AFRICAN DAWN CAPITAL LIMITED

Unaudited Consolidated Statements for the six months ended 31 August 2015

AFRICAN DAWN CAPITAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/020520/06)
JSE code: ADW
ISIN: ZAE000060703
"the Company" or "the Group" or "Afdawn"

Consolidated Statements of Financial Position as at 31 August 2015

	31 August 2015 R '000 (Unaudited)	31 August 2014 R '000 (Restated)	31 August 2013 R '000 (Restated)	28 February 2015 R '000 (Audited)
Assets				
Non-Current Assets				
Property, plant and equipment	1 070	1 105	1 145	937
Goodwill	8 076	8 076	0	8 076
Intangible assets	5 746	8 541	2 410	6 479
Investment in associate	0	3	1 663	0
	14 892	**17 725**	**5 218**	**15 492**
Current Assets				
Other financial assets	354	1 727	1 412	724
Properties in possession	22 688	24 748	25 168	22 968
Trade and other receivables	38 287	53 855	75 040	39 835
Current tax receivable	397	512	95	0
Cash and cash equivalents	10 262	18 645	7 256	15 397
	71 988	**99 487**	**108 971**	**78 924**
Total Assets	**86 880**	**117 212**	**114 189**	**94 416**
Equity and Liabilities				
Equity				
Share capital and share premium	313 943	313 943	284 634	313 943
Accumulated loss	(283 678)	(261 966)	(230 909)	(284 532)
	30 265	**51 977**	**53 725**	**29 411**
Liabilities				
Non-Current Liabilities				
Loans from directors	121	0	0	1 535
Deferred tax	1 196	1 679	0	1 365
Borrowings	11 142	10 247	25 209	13 298
Finance lease liabilities	6	135	257	60
	12 465	**12 061**	**25 466**	**16 258**
Current Liabilities				
Current tax payable	14 963	18 562	18 220	14 840
Borrowings	14 054	23 144	9 001	17 782
Finance lease liabilities	122	122	124	122
Loans from directors	731	3 555	0	3 777
Operating lease liability	0	0	0	23
Trade and other payables	14 280	7 791	7 653	11 729
Deferred income	0	0	0	474
	44 150	**53 174**	**34 998**	**48 747**
Total Liabilities	**56 615**	**65 235**	**60 464**	**65 005**
Total Equity and Liabilities	**86 880**	**117 212**	**114 189**	**94 416**

Consolidated Statements of Profit or Loss and Other Comprehensive Income for the six months ended 31 August 2015

	31 August 2015 R '000 (Unaudited)	31 August 2014 R '000 (Restated)	28 February 2015 R '000 (Audited)
Continuing operations			
Revenue	20 672	17 827	40 149
Cost of sales	(1 579)	(269)	(268)
Gross profit	**19 093**	**17 558**	**39 881**
Other income	428	1 772	7 417
Operating expenses	(20 303)	(25 697)	(65 508)
Operating loss	**(782)**	**(6 367)**	**(18 210)**
Investment income	150	344	735
Profit on release from vendor liabilities	4 095	0	0
Loss on fair value of contingent consideration	0	0	(2 000)
Deemed interest expense	(313)	0	(110)
Impairment of properties in possession	0	0	(1 500)
Loss from equity accounted investment	0	(2 256)	(2 259)
(Loss)/profit on disposal of property, plant and equipment	(10)	19	0
Finance costs	(1 750)	(1 596)	(8 633)
Profit / (loss) before taxation	**1 390**	**(9 856)**	**(31 977)**
Taxation	(536)	(579)	(1 035)
Profit / (loss) from continuing operations	**854**	**(10 435)**	**(33 012)**
Loss from discontinued operations	0	(11)	0
Total comprehensive profit / (loss) for the period / year	**854**	**(10 446)**	**(33 012)**
Profit / (loss) attributable to:			
Owners of the parent:			
Continuing operations	854	(10 435)	(33 012)
Discontinued operations	0	(11)	0
Total comprehensive profit / (loss) for the period / yaer	854	(10 446)	(33 012)
Basic and diluted earnings / (loss) per share (c)			
Basic and diluted earnings / (loss) per share (c) from continuing operations	0.10	(1.24)	(3.75)
Basic and diluted earnings / (loss) per share (c) from discontinued operations	0.00	0.00	0.00
Basic and diluted earnings / (loss) per share (c)	0.10	(1.24)	(3.75)

Consolidated Statements of Changes in Equity for the six months ended 31 August 2015

	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 28 February 2013 (restated)	5 074	279 560	284 634	(227 707)	56 927
Total comprehensive loss for the six months to 31 August 2013	0	0	0	(3 202)	(3 202)
Balance at 31 August 2013	**5 074**	**279 560**	**284 634**	**(230 909)**	**53 725**
Total comprehensive loss for the six months 01 September 2013 to 28 February 2014				(20 611)	(20 611)
Balance at 28 February 2014 (restated)	**5 074**	**279 560**	**284 634**	**(251 520)**	**33 114**
Issue of shares	3 729	25 580	29 309	0	29 309
Total comprehensive loss for the six months to 31 August 2014	0	0	0	(10 446)	(10 446)
Balance at 31 August 2014 (restated)	**8 803**	**305 140**	**313 943**	**(261 966)**	**51 977**
Total comprehensive loss for the six months 01 September 2014 to 28 February 2015	0	0	0	(22 566)	(22 566)
Balance at 28 February 2015	**8 803**	**305 140**	**313 943**	**(284 532)**	**29 411**
Total comprehensive income for the six months 31 August 2015	0	0	0	854	854
Balance at 31 August 2015	**8 803**	**305 140**	**313 943**	**(283 678)**	**30 265**

Consolidated Statements of Cash Flows for the six months ended 31 August 2015

	Six months year ended 31 August 2015 R '000 (Unaudited)	Six months year ended 31 August 2014 R '000 (Restated)	Year ended 28 February 2015 R '000 (Audited)
Cash flows from operating activities			
Cash generated from / (used in) operations (refer to note 15)	4 047	(2 772)	(2 280)
Investment income	150	344	735
Finance costs	(1 046)	(1 596)	(3 115)
Tax paid	(1 162)	(375)	(574)
Net cash from operating activities	**1 820**	**(4 399)**	**(5 234)**
Cash flows from investing activities			
Purchase of property, plant and equipment	(97)	(250)	(346)
Proceeds on disposal of property, plant and equipment	4	19	56
Purchase of intangible assets	(246)	7	0
Business combinations	0	0	16
Sale of business	0	0	(396)
Net cash from investing activities	**(339)**	**(224)**	**(670)**
Cash flows from financing activities			
Proceeds on share issue	0	20 309	20 309
Borrowings repaid	(6,197)	(2 354)	(4 003)
Finance lease payments	(54)	(24)	(99)
Repayment of directors' loans acquired in business combinations	0	0	(21)
Repayment of directors' loans	(365)	(21)	(243)
Net cash from financing activities	**(6 616)**	**17 910**	**15 943**
Total cash movement for the period / year	**(5 135)**	**13 287**	**10 039**
Cash at the beginning of the period / year	15 397	5 358	5 358
Total cash at end of the period / year	**10 262**	**18 645**	**15 397**

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 2015 comprise the results of the Company and its subsidiaries ("the Group") and the Group's interests in its associate.

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;
- The SAICA Financial Reporting Guides as issued by the Accounting Practices Committee; and
- The Financial Pronouncements as issued by Financial Reporting Standards Council,

These consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 28 February 2015.

3. Approval

The consolidated interim financial statements were prepared by D Kohler Professional Accountant (SA) and supervised by the CEO and the company's IFRS consultant. They were approved by the Board on 21 December 2015.

4. Significant accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those applied in the consolidated annual financial statements for the year ended 28 February 2015. For a full list of standards and interpretations, which have and have not been adopted, refer to the 28 February 2015 consolidated annual financial statements.

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.

In preparing these consolidated interim 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 2015 (refer to note 1.20 of the consolidated annual financial statements for the year ended 28 February 2015).

6. Significant transactions

As announced on SENS on the 1 July 2015, the vendors of Knife Capital released Afdawn Group from the second NAV liability, the share issue liability and the contingent liability relating to the additional remuneration. (Refer to notes 20, 37 and 45 in the consolidated annual financial statements for the year ended 28 February 2015.)

As a result of this, a profit of R4 095 000 has been recognised in profit or loss, made up as follows:
- Second NAV liability **(a)** R2 095 000
- Share issue liability **(b)** R2 000 000

(a) The debit of R2 095 000 was previously recognised as part of the purchase price and thus affected goodwill.
(b) The debit of R2 000 000 was previously recognised in profit or loss (loss on fair value relating to contingent consideration).

Notes to the Consolidated Interim Financial Statements

continued

7. Reclassifications and prior period errors relating to August 2014 and August 2013

August 2014 –prior period errors
Refer to notes 13 and 14 which explain the prior period errors and the impact on the Knife purchase price and the allocation thereof to the net assets.

August 2014 and August 2013– prior period errors
Refer to notes 13 and 14 which explain the prior period errors relating to the equity accounting of Elite Two.

August 2014 and August 2013– reclassifications
Refer to notes 13 and 14 which explain the reclassifications relating to Elite, Elite Cell Captive and Nexus as a result of these no longer being discontinued operations.

8. Business combinations

There were no business combinations or disposals in the six-month period to 31 August 2015.

Refer to note 37 in the consolidated annual financial statements for details of the acquisition of Knife Capital Group in March 2014. This has been recognised in the year ended 28 February 2015 (and therefore also in the six-month interim period to 31 August 2014).

Refer to notes 12 and 13 in this consolidated interim report which explain the prior period errors as at August 2014 relating to the Knife purchase price and the allocation thereof.

9. Restrictions, guarantees and contingencies

The restrictions, guarantees and contingencies are the same as those disclosed in the consolidated annual financial statements for the year ended 28 February 2015 (refer to notes 39, 45, 47 and 49 in the consolidated annual financial statement for the year ended 28 February 2015).

10. Events after the reporting period

Other than as explained below, the events after the reporting period are the same as those disclosed in the consolidated annual financial statements for the year ended 28 February 2015:

Elite Group transaction
As announced on SENS on 7 December 2015, Afdawn has entered into an agreement to dispose of a portion of Elite Group ("the Transaction").

The Transaction will establish a new black-empowered financial services business, Dzothe Finance Solutions, with Elite's technology forming the basis of its lending platform. The Transaction capitalises Elite for future growth and positions Afdawn to participate in the growth of this newly established black-empowered financial services business.

Knife Capital
Subsequent to the period end and publication of the annual report, Knife Capital was notified of an amendment to the terms of a contract. As a result of this an impairment of approximately R2 000 000 has arisen and will be recognised in the year ended 29 February 2016.

11. 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-Aug-15 R '000	31-Aug-14 R '000	28-Feb-15 R '000
Movement in impairment provision	(1 593)	(708)	(35 824)

Notes to the Consolidated Interim Financial Statements

continued

12. Segment report

The Group's reportable segments are unchanged from those disclosed in the consolidated annual financial statements for the year ended 28 February 2015. The segment report for the six-month period to 31 August 2014 has been restated to comply with this format.

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

31 August 2015	Investment advisory and investment management R'000	Micro finance R'000	Rentals of properties in possession R'000	Other R'000	Total R'000
Revenue	5 157	12 366	2 715	434	20 672
Cost of sales	(1 653)	(61)	0	135	(1 579)
Other income	1	426	0	1	428
Investment income	57	246	1	(154)	150
Finance costs	0	(760)	(372)	(618)	(1 750)
Operating expenses	(2 990)	(11 021)	(1 711)	(4 581)	(20 303)
Impairment trade receivables	0	(2 040)	447	0	(1 593)
Bad debts written off	0	3 266	23	0	3 289
Gain on release from vendor liabilities	0	0	0	4 095	4 095
Deemed interest expense	0	(199)	0	(114)	(313)
Loss on sale of property, plant and equipment	0	(6)	0	(4)	(10)
Profit/(loss) before taxation	572	736	632	(550)	1 390
Taxation	(190)	0	(177)	(169)	(536)
Total comprehensive profit/(loss)	382	736	455	(719)	854
Total assets	4 129	30 304	20 608	31 839	86 880
Total liabilities	1 509	43 454	21 437	(9 786)	56 615
Intangible assets	4 720	1 020	0	0	5 746
Goodwill	8 076	0	0	0	8 076
Property, plant and equipment	80	623	11	356	1 070

12. Segment report (continued)

31 August 2014	Investment advisory and investment management R'000	Micro finance R'000	Rentals of properties in possession R'000	Other R'000	Total R'000
Revenue	2 837	12 752	2 619	(381)	17 827
Cost of sales	(1 188)	(105)	0	1 023	(269)
Other income	0	456	0	1 316	1 772
Investment income	3	0	1	339	344
Finance costs	(1)	(1 006)	(380)	(208)	(1 596)
Operating expenses	(1 868)	(21 725)	(1 230)	(874)	(25 697)
Impairment trade receivables	0	(2 933)	(145)	2 371	(708)
Bad debts actually written off	0	(5 378)	(43)	0	(5 421)
Equity accounted loss	0	(2 256)	0	0	(2 256)
Profit on disposal of property, plant and equipment	0	0	0	19	19
(Loss)/ profit before taxation	(216)	(11 884)	1,009	1 236	(9 856)
Taxation	(296)	0	(283)	0	(579)
Discontinued operations	0	0	0	(11)	(11)
Total comprehensive (loss) / profit	(512)	(11 884)	726	1,224	(10 446)
Total assets	1 741	35 403	22 302	57 767	117 212
Total liabilities	2 036	43 954	22 622	(3 377)	65 235
Intangible assets	5 995	2 546	0	0	8 541
Goodwill	8 076	0	0	0	8 076
Property, plant and equipment	40	823	0	241	1 105

13. Changes to prior year amounts

Prior year amounts have been restated (as indicated in note 14) and as explained below:

Discontinued operations - reclassifications
Elite – reclassification from discontinued to continuing operations
The results of Elite have been reclassified from discontinued operations to continuing operations, for all reporting periods. The amounts for prior periods are described as having been re-presented.

Elite Cell – reclassification from discontinued to continuing operations
The results of Elite Cell have been reclassified from discontinued operations to continuing operations, for all reporting periods. The amounts for prior periods are described as having been re-presented.

Nexus - reclassification from discontinued to continuing operations
The results of Nexus have been reclassified from discontinued operations to continuing operations, for all reporting periods. The amounts for prior periods are described as having been re-presented.

13. Changes to prior year amounts (continued)

As disclosed in the year ended 28 February 2015, Nexus went into liquidation in October 2014.

Material prior period errors and other reclassifications

The prior period amounts have been restated for material prior period errors and additional items that have been reclassified as explained below:

Knife Capital Group acquisition (2014)
The acquisition of the Knife Capital Group was not correctly accounted for, in terms of IFRS 3 – Business Combinations, in the six-month period to 31 August 2014.

The impact of the restatements is as follows:

Goodwill increased by	R4 046 000
Intangible assets decreased by	(R2 000)
Deferred tax liability increased by (not recognised on the acquired intangible assets)	(R1 833 000)
Loans to directors increased by (second NAV top-up as a result of 28 February 2014 prior period errors)	(R2 095 000)
Share capital and share premium increased by	(R312 000)
Trade payables decreased by	R196 000

In addition, the amortisation of the intangible assets led to a reversal of a portion of the deferred tax liability of R1 833 000 referred to above. The impact of this is that the deferred tax liability decreases by R154 000 with an equivalent credit in profit or loss.

Elite trade – receivables - doubtful debt impairment error (2014 and 2013)
As disclosed in the year ended 28 February 2015, a material prior period error relating to the additional impairment of trade receivables in Elite was discovered during the year.

It is impracticable to determine the impact as at 31 August 2013 because management would have to re-create debtors' records which would involve too much subjectivity. The impairment was therefore recognised in the year ended 28 February 2014. There was no adjustment required to the amount originally recognised as at 31 August 2014.

The Company did not recognise any taxation during 2014 and 2013 and does not recognise deferred tax on assessed losses because it does not meet the requirements in IAS 12. As a result, the prior period adjustment has no impact on tax or deferred tax.

Elite Two error (2014 and 2013)
As disclosed in the year ended 28 February 2015, Elite had significant influence over Elite Two from 2011 until it obtained control in November 2014. In light of the fact that Elite had not previously accounted for any investment in an associate, no equity accounted earnings relating to Elite Two were recognised in the six-month periods 31 August 2014 and 31 August 2013.

The adjustment resulted in R2,256 million being recognised as a profit from the equity account investment in the six-month period to 31 August 2014.

The Company did not recognise any taxation during 2014 and 2013 and does not recognise deferred tax on assessed losses because it does not meet the requirements in IAS 12. As a result, the prior period adjustment has no impact on tax or deferred tax.

13. Changes to prior year amounts (continued)

Non-cash items in the cash flow statement (2014)
As disclosed in the year ended 28 February 2015, several non-cash items were previously not adjusted against the loss from operations to arrive at the cash generated from operations. These have subsequently been adjusted in the six-month period to 31 August 2014.

This prior period adjustment has no impact on tax or deferred tax.

The impact of the 2014 restatements on loss and loss per share as well as headline loss and headline loss per share is as follows:

Loss per share continuing operations 31 August 2014	Gross amount R '000	Tax effect R '000	Impact cents per share
Loss as previously reported	(2 328)	0	(0.29)
Knife acquisition error	154	0	0.02
Elite cell error	(69)	0	(0.01)
Reclassification of discontinued operations to continuing	(8 192)	0	(1.02)
Weighted average adjustment for rights issue 2015 (A)	0	0	(0.06)
	(10 435)	**0**	**(1.24)**

Loss per share discontinued operations 31 August 2014	Gross amount R '000	Tax effect R '000	Impact cents per share
Loss as originally stated	(8 203)	0	(1.02)
Reclassification of discontinued operations to continuing	8 192	0	1.02
Weighted average adjustment for rights issue 2015 (A)	0	0	0.00
	(11)	**0**	**(0.00)**

Notes to the Consolidated Interim Financial Statements

continued

13. Changes to prior year amounts (continued)

Headline loss per share from continuing operations 31 August 2014	Gross amount R '000	Tax effect R '000	Impact cents per share
Headline loss as previously reported	(5 894)	0	(0.73)
Profit on disposal of property, plant and equipment (tax effect not previously shown)	0	5	0.00
Impairment reclassification reversal	3 547	0	0.44
Reclassification of discontinued operations to continuing	(8 192)	0	(1.02)
Elite Cell	(69)	0	(0.01)
Knife Capital	154	0	0.02
Weighted average adjustment for rights issue 2015 (A)	0	0	0.06
	(10 454)	**5**	**(1.24)**

Headline loss per share from discontinued operations 31 August 2014	Gross amount R '000	Tax effect R '000	HEPS effect in cents per share
As originally stated	(8 203)	0	(1.02)
Reclassification from discontinued operations to continuing	8 192	0	1.02
Weighted average adjustment for rights issue 2015 (A)	0	0	0.00
	(11)	**0**	**(0.00)**

(A) This relates to the rights issue that took place in the 2015 financial year – refer to the annual financial statements for the year ended 28 February 2015.

Notes to the Consolidated Interim Financial Statements

continued

14. Comparative amounts

The effects of the restatements and reclassifications explained in note 42 in the consolidated annual financial statement for the year ended 28 February 2015 affected most disclosure items indicated in the following tables:

	As previously reported Aug 2014	Elite Reclassification	Debtors impairment error	Elite Two equity accounting error	Elite Cell Captive error	Knife acquisition	Impairment reclassified	Reclassification and rounding	Total
Non-Current Assets									
Property, plant and equipment	282	823	0	0	0	0	0	0	1 105
Intangible assets	5 995	2 546	0	0	0	(-2)	0	2	8 541
Goodwill	4 030	0	0	0	0	4 046	0	0	8 076
Investment in associate	0	2 259	0	(2 256)	0	0	0	0	3
	10 307	**5 628**	**0**	**(2 256)**	**0**	**4 044**	**0**	**2**	**17 725**
Current Assets									
Properties in possession	24 748	0	0	0	0	0	0	0	24 748
Trade and other receivables	19 900	44 785	(14 188)	0	(189)	0	3 547	0	53 855
Other financial assets	0	1 554	0	0	173	0	0	0	1 727
Current tax receivable	131	381	0	0	0	0	0	0	512
Cash and cash equivalents	17 208	1 437	0	0	0	0	0	0	18 645
	61 987	48 157	(14 188)	0	(16)	0	3 547	0	99 487
Non-current assets held for sale	51 475	(50 184)	0	2 256	0	0	(3 547)	0	0
Total Assets	**123 769**	**3 601**	(14 188)	**0**	**(16)**	**4 044**	**0**	**2**	**117 212**
Equity									
Share capital and share premium	313 633	0	0	0	0	312	0	(2)	313 943
Accumulated loss	(251 754)	(10 297)	0	0	(69)	154	0	0	(261 966)
	61 879	**(10 297)**	**0**	**0**	**(69)**	**466**	**0**	**(2)**	**51 977**

14. Comparative amounts (continued)

	As previously reported Aug 2014	Elite Reclassifi-cation	Debtors impair-ment error	Elite Two equity accounting error	Elite Cell Captive error	Knife acquisition	Impairment reclassified	Reclassifi-cation and rounding	Total
Non-Current Liabilities									
Borrowings	8 985	2 787	0	0	0	0	0	(1 525)	10 247
Deferred tax liabilities	0	0	0	0	0	1 679	0	0	1 679
Finance lease liabilities	0	135	0	0	0	0	0	0	135
	8 985	**2 922**	0	**0**	**0**	**1 679**	**0**	**(1 525)**	**12 061**
Current Liabilities									
Loans from directors (Knife vendors)	0	0	0	0	0	2 095	0	1 460	3 555
Borrowings	8 616	14 462	0	0	0	0	0	66	23 144
Current tax payable	18 563	344	(344)	0	0	0	0	(1)	18 562
Finance lease liabilities	0	122	0	0	0	0	0	0	122
Operating lease liability	9	0	0	0	0	0	0	(9)	0
Trade and other payables	5 553	2 368	0	0	53	(196)	0	13	7 791
	32 741	**17 296**	(344)	**0**	**53**	**1 899**	**0**	**1 529**	**53 174**
Liabilities of disposal groups	20 164	(20 164)	0	0	0	0	0	0	0
Total Liabilities	61 890	54	(344)	0	53	3 578	0	4	65 235
Total Equity and Liabilities	**123 769**	**(10 243)**	(344)	**0**	**(16)**	**(4 044)**	**0**	**2**	**117 212**

14. Comparative amounts (continued)

Statement of comprehensive income 31 August 2014

Statement of Profit or Loss and Other Comprehensive Income - 2014	As previously reported Aug 2014	Elite Reclassification	Reclassification Nexus discontinued operation	Elite Two equity accounting error	Elite Cell Captive error	Knife acquisition	Impair-ment reclassified	Reclassifi-cation and rounding	Total
Revenue	5 040	13 231	35	0	(479)	0	0	0	17 827
Cost of sales	(37)	(170)	(127)	0	65	0	0	0	(269)
Gross profit	5 003	13 061	(92)	0	(414)	0	0	0	17 558
Other income	1 335	456	0	0	0	0	0	(19)	1 772
Operating expenses	(7 841)	(24 130)	(5)	2,256	322	154	3 547	0	(25 697)
Operating loss	(1 503)	(10 613)	(97)	2 256	(92)	154	3 547	(19)	(6 367)
Investment income	344	44	0	0	(44)	0	0	0	344
Profit on disposal of property, plant and equipment	0	0	0	0	0	0	0	19	19
Loss from equity accounted investment	0	0	0	(2 256)	0	0	0	0	(2 256)
Finance costs	(591)	(1 006)	0	0	0	0	0	1	(1 596)
Loss for the period before tax	(1 750)	(11 575)	(97)	0	(136)	154	3 547	1	(9 856)
Taxation	(578)	(67)	0	0	67	0	0	(1)	(579)
Loss for the period from continuing operations	(2 328)	(11 642)	(97)	0	(69)	154	3 547	0	(10 435)
Loss from discontinued operations	(8 203)	11 642	97	0	0	0	(3 547)	0	(11)
Loss for the period	(10 531)	0	0	0	(69)	154	0	0	(10 446)
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total compre-hensive loss for the period	**(10 531)**	**0**	**0**	**0**	**(69)**	**154**	**0**	**0**	**(10 446)**

Notes to the Consolidated Interim Financial Statements

continued

14. Comparative amounts (continued)

Statement of changes in equity

Statement of Change in Equity - 2014	As previously reported Aug 2014	Debtors impairment error prior year	Equity accounted instrument error prior year	Impairment reclassified prior year	Elite Cell Captive error	Knife acquisition error		Reclassification and rounding	Total
Total share capital	313 633	0	0	0	0	312		(2)	313 943
Accumulated loss	(251 754)	(10 297)	0	0	(69)	154		0	(261 966)
Total equity	**61 879**	**(10 297)**	**0**	**0**	**(69)**	**466**	**0**	**(2)**	**51 977**

Statement of Financial Position – 2013

Statement of Financial Position – 2013	As previously reported Aug 2013	Elite Two equity accounting error prior year	Elite debtors impairment error prior year	Reclassification Elite discontinued operation	Reclassification Nexus discontinued operation	Elite Two equity accounting error current	Elite Cell discontinued operation	Reclassification PIP from receivables and rounding	Total Restated
Non-Current Assets									
Property, plant and equipment	102	0	0	1 043	0	0	0	0	1 145
Intangible assets	0	0	0	2 410	0	0	0	0	2 410
Investment in associate	0	787	0	0	0	876	0	0	1 663
	102	**787**	**0**	**3 453**	**0**	**876**	**0**	**0**	**5 218**
Current Assets									
Properties in possession	21 327	0	0	0	0	0	0	3 841	25 168
Trade and other receivables	31 436	0	(7 455)	54, 899	0	0	0	(3 840)	75 040
Other financial assets	0	0	0	0	0	0	1 412	0	1 412
Current tax receivable	95	0	0	0	0	0	0	0	95
Cash and cash equivalents	2 577	0	0	4 678	0	0	0	1	7 256
	55 435	**0**	**(7 455)**	**59 577**	**0**	**0**	**1 412**	**2**	**108 971**
Non-current assets held for sale	64 442	0	0	(63 030)	0	0	(1 412)	0	0
Total Assets	**119 979**	**787**	**(7 455)**	**0**	**0**	**876**	**0**	**2**	**114 189**

Notes to the Consolidated Interim Financial Statements

continued

14. Comparative amounts (continued)

Statement of Financial Position – 2013 (continued)

Statement of Financial Position – 2013	As previously reported Aug 2013	Elite Two equity accounting error prior year	Elite debtors impairment error prior year	Reclassification Elite discontinued operation	Reclassification Nexus discontinued operation	Elite Two equity accounting error current	Elite Cell discontinued operation	Reclassification PIP from receivables and rounding	Total Restated
Equity									
Share capital and share premium	284 634	0	0	0	0	0	0	0	284,634
Accumulated loss	(225 462)	787	(7 111)	0	0	876	0	1	(230 909)
	59 172	**787**	**(7 111)**	**0**	**0**	**876**	**0**	**1**	**53 725**
Non-Current Liabilities									
Borrowings	9 474	0	0	15 735	0	0	0	0	25 209
Finance lease liabilities	0	0	0	257	0	0	0	0	257
	9 474	**0**	**0**	**15 992**	**0**	**0**	**0**	**0**	**25 466**
Current Liabilities									
Borrowings	7 756	0	0	1 245	0	0	0	0	9 001
Current tax payable	18 188	0	(344)	283	0	0	93	0	18 220
Finance lease liabilities	0	0	0	124	0	0	0	0	124
Trade and other payables	3 984	0	0	3 555	0	0	113	1	7 653
	29 928	**0**	**(344)**	**5 207**	0	**0**	**206**	**1**	**34 998**
Liabilities of disposal groups	21 405	0	0	(21 199)	0	0	(206)	0	0
Total Liabilities	**60 807**	0	**(344)**	**0**	0	0	**0**	**1**	60 464
Total Equity and Liabilities	**119 979**	**787**	**(7 455)**	**0**	**0**	**876**	**0**	**2**	**114 189**

Notes to the Consolidated Interim Financial Statements

continued

14. Comparative amounts (continued)

Statement of Profit or Loss and Other Comprehensive Income - 2013	As previously reported Aug 2013	Elite Two equity accounting error prior year	Elite debtors impairment error prior year	Reclassification Elite discontinued operation	Reclassification Nexus discontinued operation	Elite Two equity accounting error current	Elite Cell discontinued operation	Reclassification PIP from receivables	Total Restated
Revenue	3 143	0	0	15 196	282	0	580	(385)	18 816
Cost of sales	0	0	0	(95)	(185)	0	(495)	185	(590)
Gross profit	**3 143**	**0**	**0**	**15 101**	**97**	**0**	**85**	**(200)**	**18 226**
Other income	1 344	0	0	500	3	0	0	0	1 847
Operating expenses	(6 287)	0	(7 455)	(6 342)	(48)	0	(348)	200	(20 280)
Operating loss	**(1 800)**	**0**	**(7 455)**	**9 259**	**52**	**0**	**(263)**	0	**(207)**
Investment income	41	0	0	1	0	0	38	0	80
Profit from equity accounted investment	0	787	0	(787)	0	876	0	0	876
Finance costs	(524)	0	0	(1 705)	0	0	0	0	(2 229)
Loss for the period before tax	**(2 283)**	**787**	**(7 455)**	**6 768**	**52**	**876**	**(225)**	**0**	**(1 480)**
Taxation	(219)	0	344	(360)	0	0	(33)	0	(268)
Loss for the period from continuing operations	**(2 502)**	**787**	**(7 111)**	**6 408**	**52**	**876**	**(258)**	**0**	**(1 748)**
Loss from discontinued operations	(1 577)	0	0	(84)	(52)	0	258	0	(1 455)
Loss for the period	**(4 079)**	**787**	**(7 111)**	**6 324**	**0**	**876**	**0**	**0**	**(3 203)**
Other comprehensive income	0	0	0	0	0	0	0	0	0
Total comprehensive loss for the period	**(4 079)**	**787**	**(7 111)**	**6 324**	**0**	**876**	**0**	**0**	**(3 203)**

Notes to the Consolidated Interim Financial Statements

continued

14. Comparative amounts (continued)

Statement of changes in equity

Statement of Change in Equity - 2013	As previously reported Aug 2013	Elite Two equity accounting error prior year	Elite debtors impairment error prior year	Reclassification Elite discontinued operation	Reclassification Nexus discontinued operation	Elite Two equity accounting error current	Elite Cell discontinued operation	Reclassification PIP from receivables	Total Restated
Share capital	5 074	0	0	0	0	0	0	0	5 074
Share premium	279 560	0	0	0	0	0	0	0	279 560
Total share capital	284 634	0	0	0	0	0	0	0	284 634
Accumulated loss	(225 462)	787	(7 111)	0	0	876	0	1	(230 909)
Total equity	**59 172**	**787**	**(7 111)**	**0**	**0**	**876**	**0**	**1**	**53 725**

15. Cash generated from / (used in) operations

	31-Aug-15 R '000	31-Aug-14 R '000	28-Feb-15 R '000
Profit / (loss) before taxation	1 390	(9 856)	(31 977)
Adjustments for:			
Depreciation	150	239	424
Loss/(profit) on disposal of property, plant and equipment	10	(19)	23
Movement in operating lease liability	(23)	(174)	(151)
Gain on present value adjustments on interest free borrowings	0	0	(661)
Equity accounted loss	0	2 256	2 259
Investment income	(150)	(344)	(735)
Finance costs	1 398	1 596	3 115
Fair value of contingent consideration	0	0	2 000
Profit on release from vendor liabilities	(4 095)	0	0
Non-cash finance costs (penalties and interest on income tax)	0	0	5 518
Amortisation	779	839	1 758
Deemed interest expense	313	0	110
Profit on disposal of Nexus	0	0	(3 231)
Impairment of properties in possession	0	0	1 500
Non-cash portion of NHFC guarantee	0	0	1 750
Impairment of intangible asset	0	0	1 150
Changes in working capital:			
Properties in possession	280	0	280
Trade and other receivables	1 548	5 192	14 798
Trade and other payables	2 551	(2 328)	(1 514)
Deferred income	(474)	0	474
Other financial assets	370	(173)	830
	4 047	**(2 772)**	**(2 280)**

Notes to the Consolidated Interim Financial Statements

continued

16. 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 2015.

Executive and non-executive directors	As per directors' report in the consolidated annual financial statements for the year ended 28 February 2015 CM Bull (Resigned 12 June 2015)
Other key management	DD Breedt GE Stoop (Resigned 11 August 2014) DA Turner (Resigned 11 August 2014)

Related party transactions	**31 August 2015** **R '000**
Release from obligation to settle liabilities relating to the acquisition of Knife Capital	
EA van Heerden	1 365
JK van Zyl	1 365
A Bohmert	1 365
Cash paid to directors relating to the acquisition of Knife Capital	
EA van Heerden	122
JK van Zyl	122
A Bohmert	122

Notes to the Consolidated Interim Financial Statements

continued

17. Earnings / (loss) per share

Basic and diluted earnings / (loss) per share

Basic and diluted earnings / (loss) per share are calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period (excluding ordinary shares held as treasury shares).

	31 August 2015	31 August 2014
Basic and diluted earnings / (loss) per share		
From continuing operations (c)	0.10	(1.24)
From discontinued operations (c)	0	(0.00)
	0.10	**(1.24)**
Reconciliation of weighted average number of ordinary shares		
Number of ordinary shares in issue	880 271	508 184
Adjusted for:		
Rights issue	0	246 345
Shares issued Knife Capital Group acquisition 28 March 2014	0	85 326
Weighted average number of shares used for loss and headline loss per share	**880 271**	**839 855**

	31 August 2015	31 August 2014
Headline and diluted headline earnings / (loss) per share		
From continuing operations (c)	0.10	(1.24)
From discontinued operations (c)	0	0
Total	**0.10**	**(1.24)**

Headline earnings / reconciliation		
Profit /(loss) for the period for continuing operations		
Adjusted for:	854	(10 435)
Loss / (profit) on disposal of property, plant and equipment	10	(19)
Tax effect on disposal of property, plant and equipment	(3)	5
Headline profit/(loss) continuing operations	861	(10 449)
Loss for the period – discontinued operations	0	(11)
Headline earnings/(loss) for the period	**861**	**(10 460)**

Comments from The Board

REVIEW FOR THE PERIOD

The board is pleased to report that the results for the six month period ended 31 August 2015 show an improvement on the comparable period ended 31 August 2014 and also an improvement on the period 01 September 2014 to 28 February 2015. In comparison to the period ended 31 August 2014 revenue increased from R17,8 million to R20,7 million and operating expenses decreased from R25,7 million to R20,3 million. The loss reduced from R10.4 million to a profit of R854 000. The release of R4,09 million of Knife Capital Vendor liabilities and reduced finance costs had the net effect of a Headline Earnings per share of 0.10 cents versus a Headline Loss per share 1,24c for the comparable period. The results were also affected by increased audit and consulting expenses related to the prior year error. The repayment of R6.6 million of liabilities and R1,8 million cash generated from operations resulted in a decrease of cash resources by R5,1 million to R10,2 million.

All the main operating entities made a profit in the 2015 interim period.

DIRECTORATE

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

Director	Office	Designation	Changes
WJ Groenewald	Chief Executive Officer (CEO) and acting Chairman	Executive (a)	
HH Hickey	Chair Audit Committee	Independent Non-executive	
V Lessing		Independent Non-executive	
SM Roper		Independent Non-executive	Appointed 22 April 2014
EA van Heerden	Chief Financial Officer	Executive	Appointed 27 March 2014
JK van Zyl		Executive (b)	
A Böhmert		Executive	Appointed 22 April 2014
JS van der Merwe	Chairman	Non-executive (c)	Resigned 2 June 2014
CM Bull	Chairman	Independent Non-executive	Appointed 31 October 2014, resigned 12 June 2015

(a) Appointed CEO on 28 March 2014 and acting Chairman from 4 June 2014 – 31 October 2014. Currently acting Chairman from 12 June 2015

(b) Changed from Non-executive to Executive on 28 March 2014

(c) Changed from Executive to Non-executive on 24 February 2014

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 1.20. of the Annual Financial Statements for the year ended 28 February 2015. The following actions were implemented to reduce these uncertainties:

- Timing of the amount payable to SARS (please refer to SARS note below).
- 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.
- The Elite transaction (as announced on SENS on 7 December 2015) will recapitalise Elite and provide access to funding to grow the business. Afdawn will receive a R1,37m cash injection and will receive a monthly management fee.
- Sandown has also agreed to lengthen the term of the loan to April 2017.
- Almika sales continue to proceed as expected and a further 17 units were transferred after year end. A further 22 units are expected to be transferred during the next three months.
- The Knife Capital settlement announced on 01 July 2015 reduced the Knife Capital vendor liability by R4 million.
- The Group also reduced debt during the period by R6m while cash balances decreased by R5,1 million amount.

Comments from The Board

continued

SOUTH AFRICAN REVENUE SERVICES ("SARS")
A Section 200 application was made in June 2013 and was declined in May 2015 on the basis that Afdawn Group's financial position did not warrant a compromise. A new submission has subsequently been made to SARS in October 2015 with a view to reaching a settlement on this. The current relationship with SARS is constructive and conducive to an amicable outcome.

A liability has been recognised in full for all interest and penalties that are payable to SARS.

ALLEGRO HOLDINGS PROPRIETARY LIMITED ("ALLEGRO") STATUS
Afdawn has previously concluded a Memorandum of Understanding (28 February 2013) which will facilitate an amicable conclusion to the matter. Progress has been slow in this regard. Thus far the company has not become aware of any information during its deliberations that will alter its previous conclusion. At the date of signing this interim report no claims have been received by Afdawn, nor has it been able to establish any basis for a potential claim against Afdawn and therefore no provisions have been made for any such contingency.

NATIONAL HOUSING FINANCING CORPORATION ("NHFC")
In terms of the settlement agreement with the NHFC that was signed on 30 May 2011, Nexus (a wholly owned subsidiary of Afdawn) facility of R5 million became payable in October 2013. Nexus had ceded its debtors book as security for payment of the amount. NHFC demanded payment from Afdawn. Nexus was liquidated in October 2014 and NHFC instituted arbitration proceedings against Afdawn for the payment of R5 million plus interest and costs in terms of the settlement agreement. In terms of the out-of-court settlement, Afdawn is, by virtue of being guarantor, liable for payment of an amount of R3,75 million. R2 million was paid on 6 February 2015 and R1,75 million was repaid on 20 September 2015.

RESTRUCTURING OF THE AFDAWN BOARD
The Board is pleased to announced that Mr Graham Hope will join the Board as Chief Financial Officer from with effect from 11 January 2016. Graham brings a wealth of experience to the Group and he will also serve as FD in both Dzothe Finance Solutions and Elite Group. As previously announced Eben van Heerden will step down as Chief Financial Officer and will focus on his role as CEO of Knife Capital. Furthermore, the Board will consist of only two executive directors, being the Group CEO and the Group CFO with the rest being non-executive directors as from the 11 January 2016.

DIVIDENDS
No dividends have been declared for this interim period (August 2014: R0).

PROSPECTS
As stated in the memorandum published on 8 December 2015 clarification on vision and strategy will be announced in due course. The SARS liabilities remains the main risk to the Group going forward.

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Designated Advisor
PSG Capital

Transfer secretaries
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Date: 22 December 2015

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