



AFRICAN DAWN
CAPITAL LIMITED

Unaudited Consolidated Statements for the six months ended 31 August 2019

AFRICAN DAWN CAPITAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/020520/06)
JSE code: ADW
ISIN: ZAE000223194
"the Company" or "the Group" or "Afdawn"

Consolidated Statements of Financial Position as at 31 August 2019

	31 August 2019 R'000 (Unaudited)	31 August 2018 R'000 (Unaudited/ Restated)	28 February 2019 R'000 (Audited)
Assets			
Non-Current Assets			
Property, plant and equipment	310	354	343
Intangible assets	468	540	554
Right of use assets	1,241	-	-
Deferred tax	-	26	-
	2,019	920	897
Current Assets			
Trade and other receivables	14,319	20,025	15,387
Cash and cash equivalents	1,064	682	2,388
	15,383	20,707	17,775
Total Assets	17,402	21,627	18,672
Equity and Liabilities			
Equity			
Share capital and share premium	324,143	313,943	323,323
Accumulated loss	(322,204)	(310,586)	(316,700)
	1,939	3,357	6,623
Liabilities			
Non-Current Liabilities			
Lease obligations	739	-	-
Borrowings	600	3,081	431
	1,339	3,081	431
Current Liabilities			
Current tax payable	-	2,247	-
Borrowings	6,869	6,399	6,774
Loans from directors	3,398	3,257	2,820
Lease obligations	444	-	-
Operating lease liability	-	62	2
Trade and other payables	3,413	3,224	2,022
	14,124	15,189	11,618
Total Liabilities	15,463	18,270	12,049
Total Equity and Liabilities	17,402	21,627	18,672

Consolidated Statement of Profit or Loss and other Comprehensive Income for the six months ended 31 August 2019

	31 August 2019 R'000 (Unaudited)	31 August 2018 R'000 (Unaudited/ Restated*)	28 February 2019 R'000 (Audited)
Revenue	6,385	7,881	13,335
Other income	187	238	638
Investment income	1	1	4
Loss on sale of subsidiary - Note11	-	(181)	(181)
Finance costs	(400)	(727)	(1,505)
Other operating expenses	(11,677)	(11,621)	(21,674)
Loss before taxation	(5,504)	(4,409)	(9,383)
Taxation	-	-	(10)
Total comprehensive loss	(5,504)	(4,409)	(9,393)
Loss attributable to:			
Owners of the parent:	(5,504)	(4,409)	(9,393)
Continuing operations	(5,504)	(4,409)	(9,393)
Basic loss per share (c)	(11.1)	(20.1)	(33.5)
Headline loss per share (c)	(11.1)	(19.3)	(32.8)

* Refer to Note 12 for details on the restatement.

Consolidated Statements of Changes in Equity for the six months ended 31 August 2019

	Share Capital	Share Premium	Accumulated loss	Ordinary Shareholders Equity	Non controlling interest	Total Equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 28 February 2018	8,803	305,140	(305,825)	8,118	(114)	8,004
Change in holding (restated*)	-	-	(352)	(352)	114	(238)
Total comprehensive loss for the six months 31 Aug 2018 (restated*)	-	-	(4,409)	(4,409)	-	(4,409)
Balance at 31 August 2018	8,803	305,140	(310,586)	3,357	-	3,357
Share issue	10,720	(1,340)	-	9,380	-	9,380
IFRS 9 adjustment related to prior year	-	-	(1,130)	(1,130)	-	(1,130)
Total comprehensive loss for the six months Sep 2018 to Feb 2019	-	-	(4,984)	(4,984)	-	(4,984)
Balance at 28 February 2019	19,523	303,800	(316,700)	6,623	-	6,623
Share issue	877	(57)	-	820	-	820
Total comprehensive loss for the six months 31 Aug 2019	-	-	(5,504)	(5,504)	-	(5,504)
Balance at 31 August 2019	20,400	303,743	(322,204)	1,939	-	1,939

* The disposal of SME Snapshot was incorrectly accounted for in the 31 August 2018 interims as indicated in the February 2019 Annual Financial Statements and Note 12. Therefore, the interim results for 31 August 2018 have been restated. Please refer to Note 11 for further details regarding the restatement.

Consolidated Statement of Cash Flows Income for the six months ended 31 August 2019

	Note	Six months 31 August 2019 R'000 (Unaudited)	Six months 31 August 2018 R'000 (Unaudited)	Year ended 28 February 2019 R'000 (Audited)
Cash flows from operating activities				
Cash (used in)/generated by operations	9	(2,587)	616	(1,560)
Interest income		1	1	4
Finance costs		(400)	(664)	(1,505)
Tax paid		-	(3,458)	(5,662)
Net cash from operating activities		(2,986)	(3,505)	(8,723)
Cash flows from investing activities				
Purchase of property, plant and equipment		-	-	(2)
Purchase of intangible assets		-	-	(40)
Sale of subsidiary cash effect		-	(4)	(4)
Net cash from investing activities		-	(4)	(46)
Cash flows from financing activities				
Shares issue		820	-	9,380
Borrowings repaid		(2,190)	(1,277)	(4,628)
Borrowings raised		2,454	2,467	3,841
Directors' loans repaid		-	(685)	(967)
Directors' loans raised		578	3,257	3,102
Net cash from financing activities		1,662	3,762	10,728
Total cash movement for the year		(1,324)	253	1,959
Cash at the beginning of the year		2,388	429	429
Total cash at end of the year		1,064	682	2,388

Notes to the Consolidated Interim Financial Statements

1. Reporting entity

African Dawn Capital Limited is domiciled in the Republic of South Africa. The unaudited consolidated interim financial statements for the six months ended 31 August 2019 comprise the results of the Company and its subsidiaries ("the Group") and the Group's interests in associates.

2. Basis of preparation

The consolidated interim financial statements have been prepared using the historical cost convention, as modified for certain items measured at fair value.

The consolidated interim financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS);
- IAS 34 - Interim Financial Reporting;
- The requirements of the South African Companies Act (Act No 71 of 2008), as amended,
- The JSE Listings Requirements; and
- The Financial Pronouncements as issued by Financial Reporting Standards Council.

These consolidated interim financial statements have not been audited or reviewed by the company's auditors.

These consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2019.

3. Approval

The consolidated interim financial statements were prepared by Dylan Kohler Professional Accountant (SA) and supervised by the chief financial officer, G Hope CA (SA). They were approved by the Board on 29 November 2019.

4. Significant accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial information are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2019. For a full list of standards and interpretations, which have and have not been adopted, refer to the 28 February 2019 consolidated annual financial statements.

IFRS 16 has been adopted on 1 March 2019 and no retrospective adjustments have been made. Detailed disclosure of the implications will be in the full annual financial statements on 29 February 2020.

5. Significant judgements and accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the consolidated financial statements for the year ended 28 February 2019 (refer to note 1.18 of the consolidated annual financial statements for the year ended 28 February 2019):

6. Events after the reporting period

Shareholders are referred to the announcements released by Afdawn on SENS on 30 August 2019 advising shareholders that WJ Groenewald and HH Hickey resigned on 31 August 2019. They performed the roles of CEO and Head of the audit committee respectively. The role of non-executive Chairman was performed by J Slabbert who moved into the role of executive Chairman with effect from 1 September 2019, until DS Danker was appointed CEO on 10 October 2019. After DS Danker was appointed CEO, J Slabbert again became non-executive Chairman. In addition Mr. B Stagman has been appointed as an independent non-executive director on 30 October 2019.

The group entered into certain "Put Options" as described in the Annual Financial Statements 28 February 2019 whereby certain directors would offset loans to the group against certain trade receivables in the group at a matching value. The option was exercisable by the group during the current period. The directors agreed to extend the period of the "Put Option" until 20th February 2020.

Notes to the Consolidated Interim Financial Statements continued

7. Trade receivables

Impairment of trade and other receivables

The carrying amount of trade and other receivables was assessed for impairment at the interim dates and resulted in the following changes:

Impairment	31 August 2019 R'000	31 August 2018 R'000	28 February 2019 R'000
Movement in impairment provision trade and other receivables	1,056	356	1,249 [^]

[^] IFRS 9 was adopted during the 2019 financial year the effect of which was an increase in provision related to prior periods of R1,130. The IFRS 9 effect from March 2018 to August 2018 was immaterial so no adjustment has been made. Refer to the annual financial statement for February 2019 for further details.

8. Segment report

The Group's reportable segments were changed in February 2019 from those disclosed in the consolidated annual financial statements for the year ended 28 February 2018. The rentals of properties in possession have been merged with other under the control of Head office. The segment report for the six-month period to 31 August 2018 has been included for comparative purposes and has been restated to account for the new segment.

All the segments operate only in South Africa, largely in Gauteng and therefore no geographical information is provided. Similarly, all non-current assets are in South Africa.

31 Aug 2019	Investment advisory and investment management R'000	Micro finance R'000	Head office R'000	Total R'000
Revenue	40	6,345	-	6,385
Other income	-	182	5	187
Investment income	-	1	-	1
Finance costs	-	400	-	400
Operating expenses	140	8,951	2,586	11,677
Impairment trade receivables	-	1,056	-	1,056
Bad debts written off	-	4	-	4
Loss before taxation	(100)	(2,823)	(2,581)	(5,504)
Taxation	-	-	-	-
Total comprehensive loss	(100)	(2,823)	(2,581)	(5,504)
Total assets	48	13,760	3,594	17,402
Total liabilities	24	9,704	5,735	15,463
Intangible assets	47	421	-	468
Property, plant and equipment	-	301	9	310
Right of use assets	-	1,241	-	1,241

Notes to the Consolidated Interim Financial Statements continued

31 August 2017 (Restated)	Investment advisory and investment management	Micro finance	Head office	Total
	R'000	R'000	R'000	R'000
Revenue	119	7,762	-	7,881
Other income	-	140	98	238
Investment income	-	-	1	1
Finance costs	-	518	209	727
Operating expenses	141	9,208	2,272	11,621
Impairment trade receivables	-	363	-	363
Bad debts written off	-	886	-	886
Loss on sale of subsidiary	-	-	(181)	(181)
Loss before taxation	(22)	(1,824)	(2,563)	(4,409)
Taxation	-	-	-	-
Total comprehensive loss	(22)	(1,824)	(2,563)	(4,409)
Total assets	219	16,316	5,092	21,627
Total liabilities	21	9,937	8,312	18,270
Intangible assets	152	388	-	540
Property, plant and equipment	-	328	26	354

9. Cash (used in)/ generated from operations and financing activities movement

	31 August 2019	31 August 2018	28 February 2019
	R'000	R'000	R'000
Loss before taxation	(5,504)	(4,409)	(9,383)
Adjustments for:			
Depreciation	33	46	59
Investment income	(1)	(1)	(4)
Finance costs	400	664	1,505
No-cash amortisation intangible assets	86	139	165
Non-cash loss on sale of subsidiary	-	-	181
Non-cash deemed interest expense	-	-	(152)
Non-cash operating lease movement	-	-	(60)
Non-cash outside shareholders share of loss	-	114	-
Non-cash effect of IFRS 16 implementation	39	-	-
Non-cash finance costs (SARS penalties and interest)	-	63	-
Non-cash impairment of debtors allowance	1,062	1,361	1,249
Non-cash settlement of debtors	-	-	1,157
Changes in working capital:			
Trade and other receivables IFRS 9 prior year adjustment	-	-	1,130
Trade and other receivables	6	996	2,452
Trade and other payables	1,292	1,643	141
	(2,587)	616	(1,560)

Notes to the Consolidated Interim Financial Statements continued

Cash movements from financing activities

Six months 31 Aug 2019	Borrowings non-current	Borrowings current	Directors loans	Total
	R'000	R'000	R'000	R'000
<i>Opening balance</i>	431	6,774	2,820	10,025
Cash movements				
Borrowings repaid	-	(2,190)	-	(2,190)
Advances on existing	-	1,234	578	1,812
Advances new	600	620	-	1,220
Non-cash movements				
Transfer from current to non-current	(431)	431	-	-
<i>Closing balance</i>	600	6,869	3,398	10,867

Six months 31 Aug 2018	Borrowings non-current	Borrowings current	Directors loans	Total
	R'000	R'000	R'000	R'000
<i>Opening balance</i>	4,031	4,259	685	8,975
Cash movements				
Borrowings repaid	-	(1,277)	(685)	(1,962)
Advances on existing	-	359	3,257	3,616
Advances new	500	1,608	-	2,108
Non-cash movements				
Transfer from current to non-current	(1,450)	1,450	-	-
<i>Closing balance</i>	3,081	6,399	3,257	12,737

Notes to the Consolidated Interim Financial Statements continued

10. Related parties

Related party relationships – other than as disclosed below, there have been no significant changes from the disclosures in the consolidated annual financial statements for the year ended 28 February 2019.

Executive and non-executive directors As per directors' report in the consolidated annual financial statements for the year ended 28 February 2019.

Other key management DD Breedt

	31 August 2019 R'000	31 August 2018 R'000	28 February 2019 R'000
Related party transactions			
Interest paid to directors @ 0% (2018 15% interest per annum)			
WJ Groenewald	-	34	75
G Hope	-	114	301
Arvesco 153 Proprietary Limited	-	-	27
Makalu Capital Proprietary Limited	-	-	51
Shockproof Investments Proprietary Limited	-	-	17
Related party balances			
Balance of directors loans relating to short term cash advances			
WJ Groenewald	(518)	(818)	(428)
G Hope	(2,880)	(2,439)	(2,392)
Loan accounts - owing (to) related parties			
Elite owes Sandown Capital Proprietary Limited	(2,581)	(5,131)	(4,031)
Arvesco 153 Proprietary Limited	(300)	-	-
Makalu Capital Proprietary Limited	(397)	-	(397)
Shockproof Investments Proprietary Limited	(12)	-	(12)

Notes to the Consolidated Interim Financial Statements continued

11. Acquisition and disposal of SME Snapshot

In July 2017 the Group acquired 100% of the equity and claims in SME Snapshot through the issue of shares in subsidiary YueDiligence. 18 new shares with a par value of R1 each were issued to Phezulu Group Close Corporation which is 15% of the equity control of YueDiligence to acquire control of the company. The acquisition is summarized below:

	2019 R'000	2018 R'000
Intangible assets software developed at fair value	-	104
Liabilities to owner at fair value	-	(352)
Net liability acquired	-	(248)
Outside shareholders share of liability 15% of SME Snapshot NAV	-	37
Goodwill on acquisition	-	211

The goodwill was recognised at acquisition because of synergies that arose from including SME snapshot Snapshot into the Group.

Disposal of SME Snapshot Proprietary Limited

On 1 March 2018 the group disposed of its investment in SME Snapshot in return for the 18 shares in YueDiligence

Assets and liabilities disposed	2019 R'000	2018 R'000
Intangible assets software development	-	242
Cash and cash equivalents	-	4
Trade and other receivables including (A) Phezula	-	471
Trade and other payables	-	(298)
Net liability disposed/acquired	-	419
Reverse reversal of minority interest in SME Snapshot	-	114
Less equity accounted consideration see below	-	(352)
Loss on sale of subsidiary	-	181

	2019 R'000	2018 R'000
Consideration at fair value	-	(352)
15% of Net Asset Value of YueDiligence at acquisition given up	-	-
Outside shareholders share of liability 15% of SME Snapshot NAV	-	-
	-	(352)

Notes to the Consolidated Interim Financial Statements continued

12. Restatement

Due to the adoption of IFRS updates as well as the correction of the transaction "sale of subsidiary SME Snapshot" various lines in the unaudited financial statements on 31 August 2018 have been restated. The effect of the restatement was as follows:

Consolidated Statement of changes in equity for the six months ended 31 August 2018

	Balance previously	Change	Now stated
	R'000	R'000	R'000
Change in holding SME Snapshot – retained income	(419)	67	(352)
Change in holding SME Snapshot – outside shareholders share income	67	47	114
Loss over six months ended 31 August 2018	(4,342)	(67)	(4,409)

Consolidated statement of Profit or Loss and other comprehensive Income for the six months ended 31 August 2018

	Balance previously	Change	Now stated
	R'000	R'000	R'000
Cost of sales	(77)	77	-
Gross Profit	7,804	(7,804)	-
Operating expenses	(12,077)	456	(11,621)
Loss on sale of subsidiary SME Snapshot	419	(600)	(181)
Loss before tax	(4,342)	(67)	(4,409)

Consolidated Statements of Cash Flows for the six months ended 31 August 2018 – cash generated from operations

	Balance previously	Change	Now stated
	R'000	R'000	R'000
Loss before tax	(4,342)	(67)	(4,409)
Non-cash outside shareholders share of loss	47	67	114

Notes to the Consolidated Interim Financial Statements continued

13. Loss per share

Basic and diluted loss per share

Basic and diluted loss per share are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	31 August 2019	31 August 2018	28 February 2019
Basic loss per share			
From continuing operations (c)	(11.1)	(20.1)	(33.5)
Reconciliation of weighted average number of ordinary shares	'000	'000	'000
Number of ordinary shares in issue	48,725	21,925	21,925
Adjusted for:			
Shares issued	2,193	-	26,800
Adjusted for weight averaging shares issue 7 December 2018 of 26,800,000 shares	-	-	(20,706)
Adjust for weight averaging shares issue 14 June 2019 of 1 142 857 shares	(652)	-	-
Adjust for weight averaging shares issue 17 July 2019 of 1 049 648 shares	(787)	-	-
Weighted average number of shares used for loss and headline loss per share	49,479	21,925	28,019
	31 August 2018	31 August 2018	28 February 2019
Headline loss per share			
From continuing operations (c)	(11.1)	(19.3)	(32.8)
Headline loss reconciliation			
Loss for the period for continuing operations	(5,504)	(4,409)	(9,393)
Adjusted for:			
Loss on disposal of subsidiary	-	181	181
Headline loss for the period	(5,504)	(4,228)	(9,212)

14. Comments from The Board

REVIEW FOR THE PERIOD

The group has managed to clear all historical matters impeding the recapitalisation of the group. There is a new main shareholder and the group is preparing for implementing a restructured strategy to grow the business base.

DIRECTORATE

The directors in office at the date of this report are:

Notes to the Consolidated Interim Financial Statements continued

Director	Office	Designation
J Slabbert	Chairman	Non-Executive
DS Danker	Chief Executive Officer (CEO)	Executive
GB Hope	Chief Financial Officer (CFO)	Executive
V Lessing		Independent Non-Executive
SM Roper	Chairman Audit Committee	Independent Non-Executive
B Stagman		Independent Non-Executive

WJ Groenewald and HH Hickey resigned from the board with effect from 31 August 2019 and J Slabbert moved into the role of Executive Chairman on 1 September 2019 until DS Danker was appointed CEO on 10 October 2019, after which J Slabbert was appointed non-executive Chairman again. In addition Mr. B Stagman has been appointed as an independent non-executive director on 30 October 2019.

GOING CONCERN

These results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Certain material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern were outlined in note 1.18. of the Annual Financial Statements for the year ended 28 February 2019. The following actions were implemented to reduce these uncertainties:

- Ability of Afdawn and all of its subsidiaries to meet ongoing commitments. The risk of this uncertainty materialising in a manner that could affect the relevance of the going concern assumption could arise.

DIVIDENDS

No dividends have been declared for this interim period (August 2018: Rnil)

PROSPECTS

During the period under review the focus has been on stabilizing the Group's well documented historic negative situation with a view to positioning the Group for growth. With this mind the following has been achieved: (1) the settlement of the historical SARS liability, (2) the partial restructuring of Elite's funding lines, (3) deregistration of a number of non-core subsidiaries that were contributing to the Group's complexity and cost structures.

Currently the focus is on (1) optimizing funding structures through enhancing terms and lowering the cost of existing funding arrangements, (2) raising new funding, (3) gaining access to low cost distribution channels other than traditional branch networks, (4) extending Elite's product offering to include alternative personal loan structures eg bulk payroll deductions.

Despite the difficult economic environment and negative perceptions of the Group the board remains confident in the long-term value potential of Afdawn. The board is committed to realizing this value for all stakeholders.

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Company secretary

A Rich (on behalf of Statucor Proprietary Limited)

Auditors

Mazars

Designated Advisor

PSG Capital

Transfer secretaries

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Date: 29 November 2019

