companies in South Africa listed on the JSE. Alwyn was previously a Partner at Glyn & Marais Inc. (previously Jowell Glyn & Marais Inc.), a law firm in Johannesburg, South Africa. Alwyn has significant advisory experience of corporate deals, capital raising and listing on stock exchanges. Alwyn is a holder of a BCom Law and an LLB from the University of Pretoria.

CORNEL VERMAAK

SOUTH AFRICAN/SWISS | NON-EXECUTIVE 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, Cornel was a senior professional within the Credit Suisse Group of companies, servicing the Swiss private banking arena. He was specifically responsible for international private banking business from Geneva for Bank Hofmann for many years where he saw and led many interesting transactions.

Cornel 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. He 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.

NANAAMA DOWUONA

GHANAIAN | NON-EXECUTIVE DIRECTOR

Nanaama Duwouona has significant experience in Legal and Private Equity. She has worked as an M&A lawyer in New York prior to returning to Ghana in 2002. She has practiced in Accra as a corporate lawyer advising large corporate clients on foreign direct investments in Ghana. Most recently she worked as the Chief Operating Officer of the Kingdom Zephyr Africa Management Company, a premier African private equity management company, which manages two pan-African private equity funds with over US$600 million in capital commitments. NanaAma currently consults as a legal and strategic advisor in West Africa.

DIRK HARBECKE

GERMAN | NON-EXECUTIVE DIRECTOR

Dirk Harbecke has more than 15 years experience as a senior executive, entrepreneur and investor. He is the CEO and Founder of the African Development Corporation (ADC); a Frankfurt listed investment company focused primarily on investing in the banking sector in Africa. ADC has a market capitalisation in excess of Euro100 million.

Dirk is responsible for ADC's strategy, the investment screening and decision process, the success of the investments and is the key representative of the company. Before joining ADC, Dirk worked as a Manager at Boston Consulting Group (BCG), focusing on the restructuring and set-up of financial services institutions in Europe and the Middle East. He has extensive international experience in developed and emerging markets having worked in Germany, France, UK, US, China, Tunisia, Egypt and numerous sub-Saharan African countries. Most recently, Dirk worked for BCG, setting-up new financial services institutions in the Middle East where he and his team developed a concept for a new bank that has been successfully introduced on the market, from feasibility study to strategy development and operational blueprint.

Other projects included the development and implementation of a new retail and private banking concept and the management of M&A deals in Western Europe. Prior to working as a consultant, Dirk set-up two companies in the financial services and ICT sectors, successfully launched an online financial network with 120 employees and developed it to market leadership in Germany. Dirk has a joint honours degree in Journalism (Master) and Economics (Bachelor) from the University of Dortmund/Germany and an MBA from St. Gallen University in Switzerland. He is a trained editor who speaks fluent German, English and French. Dirk sits on several boards in Germany and Africa.

VULINDLELA NDLOVU

ZIMBABWEAN | NON-EXECUTIVE DIRECTOR

Vuli Ndlovu is a former Partner at KPMG Zimbabwe. Among his major achievements at KPMG, Vuli started the KPMG Corporate Finance Practice in the country in 1997 and this has since developed into a reputable corporate finance service provider.

After KPMG he worked for the African Banking Corporation (ABC) where his last position was Managing Director for the Zimbabwe operations. Vuli left ABC at the end of 2004 and set up Lufuno Capital. Lufuno Capital is an investment banking firm, with the primary activities being financial advisory, private equity and proprietary investments. Lufuno's focus has been in the area of project finance, mergers and acquisitions and disposals in Zimbabwe and other African countries. Lufuno is currently promoting its first Private Equity Fund, the Lufuno Southern Africa SME Fund, a EURO30 million Fund that will invest in Malawi, Zambia and Zimbabwe.

Vuli's prior work experience, in senior financial management roles, includes the Financial Gazette, an independent weekly financial newspaper in Harare and Tedco Limited, a furniture and clothing retail group that was listed on the Zimbabwe Stock Exchange. He holds a Bachelor of Accountancy degree from the University of Zimbabwe and is a Chartered Accountant (Zimbabwe). He is a past President of the Institute of Chartered Accountants of Zimbabwe.

GEORGE MANYERE

ZIMBABWEAN | MANAGING DIRECTOR/CHIEF INVESTMENT OFFICER

George Manyere is the Managing Director and founder of Brainworks Capital Management. He is an investment banker with significant experience in executing deals in Zimbabwe and sub-Saharan Africa.

Prior to founding Brainworks Capital in 2008, George was an investment professional with the private sector arm of the World Bank, International Finance Corporation (IFC), headquartered in Washington DC. While at IFC, he invested in excess of US$600 million in sub-Saharan Africa with some of his notable transactions yielding 216% IRR and 38% IRR respectively. He managed a portfolio of investments in excess of US$400 million and represented IFC on several investee company boards.

George led the structuring and acquisition of a 28% controlling stake in Premier Finance Group Limited and seconded to Premier Bank to undertake the restructuring and recapitalisation of the banking group. Notable achievements at Premier bank, include the successful attraction of foreign shareholders to the bank in a US$6 million transaction with African Development Corporation (ADC) and KMQ Enterprises (a Mauritius investment firm), the successful restructuring of the banks governance structures and balance sheet and the successful conclusion of a transaction with Ecobank Transnational Incorporated in a US$10 million transaction which ensured the bank is fully recapitalised, rebranded and is positioned for significant growth in partnership with Ecobank, a leading pan-African Bank, whose asset base is in excess of US$9 billion. Post Ecobank's investment in Premier Bank, he successfully completed the execution of his mandate at Premier Bank and resumed his executive role at Brainworks Capital.

George is a Non-Executive Director in most of Brainworks Capital investee companies including Ecobank Zimbabwe. He holds a Bachelor of Accounting Science and Honours in Accounting Science from the University of South Africa. He also holds a Certificate in Theory of Accounting from the University of South Africa and has completed various international courses in finance, strategy and investment banking.

WALTER KAMBWANJI

ZIMBABWEAN | FINANCE DIRECTOR/CHIEF OPERATING OFFICER

Walter Kambwanji co-founded Brainworks Capital Management and is the company's Chief Financial Officer/Partner. He is a Chartered Accountant with significant experience in finance and operations in Zimbabwe and internationally. Prior to co-founding Brainworks in 2008, he was a professional in the finance department of HSBC in London.

Walter has vast experience in the fields of Finance and Operations and has previously been Finance Director of various institutions in Zimbabwe including Bank ABC Zimbabwe Limited, Renaissance Merchant Bank Limited and Murray & Roberts Zimbabwe Limited.

Walter was seconded to Premier Bank in April 2009 to undertake the restructuring and strengthening of the banking group's operations. Notable achievements at Premier Bank include the successful rationalisation of operations and staff, restructuring of the balance sheet and containment of costs. Walter also played critical roles in the attraction of foreign shareholders to the bank in a US$6 million transaction with African Development Corporation (ADC) and KMQ Enterprises (a Mauritius investment firm) and the successful conclusion of a transaction with Ecobank Transnational Incorporated in a US$10 million transaction which ensured the bank is fully recapitalised, rebranded and is positioned for significant growth in partnership with Ecobank, a leading pan-African Bank, whose asset base is in excess of US$9 billion.

Post Ecobank's investment in Premier Bank, Walter successfully completed the execution of his mandate at Premier Bank and has assumed an executive role at Brainworks Life Capital - he will drive the company's operations and assist investee companies in strengthening their finance and operations.

Walter holds a Bachelor of Accounting Science and Honours in Accounting Science from the University of South Africa and is a Chartered Accountant (Zimbabwe). He has completed various international courses in finance, strategy and banking.

WAYNE WATERWORTH

ZIMBABWEAN | EXECUTIVE DIRECTOR

An engineer by profession, Wayne Waterworth has significant experience in the mining sector in Zimbabwe. Prior to joining Brainworks Capital Management as Chief Mining Specialist/ Partner, Wayne was the Managing Director of Falcon Gold Limited; a Zimbabwe Stock Exchange listed gold mining company, a role he assumed in 2008.

At Falgold, Wayne managed a total of four gold mines with a staff compliment in excess of 500. He has worked in Europe and in various African countries including South Africa, Kenya, Zimbabwe and Tanzania. 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 turnkey projects in the mining sectors, petrochemicals and large and small scale construction sectors. He has specialist systems experience of Project and Contract Management, Energy and Environmental Management, Electrical and Mechanical Engineering, Medium and High voltage power and control systems, Energy and Building Management and Control systems.

More recently Wayne was responsible for the successful design, procurement, fabrication, erection, installation, testing and commissioning of the Blanket Mine Shaft 4 expansion project which included a new headgear (initial designed to 1,000m), winder, skips (nominal payload 5 ton), rough ore bin, primary crusher, all conveyors etc. to handle 30,000 tpm plus. He designed, but not completed, the mill upgrades, new secondary crushing plant and ancillary plant. He is well-versed in local international standards, regulations and codes of practice and has sat on various technical committees.

At Brainworks Life Capital, Wayne is responsible for the technical evaluation of mining opportunities and will assist the company's investee companies in the mining sector in strengthening their mining operations and enhancing shareholder value. He is a holder of a Bachelor of Science in Electrical Engineering and his other professional qualifications include:

- Member of the European Federation of National Engineering Associations 2001.
- Chartered Member of the Institution of Electrical Engineers 2000.
- Associate Member of the South African Institute of Electrical Engineers 1990.
- SAZ Technical Committees - Member, Cable and Conductors Technical Committee.
- Member of the Institute of Directors (Zimbabwe).

Wayne was the Chairman of the Chamber of Mines Technical Committee, on the Electricity and Power Development Committee and is a member of the Standards Association of Zimbabwe Technical Committee on Electrical Cables and Conductors.

The Directors recognise the importance of sound corporate governance and the Company complies with the provisions of the Companies Act (Chapter 24:03). The Board is responsible for formulating, reviewing and approving the Company's strategy, plans and corporate actions. The Directors hold quarterly meetings and at any other time as and when required. The Company has established various Board sub-committees namely, the Audit Committee, the Investment Committee and the Remuneration and Nominations Committee with formally delegated duties and responsibilities.

INVESTMENT COMMITTEE

The Investment Committee is a Board sub-committee 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 policy.

The Investment Committee members are:

Cornel Vermaak	(Non-Executive Chairman)
Richard Muirimi	(Non-Executive Director)
NanaAma Dowuona	(Non-Executive Director)
Dirk Harbecke	(Non-Executive Director)
George Manyere	(Chief Investments Officer)

AUDIT COMMITTEE

The Audit Committee is a Board sub-committee 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, accounting systems, procedures and the Company's financial reporting statements.

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

The Audit Committee members are:

Vulindlela Ndlovu	(Non-Executive Chairman)
Alwyn Scholtz	(Non-Executive Director)
Walter Kambwanji	(Chief Finance Officer)

REMUNERATION AND NOMINATION COMMITTEE

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

The Remuneration and Nomination Committee members are:

Richard Muirimi	(Non-Executive Chairman)
Dirk Harbecke	(Non-Executive Director)
Vulindlela Ndlovu	(Non-Executive Director)

WE INVEST IN PARTNERSHIP WITH STRONG INTERNATIONAL OPERATORS

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KPMG

TO THE MEMBERS OF BRAINWORKS CAPITAL MANAGEMENT (PRIVATE) LIMITED

We have audited the accompanying financial statements of Brainworks Capital Management (Private) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the period then ended, and notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 21 to 46.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present a true and fair view of the financial position of the Company as at 31 December 2011, and of the Company's financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards in the manner required by the Companies Act (Chapter 24:03).

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare
17 April 2012

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	NOTE	2011 US$
ASSETS		
Cash and cash equivalents	11	513 153
Financial instruments held at fair value through profit and loss	12	475 000
Other assets	15	774 201
Investments in subsidiaries	13	368 000
Investments in associates	14	14 923 014
Property and equipment	17	70 374
Deferred tax asset	16	215 413
TOTAL ASSETS		**17 339 155**
SHAREHOLDERS' EQUITY		
Share capital	21	30 130
Share premium	21	11 321 120
Retained profit		411 115
SHAREHOLDERS' EQUITY		**11 762 365**
LIABILITIES		
Borrowings	18	5 266 902
Balances due to stockbrokers	19	289 727
Other liabilities	20	20 161
TOTAL LIABILITIES		**5 576 790**
TOTAL EQUITY AND LIABILITIES		**17 339 155**

....
Walter Kambwanji
Chief Finance Officer/Company Secretary
17 April 2012

....
Vulindlela Ndlovu
Audit Committee Chairman
17 April 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SEVEN MONTHS ENDED 31 DECEMBER 2011

	NOTE	2011 US$
Interest income		31 663
Dividend income		38 052
Net gain from financial instruments at fair value through profit and loss	7	1 219 360
TOTAL REVENUE		**1 289 075**
Directors' fees		-
Transaction costs		84 473
Audit and legal fees		20 880
Other operating expenses	8	643 898
TOTAL OPERATING EXPENSES		**749 251**
OPERATING PROFIT BEFORE FINANCE COSTS		**539 824**
Finance costs	9	344 122
PROFIT BEFORE TAX		**195 702**
Tax credit	10	(215 413)
PROFIT AFTER TAX		**411 115**
Other comprehensive income		-
TOTAL COMPREHENSIVE INCOME		**411 115**

STATEMENT OF CASHFLOWS
FOR THE SEVEN MONTHS ENDED 31 DECEMBER 2011

	2011 US$
CASH FLOWS FROM OPERATING ACTIVITIES	
PROFIT BEFORE TAXATION	**195 702**
Adjust for:	
Depreciation	10 001
Unrealised gains	(32 476)
Interest received	(31 663)
	141 564
Changes in payables	309 888
Changes in receivables	(774 201)
Cash utilised in operations	(322 750)
Interest received	31 663
Net cash from operating activities	291 086
CASH FLOWS FROM INVESTING ACTIVITIES	
Unlisted investments	(15 291 014)
Listed investments	(442 524)
Purchase of property and equipment	(80 374)
Net cash used in investing activities	(15 813 912)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	11 351 250
Proceeds from long-term borrowings	7 508 159
Repayment of liabilities	(2 241 257)
Net cash from financing activities	16 618 152
Bank and cash balances at beginning of period	-
Net increase in cash and cash equivalents	513 153
Bank and cash balances at end of period	513 153

STATEMENT OF CHANGES IN EQUITY
FOR THE SEVEN MONTHS ENDED 31 DECEMBER 2011

	SHARE CAPITAL US$	SHARE PREMIUM US$	RETAINED PROFITS US$	TOTAL US$
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
Profit	-	-	411 115	411 115
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	411 115	411 115
TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY				
Issue of shares	30 130	11 321 120	-	11 351 250
TOTAL CONTRIBUTIONS BY OWNERS	**30 130**	**11 321 120**	**-**	**11 351 250**
BALANCE AT 31 DECEMBER 2011	**30 130**	**11 321 120**	**411 115**	**11 762 365**

1. INCORPORATION AND NATURE OF BUSINESS

The Company is a Zimbabwean indigenous controlled and managed private equity investment firm which invests in companies with operations in Zimbabwe focused primarily in the following sectors: (i) Financial Services; (ii) Mining; (iii) Agriculture, and (iv) Energy.

The Company is incorporated and domiciled in Zimbabwe with its registered offices at 4 Arden Road, Newlands in Harare.

The Company is primarily involved in private equity investment activities, fund management and advisory.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These separate financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements are not consolidated as the only subsidiary, Brainworks Petroleum (Private) Limited is immaterial to the financial statements. Furthermore, the company intends to dispose of the majority of its investment during the financial period ended 31 December 2012 resulting in a further reduction in its materiality.

The financial statements were authorised for issue by the Board of Directors on 17 April 2012.

2.2 BASIS OF MEASUREMENT

The 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 FUNCTIONAL CURRENCY

These 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

The preparation of financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 financial statements are described in note 2.4.1.

2.4.1 SIGNIFICANT ESTIMATES AND JUDGEMENT

Key sources of estimation uncertainty include:

- Determination of fair values of financial assets and determination of discount rates, cash flow projections and price earnings ratios for use in valuing unquoted equities.
- Determination of useful lives and residual values used in the calculation of depreciation expense

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 FINANCIAL INSTRUMENTS

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

The Company's principal financial instruments comprise all assets and liabilities carried on the statement of financial position with the exception of share capital, reserves and minority interests in subsidiary companies, tangible and intangible non-current assets, inventories and deferred tax assets and liabilities.

3.1.1 NON-DERIVATIVE FINANCIAL ASSETS

The Company 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 Company becomes a party to the contractual provisions of the instrument.

The Company 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 Company 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 Company 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 Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company'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, are recognised in profit or loss.

Financial assets designated as at fair value though profit and loss comprise equity securities that o therwise 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

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 Company in the management of its short-term commitments

3.1.2 NON-DERIVATIVE FINANCIAL LIABILITIES

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

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

Other financial liabilities comprise borrowings, bank overdrafts, and other liabilities.

Bank over drafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

3.1.3 DERECOGNITION OF FINANCIAL LIABILITIES

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire.

3.1.4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

Fair value hierarchy

IFRS 7 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 Company'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 Zimbabwe Stock Exchange.

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 non listed equity investments.

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

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$
Assets at fair value through profit and loss	475 000	-	-	475 000

The Company had no other financial assets and liabilities that were carried at fair value, as at 31 December 2011.

3.1.5 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.

3.2 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Subsidiaries are entities where the Company has control. Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. Investments in associates and subsidiaries are accounted for at cost.

3.3 PROPERTY AND EQUIPMENT

3.3.1 RECOGNITION AND MEASUREMENT

Items of property and 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.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

The company capitalizes subsequent expenditure when it is probable that economic benefits will flow to the company as a result of expenditure.

3.3.2 DEPRECIATION

Items of property and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property and 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
- Computer equipment 5 years
- Office equipment 5 years
- Furniture and Fittings 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.4 LEASED ASSETS

Operating leases are not recognised in the Company's statement of financial position.

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 Company on terms that the Company 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 Company 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 o ccurring 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 Company'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.

Exploration and Evaluation 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.

3.5.3 EMPLOYEE BENEFITS

Post employment benefits

The company'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 Company 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.

3.6 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 a business combination, or 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 recognized 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 Company takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Company believes that it's 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 Company 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 elated tax benefit will be realised.

3.7 REVENUE RECOGNITION

3.7.1 DIVIDEND INCOME

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

3.7.2 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 Company uses the first-in, first-out method to determine the gain on disposal.

3.7.3 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 Company 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 and points paid or received 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 comprehensive income:

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

3.8 EXPLORATION AND EVALUATION COSTS

Exploration and valuation costs, including the costs of acquiring licenses, are capitalised as exploration and evaluation assets (E&E assets) on a project by-project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as intangible E&E assets. When a project is abandoned, the related costs are recognised in profit or loss immediately.

E&E 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 (see impairment, note 3.4).

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. Upon determination of proven reserves, intangible E&E assets are transferred to a separate category within tangible assets.

Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

3.9 RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

4. FINANCIAL INSTRUMENTS AND ASSOCIATED RISK

4.1 CURRENCY PROFILE

The Company's financial assets and liabilities are denominated in United States Dollars ("USD").

4.2 ASSOCIATED RISKS

The Company's investment activities would expose it to various types of risk that are associated with the financial instruments in which it would invest in. The following is a summary of the main risks.

4.3 CREDIT RISK

Credit risk is the risk to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the groups receivables.

4.4 POLITICAL, ECONOMIC AND SOCIAL RISK

Political, economic and social factors, changes in countries laws, regulations and the status of those countries' relations with other countries may adversely affect the value of the Company's assets.

4.5 LIQUIDITY RISK

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

4.6 MARKET RISK

Market risk is the risk that changes in markets prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor/issuer's credit standing) will affect the company's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. A risk management framework is reviewed regularly by the board and the audit comittee.

Sensitivity Analysis – equity price risk
The Company's listed equity investments are on the Zimbabwe Stock Exchange. For such assets listed as at fair value through profit and loss, a 1% increase in the share price would have increased equity by $31 thousand and a 1% change in share price in the opposite direction would have decreased equity by the same amount.

5. NEW STANDARDS AND INTERPRETATIONS ISSUED NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations in issue were not yet effective as at 1 January 2011, and have not be applied in preparing the financial information. The company does not plan to adopt these standards early.

- **IAS 12, Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)** - this amendment introduces an exception to the general measurement requirements of **IAS 12 Income Taxes** in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. **IAS 12** will be adopted for the first time for the year ending 31 December 2012 and will be applied retrospectively. There is no expected impact on the financial statements.

- **IAS 1, Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)** - this amendment requires that an entity present separately the items of **other comprehensive income (OCI)** that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss; and change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

IAS 1 will be adopted for the first time for the year ending 31 December 2013. There is no significant impact on the financial statements as this amendment will only require additional disclosure.

- **IFRS 10, Consolidated Financial Statements (effective from 1 January 2013)** - this standard introduces a new approach to determining which investees should be consolidated and provides a single model to be applied in the control analysis for all investees. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with that investee, it has the ability to affect those returns through its power over that investee and there is a link between power and returns. Control is reassessed as facts and circumstances change. **IFRS 10** supersedes **IAS 27 (2008)** and **SIC-12 Consolidation - Special Purpose Entities**.

IFRS 10 will be adopted for the first time for the year ending 31 December 2013. The impact on the financial statements has not yet been estimated.

- **IFRS 12, Disclosure of Interests in Other Entities (effective from 1 January 2013)** - this standard combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities. The required disclosures aim to provide information to enable user to evaluate the nature of, and risks associated with, an entity's interests in other entities and the effects of those interests on the entity's financial position, financial performance and cash flows.

The adoption of the new standard in 2013 will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard may impact the disclosure to be provided by the Company, but will have to be assessed based on IFRS 10 and IFRS 11 conclusions.

- **IFRS 13, Fair value Measurement (effective 13 January 2013)** - this standard introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value as an exit price, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements.

IFRS 13 will be adopted for the first time for the year ending 31 December 2013. The impact on the financial statements has not yet been estimated.

- **IAS 27 Separate Financial Statements** (2011) supersedes IAS 27 (2008) will be adopted in the year 2013 and is effective for year-ends commencing on or after 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. There will be no material impact on the financial statements.

- **IAS 28 Investments in Associates and Joint Ventures** (2011) supersedes IAS 28 (2008) will be adopted for the 2013 financial year and is effective for year-ends commencing on or after 1 January 2013. IAS 28 (2011) makes the following amendments: (i) IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and (ii) on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest. No material impact is expected on the financial statements.

- **IFRS 9 Financial Instruments** issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

- IFRS 9 requires all recognised financial assets that are within the scope of **IAS 39 Financial Instruments: Recognition and Measurement** to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- **IFRS 11 Joint Arrangements** issued on 12 May 2011 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The effective date of **IFRS 11** is for annual periods beginning on or after 1 January 2013. Earlier application is permitted. If an entity applies **IFRS 11** earlier, it must disclose that fact and apply **IFRS 10**, **IFRS 12**, **IAS 27 Separate Financial Statements** and **IAS 28 Investments in Associates and Joint Ventures** at the same time. The Company does not intend to early adopt **IFRS 11** and no impact is expected on the financial statements as the Company is not engaged in any joint arrangements at present.

6. DETERMINATION OF FAIR VALUES

A number of the Company'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 following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the assets or liability.

6.1 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 sate, or if unquoted, determined using a valuation technique. Valuation techniques employed included market multiples and discounted cash flow analysis using expected future cash flow and a market-related discount rate.

6.2 TRADE AND OTHER RECEIVABLES

The fair value of trade and other 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.

	2011 US$

7. NET GAIN FROM INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

Gains on listed investments	695 799
Gains on unlisted investments	523 561
	1 219 360

8. OTHER OPERATING EXPENSES

Contributions to a defined contribution pension plan	6 260
Pre-Incorporation expenses	130 567
Social security contributions	1 020
Other staff costs	244 220
Office rental	21 000
Administration costs	230 830
Depreciation	10 001
	643 898

9. INTEREST EXPENSE

Interest on ABC Holdings facility (see Note 18)	179 678
Interest on Ecobank Transnational Incorporated facility (see Note 18)	164 444
	344 122

10. TAX CREDIT

Current tax expense	-
Deferred tax asset movement	215 413
TAX CREDIT	**215 413**

	2011 US$
10.1 TAX RATE RECONCILIATION	
Profit before tax	195 702
Tax calculated at 25.75%	(50 393)
Tax effect of:	
Items taxed at different rates	2 471
Expenses not deductible for income tax purposes	263 335
INCOME TAX CREDIT	**215 413**

11. CASH AND CASH EQUIVALENTS

Cash and bank balances	513 153

12. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

Quoted investments	475 000

13. INVESTMENT IN SUBSIDIARY

Investment in Brainworks Petroleum (Private) Limited	368 000

The Company acquired 100% of this fuel trading company in November 2011.

14. INVESTMENT IN ASSOCIATE

Investment in Ecobank Zimbabwe	14 923 014

The Company increased its shareholding in Ecobank Zimbabwe to a significant interest from 12.9% to 36.91% on 31 December 2011. This is an unlisted investment in a retail bank and an asset management company. The investment is held at cost.

	2011 US$
15. OTHER ASSETS	
Lower Gweru Project	137 389
Receivables	636 812
	774 201
16. DEFERRED TAX	
DEFERRED TAX ARISING FROM	
Fair value on listed investments	(1 624)
Fair value on unlisted investments	(26 167)
Leasehold improvements	(132)
Property and equipment	(2 339)
Tax loss	245 675
DEFERRED TAX ASSET	215 413

17. PROPERTY AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS US$	MOTOR VEHICLES US$	COMPUTER EQUIPMENT US$	OFFICE EQUIPMENT US$	FURNITURE & FITTINGS US$	TOTAL US$
COST						
Opening balance	-	-	-	-	-	-
Additions	5 500	16 150	10 032	16 748	31 944	80 374
	5 500	16 150	10 032	16 748	31 944	80 374
DEPRECIATION						
Opening balance	-	-	-	-	-	-
Charge for the period	(367)	(1 884)	(1 286)	(2 119)	(4 345)	(10 001)
ACCUMULATED DEPRECIATION	(367)	(1 884)	(1 286)	(2 119)	(4 345)	(10 001)
NET CARRYING AMOUNT	5 133	14 266	8 746	14 628	27 600	70 374

	2011 US$

18. BORROWINGS

ABC Holdings Limited - 18.1	1 562 458
Ecobank Transnational Incorporated (ETI) - 18.2	3 364 444
Deferred payments - 18.3	340 000
	5 266 902

18.1 The amount due to ABC Holdings Limited matures on 31 December 2021 and attracts interest at 15% per annum. Interest is payable half yearly in arrears. The facility is secured by director's residential properties.

18.2 The amount due to Ecobank Transnational Incorporated matures on 6 May 2013 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.

18.3 Amounts relates to the balance that remained for shares purchased under a deferred payment structure. The balance was cleared in the first two months of 2012 and was unsecured.

19. BALANCES DUE TO STOCKBROKERS

Due to stockbrokers	289 727
	289 727

The amounts were settled in January 2012 and related to listed share purchases in the ordinary course of business.

20. OTHER LIABILITIES

Audit fees	12 000
Other	8 161
	20 161

	2011 US$

21. CAPITAL AND RESERVES

21.1 AUTHORISED

1 000 000 000 ordinary shares of U$0.0001 each	100 000

21.2 ISSUED AND FULLY PAID

301 300 070 ordinary shares of $0.0001 each	30 130

21.3 SHARE PREMIUM

Premium on ordinary shares	11 321 120

All shares rank equally with regard to the Company's residual assets. 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.

22. OPERATING LEASES

The Company has operating leases for its office premises. The lease term is for one year renewable. The minimum lease payments under the operating lease were:

No later than one year	9 000

23. RELATED PARTIES

Directors secured the ABC Holdings Limited facility to the company through their residential properties see note 18. No other related party transaction apart from normal remuneration for services as executive directors occurred.

23.1 RELATED PARTY BALANCES

Receivables due from Group companies	
Brainworks Petroleum (Private) Limited	82 962
Borrowings obtained from related party companies	
Ecobank Transnational Incorporated	3 364 444

23.2 RELATED PARTY TRANSACTIONS

Interest on loan from Ecobank Transnational Incorporated	164 444

	2011 US$
23.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL	
Short-term employee benefits	192 500
Post employment pension and medical aid benefits	5 250
Other long-term benefits	-
Termination benefits	-
TOTAL COMPENSATION	197 750

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 rates 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.

24.1 LIQUIDITY RISK...CONTINUED...

	UP TO 1 MONTH US$	2 TO 6 MONTHS US$	7 TO 12 MONTHS US$	ABOVE 12 MONTHS US$	OTHER US$	TOTAL US$
LIQUIDITY GAP ANALYSIS						
As at 31 December 2011						
ASSETS						
Cash and cash equivalents	513 153	-	-	-	-	513 153
Financial instruments at fair value	475 000	-	-	-	-	475 000
Other assets	-	-	774 201	-	-	774 201
Investments in subsidiaries	-	-	-	-	368 000	368 000
Investment in associate	-	-	-	-	14 923 014	14 923 014
Property and equipment	-	-	70 374	-	-	70 374
Deferred taxation	-	-	-	-	215 413	215 413
	988 153	-	844 575	-	15 506 427	17 339 155
LIABILITIES						
Borrowings	-	620 383	280 383	280 383	4 085 753	5 266 902
Balances due to stockbrokers	289 727	-	-	-	-	289 727
Other liabilities	-	20 161	-	-	-	20 161
Total Equity	-	-	-	-	-	11 762 365
	289 727	640 544	280 383	280 383	4 085 753	17 339 155
Sensitivity gap	698 426	(640 544)	564 192	(280 383)	11 420 674	-
Cumulative gap	698 426	57 882	622 074	341 691	11 762 365	-

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. Risk management activities are aimed at optimising net interest income, given market interest rate levels consistent with the Company's business strategies.

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.

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, 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 Zimbabwe Stock Exchange.

Measurement methods
Based on the price lists from the members of the Zimbabwe Stock Exchange, 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.

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

Sensitivity analysis
A 5% increase/decrease in the value of listed shares as at 31 December 2011 would have resulted in an increase/decrease of US$23 750 to the reported Company's profit and an increase/decrease in the statement of financial position of US$23 750.

24.3 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
Receivables	15	636 812
Receivables due from group companies	23.1	82 962
		719 774

25. CAPITAL COMMITMENTS

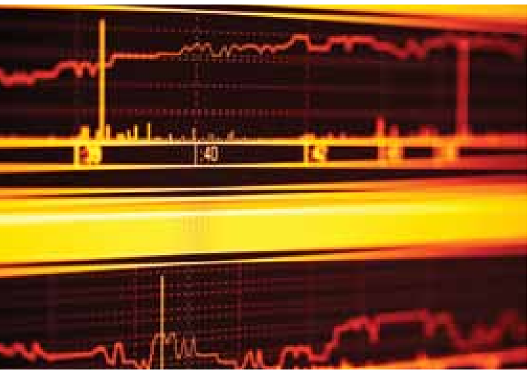
During the year the Company signed a memorandum of understanding with Senwes International Holdings (Proprietary) Limited, a South African agri-business company, for the set up of an agri-business trading company in Zimbabwe, Senwes Zimbabwe. The set up of the company will require $1 000 000 capitalisation. Brainworks share of this commitment is $400 000 to be paid during 2012.

During the year the Company lodged an application with IPEC for a life assurance licence. The business will be capitalised through a combination of existing investments and cash. The immediate capital commitment for this venture is a cash injection of $500 000 to be paid during 2012.

During the year the Company lodged an application with Reserve Bank of Zimbabwe for a micro-finance institution licence which was granted on 19 March 2012. The Company signed a memorandum of understanding with Get Bucks Limited, a Mauritius registered financial services group, for the set up of a consumer finance business in Zimbabwe. The set up of the company will require $1 000 000 capitalisation. Brainworks share of this commitment is $450 000 to be paid during 2012.

26. SUBSEQUENT EVENTS

There were no major events subsequent to the reporting period.



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