BRAINWORKS CAPITAL

A PRIVATE EQUITY INVESTMENT AND ADVISORY FIRM PRIMARILY FOCUSED ON ZIMBABWE

2012

ANNUAL REPORT

BRAINWORKS
CAPITAL

REGISTERED COMPANY

BRAINWORKS CAPITAL MANAGEMENT (PRIVATE) LIMITED
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Zimbabwe

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Harare
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LEGAL ADVISORS

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BANKERS

ECOBANK ZIMBABWE
2 Piers Road
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INVESTEE COMPANIES

ECOBANK ZIMBABWE LTD
PUMA ENERGY ZIMBABWE (PRIVATE) LTD
BRAINWORKS LIFE ASSURANCE COMPANY OF ZIMBABWE LTD
GETBUCKS FINANCIAL SERVICES
BCM GOLD (PRIVATE) LTD
FML OIL COMPANY OF ZIMBABWE (PRIVATE) LTD

VALUES 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 amongst 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.

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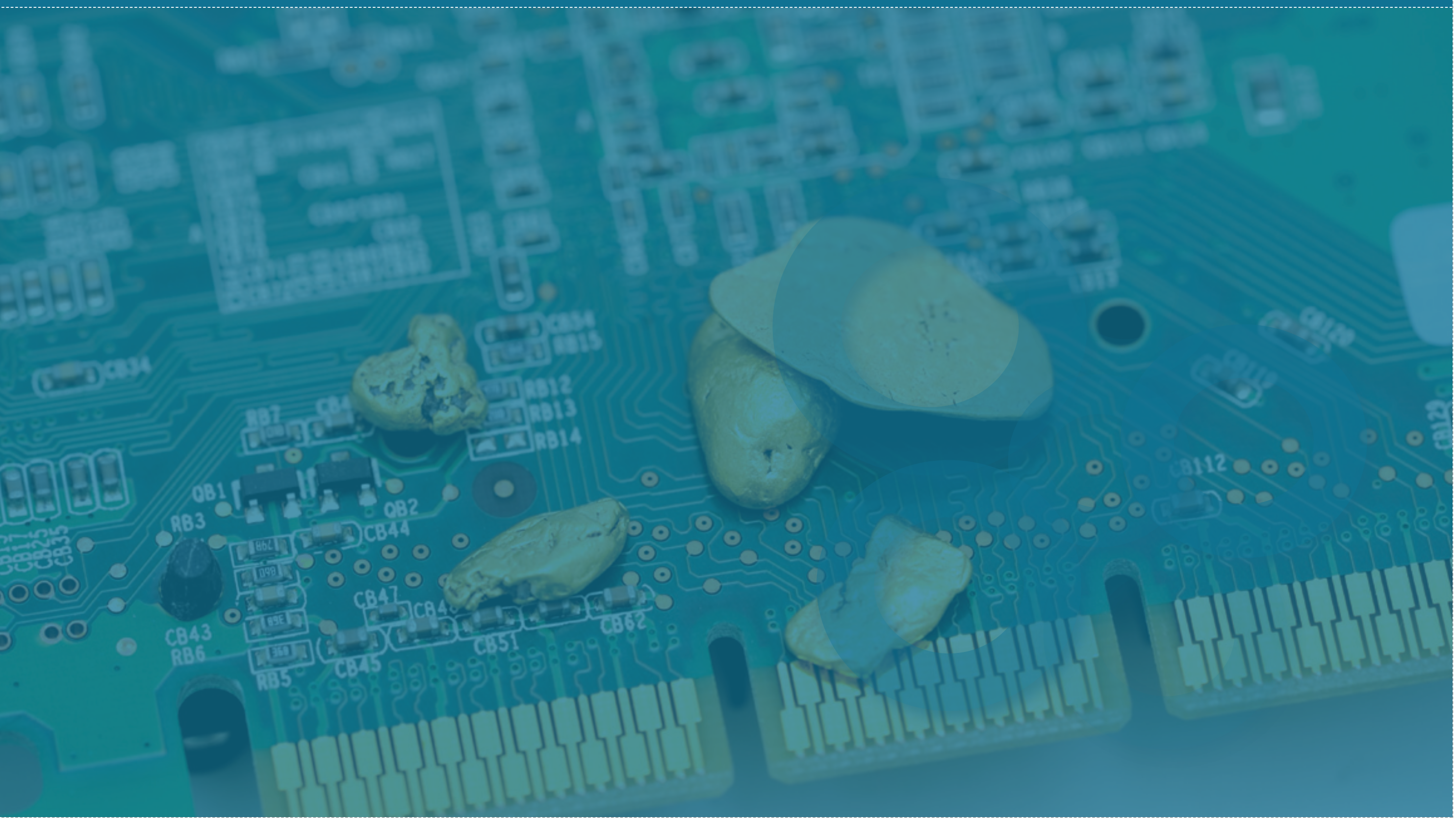
LETTER TO SHAREHOLDERS



DEAR SHAREHOLDERS

We are pleased to present the annual report to shareholders of Brainworks Capital Management (Private) Limited (herein referred to as "the Company") for the year-ended 31 December 2012.

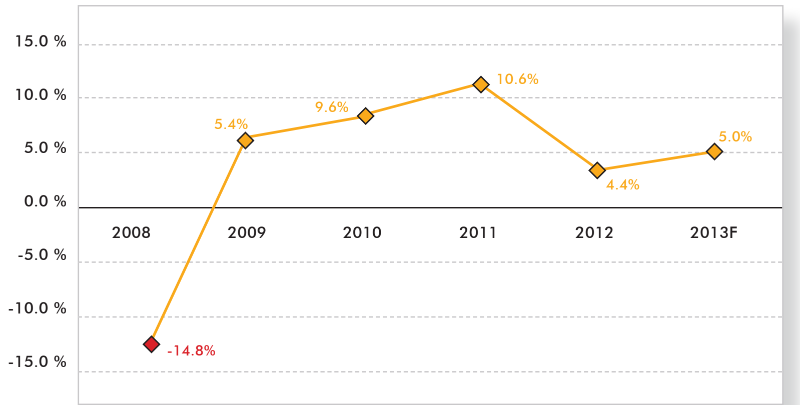
The year 2012 has seen the Zimbabwean economic environment continuing to improve creating more opportunities for private equity investment and advisory services for the Company. The Company continues to deploy intellectual capital and financial capital to grow value in Zimbabwe through the nature of its investment model of co-investing with outstanding international operating partners in high growth opportunities. In this regard and pursuant to our strategy the major highlights for 2012 were:

- The Company was granted an advisory licence by the Securities and Exchange Commission of Zimbabwe and successfully acted as advisor on a number of significant mandates;
- GetBucks Financial Services Zimbabwe Limited, a microfinance company licensed by the Reserve Bank of Zimbabwe in which the Company is a 45% shareholder, was successfully launched and commenced operations in August 2012;
- Puma Energy Zimbabwe, a fuel tank farm project, obtained various regulatory licenses and is now on course to commence construction work in 2013;
- BCM Gold, a mining and exploration project, successfully completed exploration Phase 2 at Lower Gweru Mines giving more confidence and a better platform to complete the final Phase 3 of the exploration programme;
- FML Oil Company of Zimbabwe, successfully renewed its import, wholesale, and retail licences. A Managing Director was appointed and the company has attracted a number of international investors, who have expressed an interest in taking up an equity stake;
- Ecobank Zimbabwe, the most significant investment in the Company's portfolio, has successfully turned around and overturned a US$ 5.6 million loss in 2011 to a modest profit of US$ 300 000 for the year 2012. The bank is now positioned to increase profitability and assume its rightful place in the market among the more stable and preferred banking institutions; and
- In the third quarter of 2012 a Private Placement Memorandum targeting US$ 30 million was issued. As at the end of April 2013, US$ 14 million was raised of which US$ 1.2 million was accounted for in the 31 December 2012 financial statements.

OVERVIEW OF THE ZIMBABWE ECONOMIC ENVIRONMENT

The Zimbabwean economy remains depressed, isolated and unable to access consequential international financial support to boost economic recovery. Mineral and agriculture commodities, the main drivers of the economy, saw growth in 2012. However, both sectors underperformed as actual growth rates were much lower than anticipated. Growth Domestic Product (GDP) growth is depicted in the graph below:

ZIMBABWE GDP – 2008 TO 2013 (FORECAST)



Source: Zimbabwe Ministry of Finance

Although the economy did see growth in 2012, sectors performed below initial forecasts. GDP which was initially projected to grow by 9.4%, was revised to 5.6%, and then further to 4.4%. Expansion of the Zimbabwean economy in 2012 was underpinned by growth in mining (10.1%), agriculture (4.6%), finance and insurance (5.1%), distribution and tourism (3.9%) and manufacturing (2.3%).

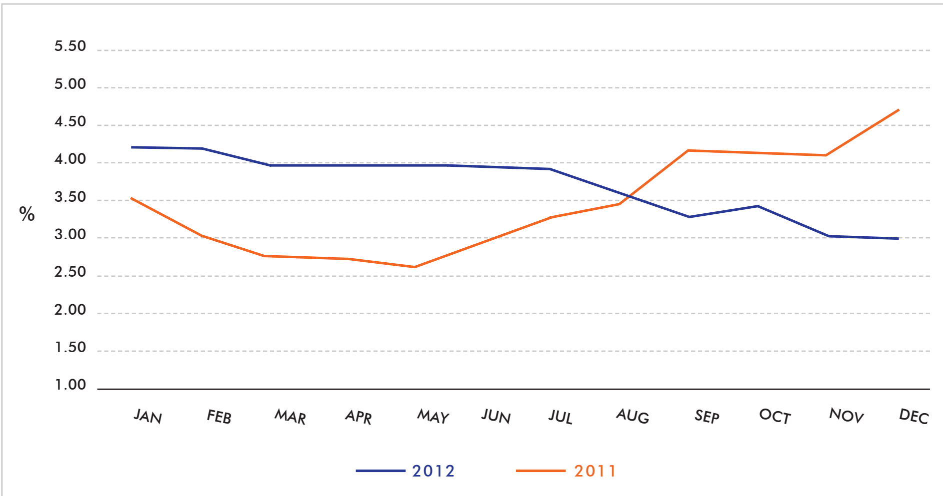
Economic activity is projected to slightly grow by 5% in 2013, underpinned by anticipated growth in the mining (17.1%) and agriculture (6.4%) sectors. However, minimal growth is forecast for sector performance in finance and insurance (6%); distribution and tourism (4%); and manufacturing (1.5%).

The downside risks to the forecast remain quite similar to previous years, which include the following:

a) The possibility of an underperforming agricultural season characterised by delays in the distribution of subsidised inputs, late onset of the rainy season and mid-season dry spells;
b) Erratic power supply and rising utility costs;
c) Political uncertainty surrounding the 2013 elections;
d) Slow-down in export demand as global economic activity decelerates;
e) Liquidity challenges;
f) High interest rates; and
g) Significant rise in mining fees.

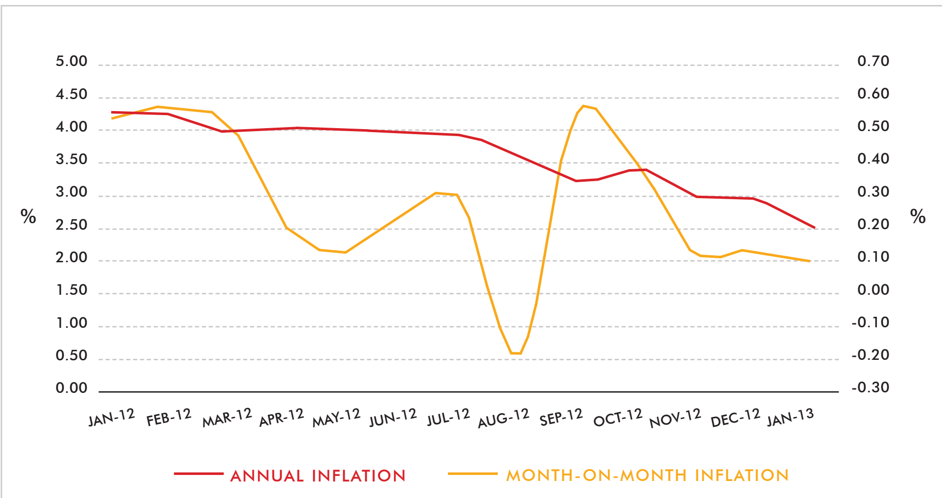
Price stability experienced under the multiple currency system since 2009 has also provided an enabling business environment in Zimbabwe. As depicted below, Zimbabwe's annual headline inflation has remained far below the regional benchmark of 5% at 2.5%.

ZIMBABWE YEAR-ON-YEAR INFLATION PROFILE 2011 AND 2012



Source: Zimbabwe Ministry of Finance

ZIMBABWE INFLATION PROFILE



Source: Zimbabwe Ministry of Finance

Despite the prospects of elections towards the end of 2013, the Zimbabwe economy will continue to grow, albeit sluggishly, 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.

OUR PLATFORM

The Company's long-term investment perspective emphasises capital growth and as such the portfolio of investments is geared towards the achievement of this objective.

The Company's business activities are grouped into two main categories:

1. Proprietary Private Equity Investments; and
2. Advisory Services.

1. PROPRIETARY PRIVATE EQUITY INVESTMENTS

All the proprietary investments of the Company are currently in Zimbabwe where investments are primarily financial services and commodities-related. The targeted Internal Rate of Return of 30% on investments over an investment holding period of between 3 to 5 years guides our investment assessment and portfolio management processes. The year 2012 saw our investee companies consolidating on the good base set in 2011.

BANKING SECTOR

Investee Company: ECOBANK ZIMBABWE LIMITED

2012 PERFORMANCE HIGHLIGHTS

In 2011, Ecobank concentrated on improving overall financial performance on the back of an increased distribution network, wider product range and better service quality. It is pleasing to record that the positive financial results achieved for the year 2012 confirm that substantial progress has been made towards the effective execution of this strategy. Significant growth was recorded in all key performance matrices mainly revenue, profitability and a marked improvement in asset quality.

The bank also attained a more stable funding base. Total assets grew by 78% to US$ 103.9 million, driven largely by a 121% increase in loans which, in turn, were supported by growth in deposits and shareholders' funds of 57% and 196% respectively. Total income grew by 186%, outpacing a 26% increase in operating costs. Consequently, Ecobank recovered from a loss of US$ 5.9 million to a profit of US$ 0.3 million.

With a Tier I capital base of US$ 28 million, Ecobank is compliant with the regulatory minimum capital requirement of US$ 25 million as at 31 December 2012. Shareholders injected a total of US$ 22.5 million during 2012 and are committed to ensuring that Ecobank complies with all regulatory requirements including minimum capital requirements set by the Reserve Bank of Zimbabwe. Ecobank will continue with its strategy of building critical mass with a special focus on growing the funding base so as to boost underwriting capacity and improve distribution capacity via an enhanced branch network. Customers can also expect to see the increased deployment of ATMs, Point-of-Sale (POS) devices and electronic banking channels.

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
Richard Chimuka	Zimbabwean	Non-Executive Director
Fortune Chisango	Zimbabwean	Non-Executive Director
Lloyd Mhishi	Zimbabwean	Non-Executive Director
Daniel Sackey	Ghanaian	Managing Director
George Manyere	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Non-Executive Director

The shareholding structure of Ecobank Zimbabwe is as follows:

Ecobank Transnational Incorporated	70%
Brainworks Capital Management	29.4%
Ecobank Staff Share Trust	0.6%

INSURANCE SECTOR

Investee Company: BRAINWORKS LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED

PROGRESS UPDATE

The life assurance licence remains pending as the application submitted to the Insurance and Pensions Commission has not yielded a conclusive response yet. We remain hopeful that we will satisfactorily address all the requirements and be licensed.

Brainworks Life Assurance's board of directors is comprised of the following members:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Vulindlela Ndlovu	Zimbabwean	Non-Executive Chairman
Alwyn Scholtz	South African	Non-Executive Director
Cornel Vermaak	South African	Non-Executive Director
Dirk Harbecke	German	Non-Executive Director
NanaAma Botchway-Dowuona	Ghanaian	Non-Executive Director
George Manyere	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Non-Executive Director
Wayne Waterworth	Zimbabwean	Non-Executive Director

The shareholding structure of Brainworks Life Assurance Company of Zimbabwe is as follows:

Brainworks Capital Management	100%

CONSUMER FINANCE SECTOR

Investee Company: GETBUCKS FINANCIAL SERVICES ZIMBABWE LIMITED

2012 PERFORMANCE HIGHLIGHTS

GetBucks Zimbabwe is a registered microfinance company. The company started operations in August 2012 with one branch in Harare. As at 31 December 2012, a total of US$ 441 000 had been disbursed in payroll-based loans mainly to civil servants, while five branches had been opened in Harare, Bulawayo, Mutare, Chinhoyi and Marondera. A further two branches in Masvingo and Bindura were opened post year-end and are now operational. In addition to the Government deduction code, five private payrolls have also been signed-up and management are targeting to grow that number in 2013. The company achieved a profitable position in March 2013 and with further loan growth, profitability will be enhanced.

GetBucks Zimbabwe's board of directors is comprised of the following members:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Richard Muirimi	Zimbabwean	Non-Executive Chairman
Vulindlela Ndlovu	Zimbabwean	Non-Executive Director
Johan Jonck	South African	Non-Executive Director
Dave van Niekerk	South African	Non-Executive Director
Gerrie Fourie	South African	Executive Director
Daniel Jonck	South African	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	40%
Other	5%

GOLD EXPLORATION AND MINING SECTOR

Investee Company: BCM GOLD (PRIVATE) LIMITED

In 2011, SRK Consulting, commenced exploration of the Lower Gweru Mines claims, a group of 1,600 claims covering some 15km^2 in an area of previous known mining activity, some 25km north west of Gweru. In 2012, the second stage of the soil sampling and trenching were completed. SRK Consulting issued a report, which recommend proceeding with the drilling programme, together with a budget which was approved by the Board.

SRK also completed the determination of a first stage resource (surface material to 10m depth) and gave an extrapolated resource (blue sky) to 90m. This will be improved upon to a fully JORC compliance level when the drilling programme is undertaken.

In summary, SRK have determined a Total Inferred Resource (to-date) of 10,650oz together with an estimated resource for all the current anomalies being investigated, after completion of the approved drilling programme, of some 200,000oz.

BCM Gold'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
Timothy Nuy	Dutch	Non-Executive Director
Peter Bourhill	Zimbabwean	Executive Director
Wayne Waterworth	Zimbabwean	Chief Executive Officer

The shareholding structure of BCM Gold is as follows:

Brainworks Capital Management 100%

OIL DISTRIBUTION AND STORAGE SECTOR

Investee Company: FML OIL COMPANY OF ZIMBABWE (PRIVATE) LIMITED

2012 PERFORMANCE HIGHLIGHTS

The continued turnaround of the Zimbabwean economy is increasing the consumption of petroleum products and this has strengthened the attractiveness of this sector. Having entered this sector in 2011, we have initiated steps to improve our presence and attractiveness in this sector. These include the appointment of a new Managing Director and creating separate investment opportunities for both the fuel trading and logistics platforms.

In the fuel trading platform, we have concluded a US$ 10 million facility to assist with the importation of petroleum products into the country. We are also in the process of finalising agreements with key suppliers for the long-term supply of product into Beira and Zimbabwe.

On the logistics platform, we have commenced transportation agreements with several key players in the market and have contracts for the regular supply of product (mainly paraffin) importations using our fleet of vehicles.

FML Oil's board of directors is comprised of the following members:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Vulindlela Ndlovu	Zimbabwean	Chairman
George Manyere	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Non-Executive Director
Cyril Moyo	Zimbabwean	Managing Director

The shareholding structure of FML Oil Company is as follows:

Brainworks Capital Management 100%

Brainworks Capital Management ownership is expected to be reduced through the introduction of a technical and strategic foreign investor with a shareholding of 49% as well as options to employees of this entity.

Investee Company: PUMA ENERGY ZIMBABWE (PRIVATE) LIMITED

2012 PERFORMANCE HIGHLIGHTS

We have continued to progress the fuel storage project by obtaining Environmental Management Agency (EMA) approval for the facility, as well as agreeing to the Throughput and Tie-in Agreement and associated fee with the Ministry of Energy. Final documentation is being processed and the board is yet to be appointed.

The shareholding structure of Puma Energy Zimbabwe is as follows:

Puma Energy LLC	70%
Brainworks Capital Management	30%

2. ADVISORY SERVICES

The Company was licensed by the Securities and Exchange Commission as a financial advisor. During the year the Company successfully acted as financial advisor on a number of advisory transactions, notably:

- The largest empowerment deal to-date in Zimbabwe: US$ 971 million Zimplats Mining Company disposal of 51% shareholding to Indigenous Entities led by the Government of Zimbabwe;
- The US$ 550 million Mimosa Mining Company disposal of 51% shareholding to Indigenous Entities led by the Government of Zimbabwe;
- The US$ 142 million empowerment deal between the Johannesburg Stock Exchange-listed Anglo American Platinum Limited and Indigenous Entities led by the Government of Zimbabwe;
- The US$ 28 million empowerment deal between the Johannesburg Stock Exchange-listed Pretoria Portland Cement and Indigenous Entities led by the Government of Zimbabwe; and
- The US$ 30 million empowerment deal between the Toronto Stock Exchange-listed Caledonia Mining and Indigenous Entities led by the Government of Zimbabwe.

Post signing of the term sheets between the Government of Zimbabwe and various foreign-owned mining companies seeking to comply with Zimbabwe's indigenisation laws, various Government regulatory bodies could not agree on the implementation of the term sheets. The term sheets were meant to pave the way for substantive agreements to be drawn up, which would have led to closure of the transactions.

The resultant evaluations of the term sheets advised by the Company led to widespread media coverage of these issues and, in some cases, some sections of the media attempted to turn the participation of Brainworks on these mandates into a scandal. Consequently, the Government is reviewing the term sheets, as well as exploring other methods of achieving its objectives and in that regard, transactions totaling US$ 1.8 billion in which the Company has advised, remain open. The fee that would have been earned by the Company on these transactions has not been accrued pending the nature of implementation of the deals that the Government of Zimbabwe will choose.

FINANCING

Financial strength is important to us achieving our investment objectives and in that regard, we finance our business through the following methods:

TERM 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.

We also accessed US$ 7 million in short-term funding which will mature in the second quarter of the year.

PRIVATE PLACEMENT OF NEWLY ISSUED ORDINARY SHARES

The Company undertook a private placement of shares in November 2012 targeting US$ 30 million. As at year-end US$ 1.2 million had been subscribed from local pension funds. Post year-end a further US$ 2 million was subscribed from a foreign investor, Red Rock Capital, a Mauritius-registered Category 1 Global Business (GBL1) company. Various possible subscription options amounting to US$ 19 million exist from a local investment trust through a swap of their shareholding in a Zimbabwe Stock Exchange-listed company and some foreign investors. This should bring the total subscription from this private placement to over US$ 20 million. We are grateful to local pension funds and foreign institutional investors who continue to support our initiatives through subscription for shares.

As at 31 December 2012, the ownership of the Company was approximately 32% foreign with the balance being locally-owned. 70% was held by institutional investors and the balance was held by management. Red Rock Capital's subscription of 20 million shares of the Company was approved by the Exchange Control on 5 April 2013.

INITIAL PUBLIC OFFERING (IPO)

The Company is not yet listed on any stock exchange but there is a strong 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, and we believe that this should 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 to give flexibility to shareholders. Shareholders will be kept updated during this process and, once the timing of a successful IPO is right, appropriate approvals will be sought.

COMPLIANCE WITH ZIMBABWE’S INDIGENISATION LAWS

Through the private placement of shares undertaken during the year under review, increased broad-based ownership of the Company was achieved through focus on attracting local pension funds as shareholders of the Company.

During the previous 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. 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 shareholding of the Company as at 22 April 2013, which shows that the Company was 68% locally-owned and thereby compliant with Zimbabwe's Indigenisation and Economic Empowerment Act (Chapter 14:33):

#	SHAREHOLDER	# OF SHARES	SHAREHOLDING %	NATIONALITY
1	ADC Financial Services and Corporate Development	87,200,000	26.09	Foreign
2	Red Rock Capital	20,000,000	5.98	Foreign
	Total Foreign	**107,200,000**	**32.07**	
3	Zahra Investments Trust	25,000,000	7.48	Indigenous
4	Matthew Daniels Trust	25,000,000	7.48	Indigenous
5	TDC Investment Trust	15,000,000	4.49	Indigenous
6	AWT Investment Trust	15,000,000	4.49	Indigenous
7	Brainworks Investments Trust	10,000,000	2.99	Indigenous
8	Green Valley Investment Trust	10,000,000	2.99	Indigenous
	Total Management	**100,000,000**	**29.92**	
9	Fintrust Pension Fund	67,241,425	20.12	Indigenous
10	Carnaudmetalbox Group Pension Fund	9,266,667	2.77	Indigenous
11	Brainworks Capital Pension Fund	14,865,375	4.45	Indigenous
12	Brainworks Capital Pension Fund - Nominees	3,600,000	1.08	Indigenous
13	PTC Self Insurance Plan	8,533,385	2.55	Indigenous
14	Comarton Preservation Fund	4,836,890	1.45	Indigenous
15	Archer Clothing Manufacturers (Private) Limited Pension Fund	1,360,000	0.41	Indigenous
16	Christian Brothers College Pension Fund	1,966,667	0.59	Indigenous
17	Comarton Consultants Pension Fund	1,440,000	0.43	Indigenous
18	Jacob Bethel (Zimbabwe) Corporation Pension Fund	1,500,000	0.45	Indigenous
19	Brands Africa Pension Fund	1,161,329	0.35	Indigenous
20	United Styles Pension Fund	180,000	0.05	Indigenous
21	Femina Pension Fund	265,000	0.08	Indigenous
22	Commercial and Industrial Holdings Pension Fund	1,783,333	0.53	Indigenous
23	Style International Pension Fund	110,000	0.03	Indigenous
24	Marathon Pension Fund	759,000	0.23	Indigenous
25	ZITF Pension Fund	800,000	0.24	Indigenous
26	Zimbabwe Agricultural Society Pension Fund	500,000	0.15	Indigenous
	Total Pension Funds	**120,169,071**	**35.95**	
27	Comarton Consultants (Private) Limited	6,066,666	1.82	Indigenous
28	Atchison Actuarial Services Company (Private) Limited	800,000	0.24	Indigenous
	Total Other	**6,866,666**	**2.05**	
	TOTAL	334,235,737	100.00	

Over 11,000 indigenous Zimbabweans are beneficiaries in the Company through the Pension Funds and individuals who are shareholders in the Company.

MANAGEMENT REMUNERATION

Management packages have not changed during the year.

No fees were paid to Non-Executive Directors during the year 2012 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.

2012 FINANCIAL RESULTS

Despite the failure to bill on successfully completed advisory mandates, the Company was able to generate sufficient revenue to meet operating costs.

Total revenue was US$ 3 million (2011: US$ 1 million) while operating costs of US$ 743 000 (2011: US$ 749 000) were incurred.

Finance costs of US$ 2 million (2011: US$ 344 000) were incurred on funding accessed.

A profit after tax of US$ 573 000 (2011: US$ 411 000) was achieved for the year ended 31 December 2012. Revenue comprised of:

(i) US$ 74 000 in dividends;
(ii) US$ 39 000 in share of associates profits; and loss
(iii) US$ 625 000 in advisory fees and US$ 2.27 million in unrealised gains on marketable securities. Operating expenses were made up of US$ 39 000 in transaction costs, US$ 20 000 in audit and legal fees, while staff costs were US$ 373 000 and administrative costs US$ 311 000.

The balance sheet of the Company grew to US$ 26 million from US$ 17.3 million as at 31 December 2012 mainly through growth in investments.

The total assets were made up of:

(i) 29.34% in Ecobank Zimbabwe Limited carried at US$ 14.9 million;
(ii) 100% interest in FML Oil Company of Zimbabwe carried at US$ 368 000;
(iii) Lower Gweru Gold Mines carried at US$ 321 000;
(iv) Cash, listed securities and receivables totalling US$ 9.8 million; and
(v) Property and Equipment of US$ 59 000.

DIRECTORATE

Below is the 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	3
Alwyn Scholtz	South African	Non-Executive Director	4	3
Cornel Vermaak	South African	Non-Executive Director	4	3
Dirk Harbecke	German	Non-Executive Director	4	4
NanaAma Botchway-Dowuona	Ghanaian	Non-Executive Director	4	3
George Manyere	Zimbabwean	Managing Director	4	4
Walter Kambwanji	Zimbabwean	Executive Director	4	4
Wayne Waterworth	Zimbabwean	Executive Director	4	3

OUTLOOK

We are proud of the modest achievements we have made in 2012. We are appreciative of the support and efforts of our shareholders, directors, management and staff. The Company has significant potential to grow and take advantage of its unique business model.

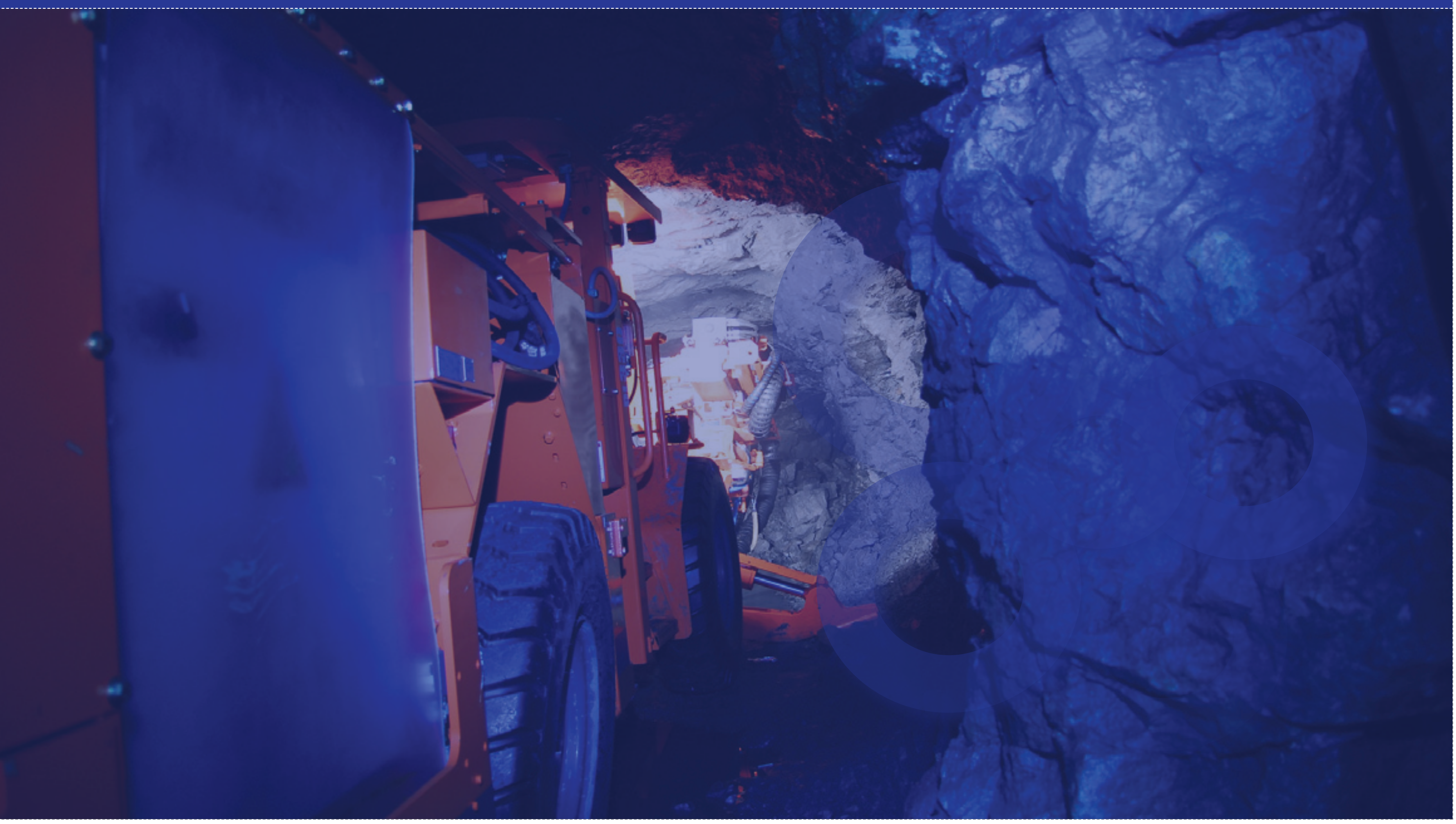
The year 2013 is a watershed year for Zimbabwe, with the constitutional referendum having ushered in a new constitution. Elections likely to be held during the year are expected to herald a new Government which will hopefully enable the operating environment to improve further and unlock opportunities for Private Equity and Advisory work.

Yours sincerely

Richard Muirimi
Chairman

George Manyere
Managing Director

DIRECTORATE



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 Zimbabwe Stock Exchange. 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 Zimbabwe Stock Exchange.
- 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 Programme 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 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 and Marais Inc. (previously Jowell Glyn and 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 BOTCHWAY-DOWUONA
GHANAIAN | NON-EXECUTIVE DIRECTOR

NanaAma Botchway-Dowuona 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 NanaAma 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 merger and acquisition 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

Vulindlela Ndlovu is a former Partner at KPMG Zimbabwe. Among his major achievements at KPMG, Vulindlela 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. He left ABC at the end of 2004 to 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 Euro 30 million Fund that invests in Malawi, Zambia and Zimbabwe.

Vulindlela'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.

Vulindlela holds a Bachelor of Accountancy degree from the University of Zimbabwe, is a Chartered Accountant (Zimbabwe), and 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, Chief Investment Officer and co-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 the 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 the IFC on several investee 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.

George 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 is the Finance Director, Chief Operating Officer and co-founder of Brainworks Capital Management. 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 and 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 was fully recapitalised, rebranded and positioned for significant growth in partnership with Ecobank, a leading pan-African Bank, whose asset base in excess of US$ 9 billion.

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

Walter also holds a Bachelor of Accounting Science from the University of South Africa, a Post Graduate Diploma in Applied Accountancy from the University of Zimbabwe and is a member of the Institute of Chartered Accountants of Zimbabwe. He has completed various international courses in finance, strategy and banking.

WAYNE WATERWORTH

ZIMBABWEAN | EXECUTIVE DIRECTOR

Wayne Waterworth, an engineer by profession, 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.

Wayne 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 Botchway-Dowuona	(Non-Executive Director)
Dirk Harbecke	(Non-Executive Director)
George Manyere	(Chief Investment 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)
Cornel Vermaak	(Non-Executive Director)

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)

2012 FINANCIAL STATEMENTS

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 2012, statements 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 24 to 48.

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 2012, 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
22 May 2013

2012 FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	NOTE	31-DEC-12 US$	31-DEC-11 US$
ASSETS			
Cash and cash equivalents	11	16 354	513 153
Financial instruments held at fair value through profit and loss	12	7 259 234	475 000
Receivables	13	2 341 569	636 812
Investment in subsidiaries	14	689 905	505 389
Investment in associates	15	15 312 014	14 923 014
Deferred tax asset	16	470 437	215 413
Property and equipment	17	59 085	70 374
TOTAL ASSETS		**26 148 598**	**17 339 155**
SHAREHOLDERS' EQUITY			
Share capital	21	31 523	30 130
Share premium	21	12 646 626	11 321 120
Retained earnings		983 874	411 115
SHAREHOLDERS' EQUITY		**13 662 023**	**11 762 365**
LIABILITIES			
Borrowings	18	12 459 596	5 266 902
Balances due to stockbrokers	19	-	289 727
Other liabilities	20	26 979	20 161
TOTAL LIABILITIES		**12 486 575**	**5 576 790**
TOTAL EQUITY AND LIABILITIES		**26 148 598**	**17 339 155**

Walter Kambwanji
Chief Finance Officer/Company Secretary
22 May 2013

Vulindlela Ndlovu
Audit Committee Chairman
22 May 2013

2012 FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	31-DEC-12 US$	31-DEC-11 US$
Fee income		692 216	-
Interest income		-	31 663
Share of associate income		39 000	-
Dividend income		74 135	38 052
Net gain from financial instruments at fair value through profit and loss	7	2 268 016	1 219 360
TOTAL REVENUE		**3 073 367**	**1 289 075**
Directors' fees		-	-
Transaction costs		38 660	84 473
Audit and legal fees		19 985	20 880
Other operating expenses	8	684 738	643 898
TOTAL OPERATING EXPENSES		**743 383**	**749 251**
OPERATING PROFIT BEFORE FINANCE COSTS		**2 329 984**	**539 824**
Finance costs	9	2 012 250	344 122
PROFIT BEFORE TAX		**317 734**	**195 702**
Tax credit	10	255 024	215 413
PROFIT AFTER TAX		**572 758**	**411 115**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**572 758**	**411 115**

2012 FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	31-DEC-12 US$	31-DEC-11 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAXATION	317 734	195 702
Adjust for:		
Depreciation	16 090	10 001
Unrealised gains	(2 268 016)	(32 476)
Interest expense	2 012 250	-
	78 058	173 227
Changes in payables	6 556 489	309 888
Changes in receivables	(1 789 273)	(774 201)
Cash utilised in operations	4 767 216	(464 313)
Net cash from operating activities	4 845 274	(291 086)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of unlisted investments	(489 000)	(15 291 014)
Acquisition of listed investments	(5 843 694)	(442 524)
Purchase of property and equipment	(4 801)	(80 374)
Net cash used in investing activities	(6 337 495)	15 813 912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	1 326 899	11 351 250
Proceeds from long-term borrowings	-	7 508 159
Repayment of liabilities	(331 478)	(2 241 257)
Net cash from financing activities	995 421	16 618 152
Net increase in cash and cash equivalents	(496 799)	513 153
Cash and cash equivalents at beginning of period	513 153	-
Cash and cash equivalents at end of period	16 354	513 153

2012 FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	SHARE CAPITAL US$	SHARE PREMIUM US$	RETAINED EARNINGS US$	TOTAL US$
BALANCE AT 1 JANUARY 2011	-	-	-	-
Total Comprehensive Income	-	-	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

	SHARE CAPITAL US$	SHARE PREMIUM US$	RETAINED EARNINGS US$	TOTAL US$
BALANCE AT 1 JANUARY 2012	30 130	11 321 120	411 115	11 762 365
Total Comprehensive Income	-	-	572 759	572 759
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	572 759	572 759
TRANSACTIONS WITH OWNERS OF THE COMPANY RECOGNISED DIRECTLY IN EQUITY				
Issue of shares	1 393	1 325 506	-	1 326 899
TOTAL CONTRIBUTIONS BY OWNERS	1 393	1 325 506	-	1 326 899
BALANCE AT 31 DECEMBER 2012	31 523	12 646 626	983 874	13 662 023

2012 FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2012

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; and
(iii) 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 is a licensed financial advisory company.

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 is on course to dispose of the majority of its investment during the financial period ended 31 December 2013 resulting in a further reduction in its materiality.

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 ("US$") which is the Company's functional currency.

2.4 USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in compliance with IFRS requires management to make judgements, 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 JUDGEMENTS

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 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.

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

The Company derecognises 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 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, bank overdrafts, and other liabilities.

Bank overdrafts 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 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.

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.

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 subsidiaries are accounted for at cost while investments in associates are accounted for according to the equity method.

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.

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. 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
- 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 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 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 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 Company takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Company 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 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 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 the "interest income" line; and
- Interest payable in the "finance costs" line.

3.8 RELATED PARTIES

- A person or a close member of that person's family is a related party to the Company if that person has control or joint control, significant influence or is a member of the key management personnel of the Company.

- An entity is a related party to the Company if that entity is a subsidiary, associate or joint venture of the Company.

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. FINANCIAL INSTRUMENTS AND ASSOCIATED RISK

4.1 CURRENCY PROFILE

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

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 Company's 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 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 Committee.

5. NEW STANDARDS AND INTERPRETATIONS ISSUED

A number of new standards, amendments to standards and interpretations in issue were not yet effective as at 1 January 2012, and have not been applied in preparing the financial information. The Company does not plan to adopt these standards early. However for the standards effective for 2012, the Company applied these in the preparation of these financial statements.

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- 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. Revised IAS 12 was adopted for the first time for the year-ended 31 December 2012. There was no material 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 was adopted for the first time for the year-ending 31 December 2012. There was no significant impact on the financial statements.

- 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 the 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 Company'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

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 state, 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.

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		31-DEC-12 US$	31-DEC-11 US$
7.	**NET GAIN FROM INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS**		
	Gains on listed investments	2 268 016	695 799
	Gains on unlisted investments	-	523 561
		2 268 016	**1 219 360**
8.	**OTHER OPERATING EXPENSES**		
	Contributions to a defined contribution pension plan	19 040	6 260
	Pre-incorporation expenses	-	130 567
	Social security contributions	3 347	1 020
	Other staff costs	351 140	244 220
	Office rental	36 000	21 000
	Administration costs	259 122	230 830
	Depreciation	16 089	10 001
		684 738	**643 898**
9.	**INTEREST EXPENSE**		
	Interest on ABC Holdings Limited facility	255 654	179 678
	Ever Prosperous (Private) Limited facility	1 433 040	-
	Interest on Ecobank Transnational Incorporated facility	323 556	164 444
		2 012 250	**344 122**
10.	**TAX CREDIT**		
	Current tax expense	-	-
	Deferred tax asset movement	(255 024)	(215 413)
	TAX CREDIT	**(255 024)**	**(215 413)**
10.1	**TAX RATE RECONCILIATION**		
	Profit before tax	317 734	195 702
	Tax calculated at 25.75%	81 817	50 393
	Tax effect of:		
	Items not taxable/deductible for tax purposes	(336 841)	(265 806)
	INCOME TAX CREDIT	**(255 024)**	**(215 413)**
11.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	16 354	513 153

	31-DEC-12 US$	31-DEC-11 US$
12. FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS		
Quoted investments	4 716 204	475 000
Put option	2 543 030	-
	7 259 234	**475 000**

The put option arose as a result of a transaction entered into to purchase shares and sell them at an exercise price of US$ 0.85 a share. This gave rise to a put option being recognised at fair value through profit and loss at an amount of US$ 2 543 030 using the difference between the market price and the exercise price of the option as per the put agreement.

	31-DEC-12 US$	31-DEC-11 US$
13. RECEIVABLES		
Receivables	2 341 569	636 812

These are balances receivable for advisory work and the private placement exercise. They were not impaired at year-end as the majority of the balances were subsequently received before authorisation of these financial statements by the Board of Directors.

	31-DEC-12 US$	31-DEC-11 US$
14. INVESTMENT IN SUBSIDIARIES		
Investment in Brainworks Petroleum (Private) Limited	368 000	368 000
Investment in Brainworks Capital Management Gold (Private) Limited	321 905	137 389
	689 905	**505 389**

Both investments are 100% (2011: 100%) owned by the Company.

	31-DEC-12 US$	31-DEC-11 US$
15. INVESTMENT IN ASSOCIATES		
Opening balance	14 937 014	-
Additions	350 000	14 923 014
Share of total comprehensive income	39 000	-
	15 312 014	**14 923 014**
Aggregated amounts relating to associate companies:		
Total assets	101 617 582	54 986 000
Total liabilities	74 264 583	54 000 000
Revenue	9 871 191	6 501 000
Profit / (loss) after tax	181 198	(5 873 000)

The Company's shareholding in Ecobank Zimbabwe (comprising a retail bank and an asset management company), an unlisted investment, reduced during the year from 36.91% on 31 December 2011 to 29.34% at 31 December 2012 through a dilution. As a result of the dilution, the share of profit of associate was US$ 39 000 (2011: US$ 0) as opposed to US$ 47 918 had there been no dilution. The Company's shareholding in GetBucks Financial Services Zimbabwe Limited (a microfinance company), an unlisted investment, was 45% on 31 December 2012.

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	2012 US$	MOVEMENT US$	2011 US$
16. DEFERRED TAX			
Deferred tax arising from:			
Fair value on listed investments	(22 682)	(21 058)	(1 624)
Fair value on unlisted investments	(26 167)	-	(26 167)
Leasehold improvements	(226)	(93)	(133)
Property and equipment	(3 116)	(777)	(2 339)
Tax loss	522 628	276 952	245 676
DEFERRED TAX ASSET	**470 737**	**255 024**	**215 413**

	Leasehold improvements US$	Motor vehicles US$	Computer equipment US$	Office equipment US$	Furniture & fittings US$	Total US$
17. PROPERTY AND EQUIPMENT						
COST						
Opening balance	5 500	16 150	10 032	16 748	31 944	80 374
Additions	-	-	-	100	4 701	4 801
	5 500	**16 150**	**10 032**	**16 848**	**36 645**	**85 175**
DEPRECIATION						
Opening balance	(367)	(1 884)	(1 286)	(2 119)	(4 345)	(10 001)
Charge for the period	(737)	(3 228)	(2 004)	(3 370)	(6 750)	(16 089)
ACCUMULATED DEPRECIATION	**(1 104)**	**(5 112)**	**(3 290)**	**(5 489)**	**(11 095)**	**(26 090)**
NET CARRYING AMOUNT As at 31 December 2012	**4 396**	**11 038**	**6 742**	**11 359**	**25 550**	**59 085**
NET CARRYING AMOUNT As at 31 December 2011	**5 133**	**14 266**	**8 746**	**14 628**	**27 600**	**70 374**

	NOTE	31-DEC-12 US$	31-DEC-11 US$
18. BORROWINGS			
ABC Holdings Limited	18.1	1 818 112	1 562 458
Ecobank Transnational Incorporated (ETI)	18.2	3 688 000	3 364 444
Ever Prosperous Worldwide	18.3	6 139 398	-
Metbank short-term facility	18.4	700 000	-
Deferred payments	18.5	114 086	340 000
		12 459 596	**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 The amount due to Ever Prosperous Worldwide Limited relates to funding advanced for the acquisition of ABCH shares and attracts interest at 15% per annum. The amount is payable in full on disposal of shares. The facility is secured by 8 488 644 ABCH shares.

18.4 The amount due to Metbank Limited relates to short-term funding advanced and matures on 30 June 2013 and attracts interest at 24% per annum. The facility is secured by ABCH shares.

18.5 Amounts relate to the balance that remained for shares purchased under a deferred payment structure in the prior year. The balance was subsequently cleared in 2013 and was unsecured.

		31-DEC-12 US$	31-DEC-11 US$
19.	**BALANCES DUE TO STOCKBROKERS**		
	Due to stockbrokers	-	289 727
		-	289 727
20.	**OTHER LIABILITIES**		
	Audit fees	15 000	12 000
	Sundry	11 979	8 161
		26 979	20 161

		31-DEC-12 US$	31-DEC-11 US$
21.	**CAPITAL AND RESERVES**		
21.1	**AUTHORISED**		
	1 000 000 000 ordinary shares of US$ 0.0001 each	100 000	100 000
21.2	**ISSUED AND FULLY PAID**		
	315 235 737 ordinary shares of US$ 0.0001 each	31 523	30 130
21.3	**SHARE PREMIUM**		
	Premium on ordinary shares	12 646 626	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.

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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 as follows:

	31-DEC-12 US$	31-DEC-11 US$
No later than one year	36 000	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.

	31-DEC-12 US$	31-DEC-11 US$
23.1 RELATED PARTY BALANCES		
Receivables due from Group companies:		
Brainworks Petroleum (Private) Limited	351 224	82 962
African Development Corporation	469 528	180 000
Borrowings obtained from related party companies:		
Ecobank Transnational Incorporated	3 688 000	3 364 444
ABC Holdings Limited	1 818 112	1 562 458
Cash balances with related party transactions:		
Ecobank Transnational Incorporated	14 466	(169 873)
23.2 RELATED PARTY TRANSACTIONS		
Related party transactions:		
Interest on ABC Holdings Limited facility	255 654	179 678
Interest on loan from Ecobank Transnational Incorporated	323 556	164 444
	579 210	**344 122**
23.3 COMPENSATION OF KEY MANAGEMENT PERSONNEL		
Short-term employee benefits	330 000	192 500
Post-employment pension and medical aid benefits	9 000	5 250
Other long-term benefits	-	-
Termination benefits	-	-
TOTAL COMPENSATION	**339 000**	**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 analysis.

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.

	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 2012						
Assets						
Cash and cash equivalents	16 354	-	-	-	-	16 354
Financial instruments at fair value	7 259 234	-	-	-	-	7 259 234
Receivables	-	-	2 341 569	-	321 905	2 663 474
Investments in subsidiaries	-	-	-	-	368 000	368 000
Investment in associate	-	-	-	-	15 312 014	15 312 014
Property and equipment	-	-	-	-	59 085	59 085
Deferred taxation	-	-	-	-	470 437	470 437
	7 275 588	**-**	**2 341 569**	**-**	**16 531 441**	**26 148 598**
Liabilities						
Borrowings	-	6 953 484	-	5 506 112	-	12 459 596
Other liabilities	26 979	-	-	-	-	26 979
Total Equity	-	-	-	-	3 662 023	13 662 023
	26 979	**6 953 484**	**-**	**5 506 112**	**13 662 023**	**26 148 598**
Sensitivity gap	7 248 609	(6 953 484)	2 341 569	(5 506 112)	2 869 418	-
Cumulative gap	7 248 609	295 125	2 636 694	(2 869 418)	-	-

	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
Receivables	-	-	636 812	-	-	636 812
Investments in subsidiaries	-	-	-	-	505 389	505 389
Investment in associate	-	-	-	-	14 923 014	14 923 014
Property and equipment	-	-	70 374	-	-	70 374
Deferred taxation	-	-	-	-	215 413	215 413
	988 153	**-**	**707 186**	**-**	**15 643 816**	**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
Equity	-	-	-	-	11 762 365	11 762 365
	910 110	**300 544**	**280 383**	**4 085 753**	**11 762 365**	**17 339 155**
Sensitivity gap	78 043	(300 544)	426 803	(4 085 753)	(3 881 451)	-
Cumulative gap	78 043	(222 501)	204 302	(3 881 451)	-	-

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 analysis and appropriate action is taken to keep risk within set limits.

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	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 2012						
Assets						
Cash and cash equivalents	16 354	-	-	-	-	16 354
Financial instruments at fair value	-	-	-	-	7 259 234	7 259 234
Receivables	-	-	-	-	2 663 474	2 663 474
Investments in subsidiaries	-	-	-	-	368 000	368 000
Investment in associate	-	-	-	-	15 312 014	15 312 014
Property and equipment	-	-	-	-	59 085	59 085
Deferred taxation	-	-	-	-	470 437	470 437
	16 354	**-**	**-**	**-**	**26 132 244**	**26 148 598**
Liabilities						
Borrowings	-	6 953 484	-	5 506 112	-	12 459 596
Other liabilities	-	-	-	-	26 979	26 979
Equity	-	-	-	-	13 662 023	13 662 023
	-	**6 953 484**	**-**	**5 506 112**	**13 689 002**	**26 148 598**
Sensitivity gap	16 354	(6 953 484)	(6 937 130)	(5 506 112)	12 443 242	-
Cumulative gap	16 354	(6 937 130)	(6 937 130)	(12 443 242)	-	-

A 5% increase/decrease in the average borrowing rate of the Company for the year-ended 31 December 2012 would have resulted in a decrease/increase in the Company's recorded profit after tax of US$ 563 655.

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	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 2011						
Assets						
Cash and cash equivalents	513 153	-	-	-	-	513 153
Financial instruments at fair value	-	-	-	-	475 000	475 000
Receivables	-	-	-	-	636 812	636 812
Investments in subsidiaries	-	-	-	-	505 389	505 389
Investment in associate	-	-	-	-	14 923 014	14 923 014
Property and equipment	-	-	-	-	70 374	70 374
Deferred taxation	-	-	-	-	215 413	215 413
	513 153	**-**	**-**	**-**	**16 826 002**	**17 339 155**
Liabilities						
Borrowings	620 383	280 383	280 383	4 085 753	-	5 266 902
Other liabilities	-	-	-	-	289 727	289 727
Balances due to stockbrokers	-	-	-	-	20 161	20 161
Equity	-	-	-	-	11 762 365	11 762 365
	620 383	**280 383**	**280 383**	**4 085 753**	**12 072 253**	**17 339 155**
Sensitivity gap	(107 230)	(280 383)	(280 383)	(4 085 753)	4 753 749	-
Cumulative gap	(107 230)	(387 613)	(667 996)	(4 753 749)	-	-

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.

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.

2012	LEVEL 1 US$	LEVEL 2 US$	LEVEL 3 US$	TOTAL US$
Equities at fair value through profit and loss	4 716 204	-	-	4 716 204
Put option	-	2 543 030	-	2 543 030
TOTAL	4 716 204	2 543 030	-	7 259 234

2011	LEVEL 1 US$	LEVEL 2 US$	LEVEL 3 US$	TOTAL US$
Equities at fair value through profit and loss	475 000	-	-	475 000
TOTAL	475 000	-	-	475 000

The fair value of the put option was determined at year-end through comparison of the closing price of the shares at 31 December 2012 and the exercise price of the shares as per the put agreement. Apart from the financial assets shown above, the Company had no other financial assets and liabilities that were carried at fair value, as at 31 December 2012.

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 2012 would have resulted in an increase/decrease of US$ 3 472 to the reported Company's profit and an increase/decrease in the statement of financial position of US$ 3 472.

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 authorisation 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	2012 US$ CARRYING AMOUNT	2011 US$ CARRYING AMOUNT
Receivables	13	2 341 569	636 812

25. CAPITAL COMMITMENTS

During 2011 the Company lodged an application with IPEC for a life assurance licence. The licence has not yet been issued. If licensed, 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 US$ 500 000.

26. SUBSEQUENT EVENTS

Subsequent to the year-end a further US$ 2 million was subscribed from a foreign investor, Red Rock Capital, a Mauritius registered Category 1 Global Business (GBL1) Company.

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