BRAINWORKS CAPITAL

A PRIVATE EQUITY INVESTMENT AND ADVISORY FIRM PRIMARILY FOCUSED ON ZIMBABWE

30 JUNE 2014 INTERIM FINANCIAL REPORT

BRAINWORKS
CAPITAL

REGISTERED COMPANY

BRAINWORKS CAPITAL MANAGEMENT (PRIVATE) LIMITED
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AUDITORS

KPMG CHARTERED ACCOUNTANTS (ZIMBABWE)
100 The Chase
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Harare
Zimbabwe

LEGAL ADVISORS

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

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

BANKERS

ECOBANK ZIMBABWE
2 Piers Road
Borrowdale
Harare
Zimbabwe

INVESTEE COMPANIES

AFRICAN SUN LIMITED
BCM GOLD (PRIVATE) LIMITED
DAWN PROPERTIES LIMITED
ECOBANK ZIMBABWE LIMITED
FML OIL COMPANY OF ZIMBABWE (PRIVATE) LIMITED
GETBUCKS FINANCIAL SERVICES LIMITED

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.

CONTENTS

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

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS

We are pleased to present the financial report of Brainworks Capital Management (Private) Limited ("the Company" or "Brainworks") and its subsidiaries (“the Group") for the interim period ended 30 June 2014.

The first six months of 2014 have been difficult for many businesses in Zimbabwe, with the operating environment facing a myriad of problems. The new government took time to start implementing its policies post the General Elections which were held on 31 July 2013 in Zimbabwe.

Despite the challenging environment, the Company achieved modest success generally, and enjoyed significant interest for its advisory services, culminating in a number of notable achievements for the first half of 2014:

- Successfully acted as advisors to Atlas Mara Co-Nvest Limited (“Atlas Mara") on the acquisition of a controlling shareholding in ABC Holdings Limited (“ABCH");

- The Company consolidated its influence and control through the appointment of its appointees on the African Sun Limited ("African Sun") board;

- Secured an advisory mandate with a listed mining entity; and

- Completed the restructuring of the FML Oil Company of Zimbabwe Limited ("FML Oil") business, which has now broken even, is cash positive and growing its logistics business.

The Company could not make progress, however, on its intention to list on the Toronto Stock Exchange with various regulatory approvals still pending.

OVERVIEW OF THE ZIMBABWE ECONOMIC ENVIRONMENT

Zimbabwe's economy is likely to grow at a reduced rate compared to the initial projection of 6.1% growth in GDP. The more recent growth forecasts seem to point at a level around 3.1%.

The major challenges facing the economy are:

- External debt overburden;
- Poor export performance with the current account deficit increasing;
- Low industry capacity utilisation;
- Liquidity crunch; and
- Reduced foreign inflows from direct investments, and from lines of credit.

Good harvests in the tobacco sector resulted in broad money supply increasing by 7.5% from US$ 4.0 billion in May 2013 to US$ 4.3 billion in May 2014. The cumulative tobacco sales had surpassed US$ 0.6 million by June 2014. In spite of this, the aggregate of loans advanced was unchanged at US$ 3.6 billion reflecting the transactional and transitory nature of the new deposits which limits the ability of banks to lend and the high non-performing loans invariably forcing banks to be cautious in advancing credit. The country's annual inflation closed the half year in the negative at -0.08% reflective of low aggregate demand emanating from tight liquidity and the persistent weakening of the South African Rand.

The economy’s short to medium-term sustainable growth is based on: increased investor and business confidence, improved liquidity conditions, resolving infrastructure constraints, capacity building of the Central Bank, a vibrant interbank market and lower and stable international oil prices. With inflation set to remain below 0.5%, fiscal discipline will also remain critical to the continuation of relatively stable macro-economic fundamentals.

OUR PLATFORM

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

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

1. PROPRIETARY PRIVATE EQUITY INVESTMENTS

All the investments of the Company under this category are primarily in five sectors; financial services, mining, real estate, hospitality, and energy and domiciled in Zimbabwe. The targeted Internal Rate of Return of 30% on investments over an investment period of between three to five years guides our investment assessment and portfolio management processes.

BANKING SECTOR

INVESTEE COMPANY: ECOBANK ZIMBABWE LIMITED ("Ecobank" or "the Bank")

2014 INTERIM PERFORMANCE HIGHLIGHTS

The Bank has grown its net operating revenue for the period by 14% year-on-year. This has been achieved on the back of increased trade finance activities, reduced cost of funds and an increased customer base driven by a wider network of branches and ATMs. The Bank continues to pursue a measured growth strategy buttressed by increased investment in human capital and distribution channels. The pursuit of this strategy has resulted in the Bank's operating costs rising by 12% year-on-year. Profit before tax of US$ 1.4 million is above target and management is confident of achieving the budget for 2014.

Total assets of US$ 126 million as at 30 June 2014, are down slightly from US$ 127 million as at 31 December 2013. This almost static position is attributed to a cautious approach in the granting of credit and a slow uptake of the lines of credit by companies as they are struggling to keep afloat amid the deepening liquidity crunch. Most of the Bank's earnings were derived from targeted niche off-balance sheet transactions that did not need direct funding. The Bank will continue pursuing similar transactions and leveraging on its relationships with other Ecobank affiliates to improve its earnings. In support of this strategy, the Bank benefited from credit lines worth US$ 28 million from within the Ecobank Group and US$ 11 million from unrelated foreign banks. These were used largely to finance self-liquidating letters of credit and guarantee transactions. This support from related affiliates has significantly improved the Bank's earnings without growing the balance sheet given the liquidity constraints obtaining in the market.

The Bank submitted its capitalization plan to the Reserve Bank before the 30 June 2014 deadline. The plan is for achievement of US$ 100 million capitalisation by December 2020 through a combination of retained profits and shareholder subscriptions. The Bank's core capital is above the prescribed minimum levels.

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

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
David Whatman	Zimbabwean	Non-Executive Chairman
Evelyn Tall	Senegalese	Non-Executive Director
Hilda Shindi	Zimbabwean	Non-Executive Director
Richard Chimuka	Zimbabwean	Non-Executive Director
Fortune Chisango	Zimbabwean	Non-Executive Director
Lloyd Mhishi	Zimbabwean	Non-Executive Director
Daniel Sackey	Ghanaian	Managing Director
Walter Kambwanji (Alt. George Manyere)	Zimbabwean	Non-Executive Director

The shareholding structure of Ecobank Zimbabwe is as follows:

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

INSURANCE SECTOR

INVESTEE COMPANY: BRAINWORKS LIFE ASSURANCE COMPANY OF ZIMBABWE LIMITED (“Brainworks Life")

PROGRESS UPDATE

The life assurance licence remains pending as the application submitted to the Insurance and Pensions Commission (“the Commission") has not yielded a conclusive response yet. However at the beginning of 2014 the Commission requested for up to date documents in support of the application which were furnished. We are hopeful that we will satisfactorily address all the requirements and be licensed. Brainworks Life board of directors is comprised of the following members:

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

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Walter Kambwanji	Zimbabwean	Non-Executive Chairman
Alwyn Scholtz	South African	Non-Executive Director
Johan Jonck	South African	Non-Executive Director
George Manyere	Zimbabwean	Non-Executive Director
Greg Niemand	South African	Non-Executive Director
Wayne Waterworth	Zimbabwean	Non-Executive Director
David van Niekerk	South African	Non-Executive Director
Kim Mubvumbi	Zimbabwean	Executive Director

The shareholding structure of Brainworks Life is as follows:

Brainworks Capital Management (Private) Limited	100%

CONSUMER FINANCE SECTOR

INVESTEE COMPANY: GETBUCKS FINANCIAL SERVICES ZIMBABWE LIMITED ("GetBucks Zimbabwe")

2014 INTERIM PERFORMANCE HIGHLIGHTS

GetBucks Zimbabwe has grown its loan book which is now at US$ 7.3 million and a customer base of over 12 000 customers. Profitability has been increasing and for the year ended 30 June 2014, a profit before tax of US$ 2.3 million was achieved. Going forward, profitability is projected to continue growing. The current branch network comprises of 12 branches, with recent additions in Rusape and Hwange with a possibility of a new branch in Chipinge coming on stream soon.

Application for a microfinance banking license was submitted to the Reserve Bank of Zimbabwe and we are hopeful that the conversion to a deposit taking institution will happen within the next 6 months. This will strengthen the ability of the institution to offer its clients competitive products and a better array of services. The company has moved its Head Office into bigger premises in Harare, which will also house the main branch and banking hall.

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
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

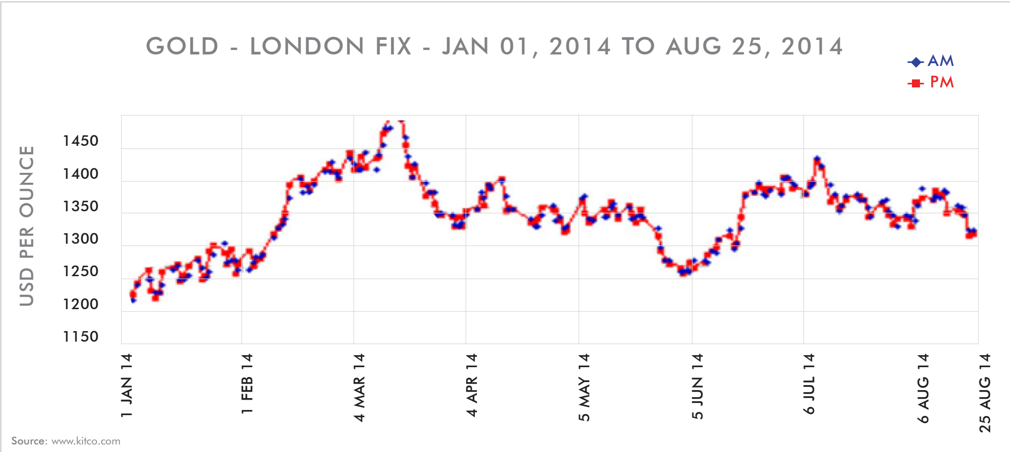
The shareholding structure of GetBucks Zimbabwe is as follows:

GetBucks Limited	55%
Brainworks Capital Management (Private) Limited	40%
Brainworks Nominees	5%

GOLD EXPLORATION AND MINING SECTOR

INVESTEE COMPANY: BCM GOLD (PRIVATE) LIMITED ("BCM Gold")

There was not much activity during the year and a wait and see approach in relation to the political situation was adopted. Government has reviewed the mining fees and there has been a general reduction in the applicable fees of about 20%. The gold price has recovered slightly this year and is expected to increase, although erratically, to over US$ 1200 per ounce this year as depicted in the graph at the top of Page 7.



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	Executive Director

The shareholding structure of BCM Gold is as follows:

Brainworks Capital Management (Private) Limited 100%

OIL DISTRIBUTION AND LOGISTICS SECTOR

INVESTEE COMPANY: FML OIL COMPANY OF ZIMBABWE (PRIVATE) LIMITED ("FML Oil")

2014 INTERIM PERFORMANCE HIGHLIGHTS

FML Oil Company of Zimbabwe has in the first six months of 2014 positioned itself in the regional fuel transportation market as a fuel transporter of choice due to its world-class ADR (European Agreement for the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations) compliant trucks and tankers. At the beginning of the year, the business was restructured resulting in the discontinuance of all fuel trading operations and sole focus on fuel transportation services with the company's fleet of ten fuel logistics trucks.

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

FML Oil now has logistics contracts in place with the following:

- Rodrig Investments (Private) Limited (Beira – Lusaka, Beira – Ndola and Beira to Lubumbashi);
- Sakunda Logistics (Private) Limited (Feruka – Lubumbashi);
- Strauss Logistics (Private) Limited (Beira – Lubumbashi);
- BJP Logistics (Private) Limited (Beira – Lusaka / Ndola); and
- Petrotrade (Private) Limited (local hires within Zimbabwe).

FML Oil is now engaging major fuel suppliers in a bid to secure a direct contract with these suppliers and consequently will no longer have to operate as a subcontractor. The company is also investigating ways to increase the fleet either through vehicle financing arrangements or the outright hire of vehicles.

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

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
George Manyere	Zimbabwean	Non-Executive Chairman
Walter Kambwanji	Zimbabwean	Non-Executive Director
Wayne Waterworth	Zimbabwean	Managing Director
Weston Quasha	Canadian	Non-Executive Director
Adam Jiwan	American	Non-Executive Director

The shareholding structure of FML Oil is as follows:

Brainworks Capital Management (Private) Limited	51%
Union African Special Investments Limited	49%

HOSPITALITY AND REAL ESTATE SECTOR

INVESTEE COMPANY: AFRICAN SUN LIMITED (“ASL" or “African Sun")

2014 INTERIM PERFORMANCE HIGHLIGHTS

African Sun continues to choke under the weight of debt and reduced local business. Local tourists contribute 60% of the company’s revenue and the market liquidity constraints have resulted in reduced business. The company has had a promising second half with conferences and bookings particularly in the Victoria Falls based hotels to near full capacity.

The revaluation of the loan funding its Ghana based operations has resulted in a substantial FCTR adjustment, which contributed to a loss position for their half year ended 31 March 2014. Our share of the loss accounted for in the six months to 30 June 2014 is US$ 1.4 million. The board and management are continuing to look for solutions to capitalise the business through a rights offer, disposal of non-core assets to raise liquidity and a change in business model.

Jersey-based Mudhut Trading Limited and Australia based; Wallal Superannuation Fund who are our partners in Lengrah Investments (Private) Limited have signalled their intention to divest. Their exit will be concluded by 31 May 2015 in terms of agreements reached with them.

African Sun's board of directors is comprised of the following members:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Bekithemba Nkomo	Zimbabwean	Non-Executive Chairman
Shingi Munyeza	Zimbabwean	Chief Executive Officer
Nigel Mangwiro	Zimbabwean	Executive Director
Nonhlahla Ramikosi	South African	Non-Executive Director
Alex Makamure	Zimbabwean	Non-Executive Director
Emmanuel Fundira	Zimbabwean	Non-Executive Director
Walter Kambwanji	Zimbabwean	Non-Executive Director
Timothy Nuy	Dutch	Non-Executive Director
Stewart Cranswick	Australian	Non-Executive Director

The shareholding structure of African Sun is as follows:

Various Others	56.47%
Lengrah Investments	43.53%

INVESTEE COMPANY: DAWN PROPERTIES LIMITED ("Dawn Properties")

2014 INTERIM PERFORMANCE HIGHLIGHTS

Dawn Properties had a slightly subdued year because the portfolio was not revalued this year. The company posted a profit of US$ 0.3 million for the 3 months to 30 June 2014. For the six months to 30 June 2014 our share of profit amounts to US$ 0.2 million.

Dawn Properties's board of directors is comprised of the following members:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Phibion Gwatidzo	Zimbabwean	Non-Executive Chairman
Justin Dowa	Zimbabwean	Chief Executive Officer
Patrick Matute	Zimbabwean	Non-Executive Director
Dirk Goldwasser	American	Non-Executive Director
Murisi Mukonoweshuro	Zimbabwean	Non-Executive Director
Bekhithemba Ndebele	Zimbabwean	Non-Executive Director
Richard Makoni	Zimbabwean	Non-Executive Director

The shareholding structure of Dawn Properties is as follows:

Various Others	70%
African Sun Limited	16%
Lengrah Investments	14%

2. ADVISORY SERVICES

The Company's advisory license was renewed by the Securities and Exchange Commission of Zimbabwe for the 2014 year.

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

FINANCING

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

TERM FINANCE

The Company did not raise additional funding during the first six months of the year. The expected disposal of the ABCH portfolio of shares will largely settle short term loan obligations.

INITIAL PUBLIC OFFERING (IPO)

The Company is not yet listed on any stock exchange though the process to list has commenced. An offer was made by Rock Tech Lithium Inc. ("Rock Tech"), a Canadian listed entity to acquire 100% of the issued share capital of Brainworks in exchange for 95% of Rock Tech. On completion of the process, Brainworks will be listed through a reverse takeover. The processes to achieve this are underway. The Company now awaits approvals from various regulatory authorities in order for the process to further progress.

COMPLIANCE WITH ZIMBABWE'S INDIGENISATION LAWS

During the year 2011, the shareholding of the Company was vetted by the Ministry of Youth Development, Indigenisation and Empowerment and was certified compliant with the indigenisation regulations. 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 30 June 2014, which shows that the Company was 61.6% locally-owned and thereby compliant with Zimbabwe's Indigenisation and Economic Empowerment Act (Chapter 14:33):

#	SHAREHOLDER	# OF SHARES	% SHAREHOLDING	CLASSIFICATION
1	ADC Financial Services and Corporate Development	87 200 000	18.09%	Foreign
2	Red Rock Capital	75 000 000	15.56%	Foreign
3	Blue Air Capital	25 000 000	5.19%	Foreign
	Total Foreign	**187 200 000**	**38.84%**	
4	Zahra Investments Trust	25 000 000	5.19%	Indigenous
5	Matthew Daniels Trust	25 000 000	5.19%	Indigenous
6	TDC Investment Trust	15 000 000	3.11%	Indigenous
7	AWT Investment Trust	15 000 000	3.11%	Indigenous
8	Brainworks Investments Trust	10 000 000	2.08%	Indigenous
9	Green Valley Investment Trust	10 000 000	2.08%	Indigenous
	Total Management	**100 000 000**	**20.76%**	
10	Fintrust Pension Fund	67 241 425	13.95%	Indigenous
11	Carnaudmetalbox Group Pension Fund	9 266 667	1.92%	Indigenous
12	Brainworks Capital Pension Fund	485,375	0.10%	Indigenous
13	Brainworks Capital Pension Fund - Nominees	3 600 000	0.75%	Indigenous
14	PTC Self Insurance Plan	8 533 385	1.77%	Indigenous
15	Comarton Preservation Fund	4 836 890	1.00%	Indigenous
16	Archer Clothing Manufacturers (Private) Limited Pension Fund	1 360 000	0.28%	Indigenous
17	Christian Brothers College Pension Fund	1 966 667	0.41%	Indigenous
18	Comarton Consultants Pension Fund	1 440 000	0.30%	Indigenous
19	Jacob Bethel (Zimbabwe) Corporation Pension Fund	1 500 000	0.31%	Indigenous
20	Brands Africa Pension Fund	1 161 329	0.24%	Indigenous
21	United Styles Pension Fund	180 000	0.04%	Indigenous
22	Femina Pension Fund	265 000	0.05%	Indigenous
23	Commercial and Industrial Holdings Pension Fund	1 783 333	0.37%	Indigenous
24	Style International Pension Fund	110 000	0.02%	Indigenous
25	Marathon Pension Fund	759 000	0.16%	Indigenous
26	ZITF Pension Fund	800 000	0.17%	Indigenous
27	Zimbabwe Agricultural Society Pension Fund	500 000	0.10%	Indigenous
	Total Pension Funds	**105 789 071**	**21.95%**	
28	Spiral Farming (Private) Limited	3 319 132	0.69%	Indigenous
29	Comarton Consultants (Private) Limited	6 866 666	1.42%	Indigenous
30	Atchison Actuarial Services Company (Private) Limited	1 000 000	0.21%	Indigenous
31	Nhaka Trust	77 750 000	16.13%	Indigenous
	Total Other Institutional	**88 935 798**	**18.45%**	
	TOTAL	481 924 869	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

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

- Management have a minimum service contract of five years with the Company.
- Management have a fixed salary which is subject to review on the 5th anniversary of employment.
- Management are not provided with company cars and/or any allowances.
- Management is entitled to a performance bonus equivalent to 20% on capital gains realised above an internal rate of return of 10% on the Company's investments ("Performance Bonus"). The Performance Bonus is calculated and paid on an investment-by-investment basis as and when the Company has successfully exited the investments.
- Management is entitled to an annual bonus equivalent to 20% advisory fee income after deducting operating expenses.

NON-EXECUTIVE DIRECTORS REMUNERATION

Non-Executive Directors, comprising of six members, were paid total fees for the year of US$ 10 500 for their services as directors.

FINANCIAL RESULTS

For the first half of the year the Company generated revenue of US$ 3.26 million. This was generated from advisory fees, dividends, interest income, share of associate income and logistics revenue. Operating costs were a total of US$ 1.3 million and the Company posted profit before tax of US$ 1.2 million for the six months.

Operating costs of US$ 1.3 million were made up of costs relating to FML of US$ 740 000 consolidated in the Company's financial statements and operating costs of US$ 563 000.

Finance costs of US$ 748 000 were incurred on the liabilities in place.

The balance sheet of the Company reduced slightly to US$ 48.5 million from US$ 49.9 million as at 31 December 2013.The Company's assets comprised primarily of (i) Investments in associates which were US$ 33.4 million, (ii) Investments in financial instruments held at fair value through profit and loss of US$ 0.054 million reduced from US$ 7.2 million after the disposal of the ABCH shares (iii) Investments in properties and equipment of US$ 2.5 million, (v) Other receivables of US$ 11.1 million comprising the amounts payable on the ABCH share disposal and the advisory fee income receivable, and (vi) Deferred tax asset of US$ 1.1 million. The Company is confident that sufficient taxable income will be generated in the future to utilise the deferred tax asset. Shareholders' funds grew from US$ 28.9 million in 2013 to US$ 29.5 million.

DIRECTORATE

The composition of the board of directors of the Company is as follows:

NAME OF DIRECTOR	NATIONALITY	TYPE OF DIRECTORSHIP
Richard Muirimi	Zimbabwean	Non-Executive Chairman
Alwyn Scholtz	South African	Non-Executive Director
Cornel Vermaak	South African	Non-Executive Director
NanaAma Botchway-Dowuona	Ghanaian	Non-Executive Director
George Manyere	Zimbabwean	Managing Director
Walter Kambwanji	Zimbabwean	Executive Director
Wayne Waterworth	Zimbabwean	Executive Director

OUTLOOK

Brainworks continues to seek value creative investment and advisory opportunities to enhance growth and returns for our shareholders. Our strategy of co-investing with strong international operating partners is showing significant signs of success as we are gradually seeing a growth in profitability in our investee companies, particularly in our commercial banking and consumer finance businesses. The advisory business opportunities also look promising and the closure of the Atlas Mara acquisition of a majority stake in ABCH is testimony of this. Efforts to turn around the hospitality and real estate businesses in our portfolio are continuing and we expect positive results.

We remain optimistic about the Company's prospects for the rest of the year.

THANK YOU

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

Yours sincerely

Mr. George Manyere
Managing Director

Mr. Richard Muirimi
Non-Executive Chairman

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REPORT OF THE INDEPENDENT AUDITORS
ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

KPMG

To the members of Brainworks Capital Management (Private) Limited

INTRODUCTION

We have reviewed the accompanying condensed consolidated statement of financial position of Brainworks Capital Management (Private) Limited as at 30 June 2014, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the condensed consolidated interim financial information as set out on pages 16 to 36.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34: *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34: *Interim Financial Reporting.*

KPMG

KPMG Chartered Accountants (Zimbabwe)
Harare
22 September 2014

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CONDENSED CONSOLIDATED STATEMENT FINANCIAL POSITION AS AT 30 JUNE 2014

	NOTE	30-JUN-14 US$	31-DEC-13 US$
ASSETS			
Cash and cash equivalents		226 232	179 067
Financial instruments held at fair value through profit and loss	8	54 989	7 243 986
Receivables	9	11 108 879	4 742 777
Investment in associates	10	33 438 414	33 469 599
Deferred tax asset		1 127 134	1 462 073
Property and equipment	11	2 535 476	2 789 557
TOTAL ASSETS		**48 491 124**	**49 887 059**
SHAREHOLDERS' EQUITY			
Equity attributable to owners of the parent			
Share capital	13	48 192	45 692
Share premium	13	28 100 500	25 603 000
Unalloted capital		-	2 500 000
Non distributable reserve		117 664	117 664
Retained earnings		1 228 927	633 599
		29 495 283	**28 899 955**
Non-controlling interest		5 573 003	6 491 922
TOTAL EQUITY		**35 068 286**	**35 391 877**
LIABILITIES			
Borrowings	12	12 768 960	13 547 149
Other liabilities		653 878	948 033
TOTAL LIABILITIES		**13 422 838**	**14 495 182**
TOTAL EQUITY AND LIABILITIES		**48 491 124**	**49 887 059**

Mr. Walter Kambwanji
Chief Finance Officer/Company Secretary
22 September 2014

Mr. Alwyn Scholtz
Audit Committee Chairman
22 September 2014

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTE	30-JUN-14 US$	30-JUN-13 US$
Revenue from oil distribution and logistics		706 734	-
Cost of sales from oil distribution and logistics		(506 169)	-
Gross profit		**200 565**	**-**
Fee income		2 000 000	-
Finance income		15 350	53 169
Share of profit of equity accounted associates		921 209	332 940
Dividend income		103 741	81 491
Net gain from financial instruments at fair value		17 312	866 421
Total revenue		**3 258 177**	**1 334 021**
Directors' fees		10 500	16 050
Audit and legal fees		74 330	17 568
Other operating expenses	5	1 218 588	461 364
Total operating expenses		**1 303 418**	**494 982**
Operating profit before finance costs		**1 954 759**	**839 039**
Finance costs	6	748 301	883 512
Profit/(Loss) before tax		**1 206 458**	**(44 473)**
Income tax charge/(credit)	7	334 940	(264 882)
Profit after tax		**871 518**	**220 409**
Other comprehensive income			
Share of other comprehensive income of associate		(926 085)	-
Total comprehensive income		**(54 567)**	**220 409**
Profit attributable to:			
Owners of the parent		791 525	220 409
Non-controlling interest		(846 092)	-
Total comprehensive income		**(54 567)**	**220 409**
Earnings per share (cents)			
Basic earnings per share	15	0.17	0.07
Diluted earnings per share	15	0.17	0.07

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2014

	30-JUN-14 US$	30-JUN-13 US$
Cash flows from operating activities		
Profit/(Loss) before taxation	**1 206 458**	**(44 473)**
Adjust for:		
Depreciation	78 692	8 047
Loss on disposal of assets	3 195	-
Unrealised gains	(17 312)	(766 221)
Share of associate income	(921 209)	-
Finance costs	748 301	883 512
Finance income	(15 350)	(53 169)
Dividends received	(103 741)	-
	979 034	**27 696**
Changes in working capital	583 730	1 266 382
Cash generated in operations	1 562 764	1 294 078
Dividends received	130 050	-
Interest received	15 350	53 169
Interest paid	(401 426)	-
Net cash from operating activities	**1 306 738**	**1 347 247**
Cash flows from investing activities		
Acquisition of unlisted investments	(37 678)	(1 973 273)
Proceeds from listed investments	-	979 387
Purchase of property and equipment	(49 804)	(335 086)
Disposal of property and equipment	59 100	-
Net cash used in investing activities	**(28 382)**	**(1 328 972)**
Cash flows from financing activities		
Proceeds from issue of shares	-	5 195 544
Proceeds from long-term borrowings	3 500 000	1 100 000
Repayment of borrowings	(4 731 191)	(2 532 311)
Net cash from financing activities	**(1 231 191)**	**3 763 233**
Net increase in cash and cash equivalents	47 165	3 781 508
Cash and cash equivalents at beginning of period	179 067	16 354
Cash and cash equivalents at end of period	**226 232**	**3 797 862**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2014

	SHARE CAPITAL US$	SHARE PREMIUM US$	NON-DISTRIBUTABLE RESERVE US$	UNALLOTED CAPITAL US$	RETAINED EARNINGS US$	ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT US$	NON-CONTROLLING INTEREST US$	TOTAL US$
30 June 2013								
Balance at 1 January 2013	31 523	12 646 626	-	-	983 874	13 662 023	-	13 662 023
Issue of shares	14 169	12 956 374	-	-	-	-	-	12 970 543
Total comprehensive income for the period	-	-	-	-	220 409	220 409	-	220 409
Balance at 30 June 2013	**45 692**	**25 603 000**	**-**	**-**	**1 204 283**	**13 882 432**	**-**	**26 852 975**
30 June 2014								
Balance at 1 January 2014	45 692	25 603 000	117 664	2 500 000	633 599	28 899 955	6 491 922	35 391 877
Unconsolidated subsidiary loss	-	-	-	-	(196 197)	(196 197)	(72 827)	(269 024)
Balance at 30 June 2014	**45 692**	**25 603 000**	**117 664**	**2 500 000**	**437 402**	**28 703 758**	**6 419 095**	**35 122 853**
Issue of shares	2 500	2 497 500	-	(2 500 000)	-	-	-	-
Total comprehensive income for the period	-	-	-	-	791 525	791 525	(846 092)	(54 567)
Balance at 30 June 2014	**48 192**	**28 100 500**	**117 664**	**-**	**1 228 927**	**29 495 283**	**5 573 003**	**35 068 286**

1. INCORPORATION AND NATURE OF BUSINESS

Brainworks Capital Management (Private) Limited ('Brainworks") 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) Banking;
(ii) Consumer finance;
(iii) Gold exploration and mining;
(iv) Oil distribution and logistics;
(v) Hospitality and real estate; and
(vi) Insurance.

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

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

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

This interim financial report is prepared for Brainworks and its subsidiaries ("the Group"). The interim report was prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual financial statements as at and for the year ended 31 December 2013. This interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

Included in the condensed consolidated interim financial statements are the Group's operational subsidiaries, Brainworks Petroleum (Private) Limited, Lengrah Investments (Private) Limited and BCM Mining (Private) Limited. The subsidiaries are all incorporated in Zimbabwe and the principal place of business is at 4 Arden Road in Newlands, Harare.

Shareholding in the respective subsidiaries is held as follows:

- Brainworks Petroleum (Private) Limited ("Brainworks Petroleum") 100% (31 December 2013: 100%). Brainworks Petroleum holds an investment in FML Oil Company of Zimbabwe (Private) Limited ("FML Oil"). The shareholding in FML Oil is 51% (31 December 2013: 51%);
- Brainworks Capital Management Gold (Private) Limited ("BCM Gold"): 100% (31 December 2013: 100%); and
- Lengrah Investments (Private) Limited ("Lengrah Investments"): 56% (31 December 2013: 56%).

The comparatives for the statements of profit and loss and other comprehensive income, changes in equity and cash flows are based on the separate financial statements. Brainworks did not have material subsidiaries during the first half of 2013 and therefore, no consolidated financial statements were prepared. However, consolidation became effective from 1 September 2013 when Brainworks Petroleum became a material subsidiary.

2.2 BASIS OF MEASUREMENT

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

2.3 PRESENTATION CURRENCY

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

2.4 USE OF ESTIMATES AND JUDGEMENT

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

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

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

2.4.1 SIGNIFICANT ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty include:

- Determination of fair values of financial instruments and determination of discount rates and cash flow projections for use in valuing unquoted investments;
- Determination of useful lives and residual values used in the calculation of the depreciation expense;
- Recognition of deferred tax asset;
- Determination of whether an investment is a financial instrument at fair value through profit and loss, investment in associate or a subsidiary;
- Determination of fair values of investment in associate or a subsidiary;
- Assessment for impairment of assets; and
- Determination of the fair value of the liability on the put option held by FML Oil.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 FINANCIAL INSTRUMENTS

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

3.1.1 NON-DERIVATIVE FINANCIAL ASSETS

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

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

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

Financial assets at fair value through profit or loss

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

Financial assets designated as at fair value through 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 Group in the management of its short-term commitments.

3.1.2 NON-DERIVATIVE FINANCIAL LIABILITIES

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

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

Other financial liabilities comprise borrowings and other liabilities.

3.1.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company and Group’s market assumptions. These two types of inputs have created the following fair value hierarchy:

LEVEL 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities traded on the Zimbabwe Stock Exchange (ZSE).

LEVEL 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

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

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

3.1.4 SHARE CAPITAL

Ordinary shares

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

Preference shares

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

3.2 BASIS OF CONSOLIDATION

(i) **Business combinations**

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

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

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

(ii) **Non-controlling interests ('NCIs')**

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

(iii) **Subsidiaries**

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

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

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, transactions with the owners in their capacity as owners.

The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iv) Loss of control

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

(v) Transactions eliminated on consolidation

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

3.2.1 ASSOCIATES

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

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

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

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

3.3 PROPERTY AND EQUIPMENT

3.3.1 RECOGNITION AND MEASUREMENT

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

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

3.3.2 DEPRECIATION

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

- Leasehold improvements 5 years
- Motor vehicles 5 years
- Heavy motor vehicles 10 years
- Computer equipment 5 years
- Office equipment 5 years
- Furniture and fittings 5 years
- Buildings 50 years

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

3.4 LEASES

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

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

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

3.5 IMPAIRMENT

3.5.1 NON-DERIVATIVE FINANCIAL ASSETS

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

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

Financial assets measured at amortised cost

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

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

3.5.2 NON-FINANCIAL ASSETS

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

Exploration and valuation assets are assessed for impairment if:

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

3.6 EMPLOYEE BENEFITS

Post-employment benefits

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

Short-term benefits

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

3.7 TAX

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

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

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

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

3.8 REVENUE RECOGNITION

3.8.1 DIVIDEND INCOME

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

3.8.2 NET GAIN FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

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

3.8.3 REVENUE FROM OIL DISTRIBUTION AND LOGISTICS

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

3.8.4 FEE INCOME

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

3.8.5 SHARE OF ASSOCIATE INCOME

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

3.8.6 INTEREST

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

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

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

3.9 RELATED PARTIES

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

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

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

4. DETERMINATION OF FAIR VALUES

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

4.1 EQUITY AND DEBT SECURITIES

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

	30 JUNE 14 US$	30 JUNE 13 US$
5. OTHER OPERATING EXPENSES		
Contributions to a defined contribution pension plan and social security	40 813	17 857
Other staff costs	564 421	189 708
Office rental	60 000	18 000
Administration costs	474 662	227 752
Depreciation	78 692	8 047
	1 218 588	**461 364**

The number of employees as at 30 June 2014 was 22 (30 June 2013: 6).

		30-JUN-14 US$	30-JUN-13 US$
6.	**FINANCE COSTS**		
	Interest on ABC Holdings Limited facility (see **Note 12**)	163 644	140 691
	Interest on Ecobank Transnational Incorporated facility (see **Note 12**)	208 000	188 285
	Interest on Ecobank Zimbabwe Limited facility (see **Note 12**)	121 465	-
	Interest on Ever Prosperous (Private) Limited facility (see **Note 12**)	226 929	439 332
	Imputed interest on preference shares (see **Note 12**)	88 043	-
	Interest (credit)/charge on Metbank Limited facility (see **Note 12**)	(117 280)	112 184
	Other	57 500	3 020
		748 301	**883 512**
7.	**INCOME TAX**		
	Current tax expense	-	-
	Deferred tax	334 940	(264 882)
	Tax charge/(credit)	**334 940**	**(264 882)**

		30-JUN-14 US$	31-DEC-13 US$
8.	**FINANCIAL INSTRUMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS**		
	Listed investments	54 989	4 083 323
	Put option	-	3 160 663
		54 989	**7 243 986**

The put option matured on 30 June 2014.

		30-JUN-14 US$	31-DEC-13 US$
9.	**RECEIVABLES**		
	Receivables due from related parties (**Note 14.1**)	831 638	1 031 638
	Receivable on advisory fees	2 000 000	-
	Receivable on maturity of put option	7 243 986	-
	Other receivables	1 033 255	3 711 139
		11 108 879	**4 742 777**

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

		30-JUN-14 US$	31-DEC-13 US$
10.	INVESTMENT IN ASSOCIATES		
	Investment in Ecobank Zimbabwe Limited	15 716 368	15 290 714
	Investment in GetBucks Financial Services Zimbabwe Limited	1 426 352	670 072
	Investment in African Sun Limited	10 729 784	12 106 510
	Investment in Dawn Properties Limited	5 565 910	5 402 303
		33 438 414	33 469 599

- The associates are all incorporated in Zimbabwe and the principal places of business are in Harare, Zimbabwe.
- The shareholding in Ecobank Zimbabwe Limited (comprising a retail bank and an asset management company), an unlisted investment, was maintained at 29.4% (31 December 2013: 29.4%). The investment is accounted for as an associate due to significant influence arising from Brainworks being the indigenisation partner and having two members out of seven on its Board of Directors.
- The shareholding in GetBucks Financial Services Zimbabwe Limited (a microfinance company), an unlisted investment, was 45% (31 December 2013: 45%) on 30 June 2014. The investment is accounted for as an associate due to significant influence arising from having three members out of seven on its Board of Directors.
- The shareholding in African Sun Limited, a hotel company listed on the Zimbabwe Stock Exchange, was at 43.14% (31 December 2013:43.14%) as at 30 June 2014. The investment is accounted for as an associate due to significant influence arising from having three members out of nine on its Board of Directors.
- The shareholding in Dawn Properties Limited, a property company listed on the Zimbabwe Stock Exchange, was 14.88% (31 December 2013:14.88%) as at 30 June 2014. The 14.88% shareholding in Dawn Properties Limited is accounted for as an investment in associate due to significant influence arising from the appointment of one board member out of seven on the Dawn Properties Limited Board. African Sun Limited and Lengrah Investments (Private) Limited have a voting pool agreement, where the combined shareholding of the two companies amounts to 31.42% of Dawn Properties Limited.

11. PROPERTY AND EQUIPMENT

	PROPERTY US$	MOTOR VEHICLES US$	COMPUTER EQUIPMENT US$	OFFICE EQUIPMENT US$	FURNITURE & FITTINGS US$	CAPITAL WORK IN PROGRESS US$	TOTAL US$
AT 30 JUNE 2014							
Cost							
Opening balance	1 216 226	242 126	30 706	69 805	49 584	1 291 333	2 899 780
Additions	-	-	-	1 100	-	48 702	49 802
Disposals	-	(1 000)	(1 565)	(14 000)	(2 094)	-	(18 659)
Transfers	-	1 177 816	-	-	-	(1 177 816)	-
Recovered input VAT*	-	(52 821)	-	-	-	(162 219)	(215 040)
	1 216 226	**1 366 121**	**29 141**	**56 905**	**47 490**	**-**	**2 715 883**
Depreciation and impairment							
Opening balance	8 674	45 478	9 863	26 141	20 066	-	110 222
Depreciation charge for the period	4 560	59 826	2 893	6 501	4 912	-	78 692
Disposals	-	(500)	(746)	(7 000)	(261)	-	(8 507)
Accumulated depreciation	**13 234**	**104 804**	**12 010**	**25 642**	**24 717**	**-**	**180 407**
Net carrying amount at 30 June 2014	**1 202 992**	**1 261 317**	**17 131**	**31 263**	**22 773**	**-**	**2 535 476**

11. PROPERTY AND EQUIPMENT (CONTINUED...)

At 31 December 2013, the input VAT on the importation of trucks and tankers was deemed to be irrecoverable from the Zimbabwe Revenue Authority (ZIMRA) and the South African Revenue Service (SARS) and as such had been capitalised. FML Oil, however, recovered the VAT on the trucks and tankers on the 5th of May and the 27th of June 2014 from ZIMRA and SARS respectively. The amounts were thus reclassified from property and equipment.

	PROPERTY US$	MOTOR VEHICLES US$	COMPUTER EQUIPMENT US$	OFFICE EQUIPMENT US$	FURNITURE & FITTINGS US$	CAPITAL WORK IN PROGRESS US$	TOTAL US$
AT 31 DECEMBER 2013							
Cost							
Opening balance	45 000	193 150	17 005	47 506	39 445	-	342 106
Additions	1 181 226	63 973	13 704	22 299	10 139	1 291 333	2 582 674
Disposals	(10 000)	(15 000)	-	-	-	-	(25 000)
	1 216 226	**242 123**	**30 709**	**69 805**	**49 584**	**1 291 333**	**2 899 780**
Depreciation and impairment							
Opening balance	2 825	28 328	4 758	12 221	11 748	-	59 880
Depreciation charge for the period	5 849	22 151	5 105	13 920	8 318	-	55 343
Disposals	-	(5 000)	-	-	-	-	(5 000)
Accumulated depreciation	**8 674**	**45 479**	**9 863**	**26 141**	**20 066**	**-**	**110 223**
Net carrying amount at 31 December 2013	**1 207 552**	**196 644**	**20 846**	**43 664**	**29 518**	**1 291 333**	**2 789 557**

		NOTE	30-JUN-14 US$	31-DEC-13 US$
12.	**BORROWINGS**			
	ABC Holdings Limited	12.1	2 278 371	2 114 726
	Ecobank Transnational Incorporated (ETI)	12.2	4 282 182	4 074 182
	Ever Prosperous Worldwide Limited	12.3	2 446 451	3 888 674
	Metbank Limited short-term facility	12.4	-	2 295 654
	Ecobank Zimbabwe Limited	12.5	2 500 000	-
	Preference share debt	12.6	1 261 956	1 173 913
			12 768 960	13 547 149

12.1 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 the Directors' residential properties.

12.2 The amount due to ETI matures on 6 May 2015 and attracts interest at 10% per annum. Interest is payable half yearly in arrears. The facility is secured by 70 000 000 shares in Ecobank Zimbabwe Limited.

12.3 The amount due to Ever Prosperous Worldwide Limited relates to funding advanced for the acquisition of ABC Holdings Limited shares and attracts interest at 24% per annum. The amount is payable in full on disposal of shares. The facility is secured by 8 488 644 ABC Holdings Limited shares.

12.4 The amount due to Metbank Limited related to short-term funding advanced and matured on 31 December 2013. It attracted interest at 15% per annum. The facility was secured by ABC Holdings Limited shares. The facility was repaid in January 2014.

12.5 The amount due to Ecobank Zimbabwe Limited was advanced in January 2014. It attracts interest at 12.5% per annum and matures on 31 July 2014.

12.6 Preference shares worth US$1 350 000 were issued on 3 September 2013 to Union African Special Investments Limited (UASIL), an investor in FML Oil, which is a subsidiary of Brainworks Petroleum (Private) Limited. The preference shares have been discounted to their present value of US$1 261 956 using a fair rate of 15% with a redemption date of 31 December 2014, as this is the earliest date for possible redemption by UASIL.

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

		30-JUN-14 US$	31-DEC-13 US$
13.	CAPITAL AND RESERVES		
13.1	**Authorised**		
	1 000 000 000 ordinary shares of US$ 0.0001 each	100 000	100 000
13.2	**Issued and fully paid**		
	Nominal value of shares		
	As at 1 January	45 692	31 523
	Shares issued at US$ 0.000 1	2 500	14 169
	At period end	**48 192**	**45 692**
	Number of shares		
	As at 1 January	456 924 869	315 235 737
	Shares issued	25 000 000	141 689 132
	At period end	**481 924 869**	**456 924 869**
13.3	**Share premium**		
	Premium on ordinary shares	**28 100 500**	**25 603 000**

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

14. RELATED PARTIES

Directors secured the ABC Holdings Limited facility to Brainworks through their residential properties (see **Note 12**).

No other related party transactions apart from normal remuneration for services as executive directors occurred and these led to the balances on page 35.

		30-JUN-14 US$	31-DEC-13 US$
14.1	RELATED PARTY BALANCES		
	Receivables due from related party companies		
	African Development Corporation	798 194	798 194
	GetBucks Financial Services Zimbabwe Limited	33 444	233 444
		831 638	**1 031 638**
	Borrowings obtained from related party companies		
	Ecobank Transnational Incorporated (**Note 12**)	4 282 182	4 074 182
	ABC Holdings Limited (**Note 12**)	2 278 371	2 114 726
	Ecobank Zimbabwe Limited (**Note 12**)	2 500 000	-
		9 060 553	**6 188 908**
	Cash balances with related party transactions		
	Ecobank Transnational Incorporated	58 976	69 051

Nature of relationships with related parties:

- African Development Corporation - holds an 18% shareholding in Brainworks Capital Management (Private) Limited.
- GetBucks Financial Services Zimbabwe Limited - associate of Brainworks Capital Management (Private) Limited as a result of a 45% shareholding in the company.
- ABC Holdings Limited - owned 51% by African Development Corporation that holds an 18% shareholding in Brainworks Capital Management (Private) Limited.
- Ecobank Transnational Incorporated - holds a 70% interest in Ecobank Zimbabwe Limited, an associate of Brainworks Capital Management (Private) Limited as a result of a 29.4% interest in the company.

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

- ADC – payable by 31 December 2014 and attracts no interest.
- GetBucks Financial Services – no fixed repayment period and attracts interest at 24% per annum.

		30-JUN-14 US$	30-JUN-13 US$
14.2	RELATED PARTY TRANSACTIONS		
	Interest expense		
	Interest on ABC Holdings Limited facility	163 644	140 691
	Interest on loan from Ecobank Transnational Incorporated	208 000	188 285
	Interest on Ecobank Zimbabwe Limited facility	121 465	-
		493 109	**328 976**

		30-JUN-14 US$	30-JUN-13 US$
14.3	**COMPENSATION OF KEY MANAGEMENT PERSONNEL**		
	Short-term employee benefits	165 000	185 400
	Post-employment pension and medical aid benefits	16 899	9 660
	Total compensation	**181 899**	**195 060**
15.	**EARNINGS PER SHARE**		
	Basic and diluted earnings per share		
	Profit for the period: US$	791 525	220 409
	Weighted average number of shares	473 591 536	327 043 165
	Earnings per share: cents	**0.17**	**0.07**

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

16. CONTINGENT LIABILITIES

On 3 September 2013, Brainworks granted Union African Special Investments Limited (UASIL) a put option on its ordinary and preference shares in FML Oil Company of Zimbabwe (Private) Limited to Brainworks exercisable after 31 December 2014. The terms of the put option agreement with the UASIL are that the shares will be redeemed at a 10 % coupon in the event of exercise.

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