AFRICAN DAWN
CAPITAL LIMITED

Annual Report

2012

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Annual Report
2012

The purpose of the company is to create shareholder value in a responsible manner that also improves the lives of our customers through the provision of finance.

About us

The history

African Dawn Capital Limited ("Afdawn") was formed in 1998 as a micro finance company which, following its listing on the Alternative Exchange of the JSE in 2004, grew into a niche finance provider covering micro finance, debtor discounting and structured property finance.

Lending was concentrated on individuals and businesses that required funding to develop, build and grow wealth on the one hand, and a burgeoning micro finance customer base on the other. In 2009 the group had significant exposure to the property sector where aggressive expansion had been pursued mainly in, property developments. The group faltered in 2009 due to the increase in doubtful loans and the concomitant collapse in the property markets.

Afdawn's 2009 executive management, based on the meteoric rise in the share price, had entered into a highly geared single stock structure with Nedbank. The falling Afdawn share price triggered margin calls by Nedbank which, when they were not settled, led to Nedbank exercising their security and thereby becoming the single biggest shareholder in Afdawn. The majority of the executive directors were subsequently removed from the board at the company's Annual General Meeting in October 2009. The then newly constituted board, under the Chairmanship of RR Emslie, called for a limited forensic review of the company and some of its subsidiaries. The review revealed fraud and mismanagement in Nexus and Afdawn. Afdawn continues to co-operate with the various authorities in their investigations of the group's former directors and advisors. The group was turned around by successful constitution of a new board, introduction of significant new governance standards and a turn-around plan and strategy implemented and executed during the last two years.

The turnaround

As part of the turnaround, the group has been rationalised into two distinct areas of expertise; personal finance and debt collections. All non-essential subsidiaries have been or are in the process of being closed. In particular Dumont Healthcare Proprietary Limited which was sold on 29 February 2012 for a consideration of R 1.9 million. Two crucial milestones were achieved during the 2012 financial year which were essential to the successful turnaround of Afdawn. We concluded a settlement agreement with the National Housing Finance Corporation Limited ("NHFC") on 30 May 2011 which paved the way to the successful recapitalisation of the group on 28 October 2011.

The recapitalisation

The recapitalisation consisted of a partially underwritten rights offer for R 25 million and two convertible bonds of R 11.7 million. We were delighted at the support shown on the rights offer with a 73% take up of rights by our shareholders. The recapitalisation raised R 39.9 million in October 2011. The full benefit of the recapitalisation will be reflected in the next financial year.

The operational businesses

Elite Group:

- Elite is a pioneer and a leading credit provider company in South Africa. The company is operating nationwide, through offices in Gauteng, North West Province, Free State and Kwa-Zulu Natal, with call centres serving all provinces.
- The company was instrumental in the establishment of MFSA (Micro Finance South Africa) and a driving force in the formation of the National Credit Regulator.
- The prime objective of the company is to revolutionize the credit industry, providing a range of loans to the historically unbanked masses, utilizing state of the art information technology.
- Elite has three major business units which are developed and managed as separate profit centres. The three units are Elite Group, Elite Medical Finance and Elite Collections.

Debt Management:

- The Afdawn board approved the new strategy for the previous bridging finance company to focus exclusively on the collection and the management of commercial debt.

African Dawn Capital Limited is registered with the Financial Services Board, as well as the National Credit Regulator and is a member of the National Debt Mediation Association and MFSA.

Our product offering

- Personal Loans
- Incremental Loans
- Educational Loans
- Consolidation / Rescue Loans
- Call Centre Facilities
- Information Systems
- Commercial Debt Management
- Debt Collecting
- Guardrisk Credit Protection Plan

Our report

This report builds on the 2011 annual report. The 2012 report is guided by the Global Reporting Initiative (GRI3) reporting guidelines as part of guiding the users to a conclusion on the quantitative (financial indicators) and qualitative (social, environmental and sustainability) events reported on for the 2012 period. The company views the integrated reporting process as a journey that will include a continuous improvement process to raise the level of reporting on an annual basis.

From the Chair

Christo Wiese

It is my pleasure to report to all stakeholders on the developments that have taken place within Afdawn during the 2012 financial year. At the start of the year, the prospects for Afdawn were, to say the least, challenging. By the end of the year, and following the recapitalisation which became effective on 28 October 2011, as demonstrated and measured by actual results achieved, there has been a change for the better in Afdawn's performance. The previous year had produced material write-downs due to a number of reasons, including the difficult state of world economies affecting bridging finance activities. During 2011, however, Afdawn's board successfully negotiated a recapitalisation with the major shareholders.

Background

The times we are living in can best be described by Charles Dickens in *The Tale of Two Cities*, "these are the best of times, these are the worst of times". Afdawn has weathered the times and can boast with a well-capitalised balance sheet and potential to grow faster than the market, albeit from a small base. The board and management are excited about the ensuing year and will strive to deliver on the trust shown by shareholders.

The South African Reserve Bank ("SARB") leading indicator has been rising over the past nine months after a temporary relapse in the first half of 2011. The SARB coinciding indicator has continued to rise, though somewhat more modestly of late, suggesting some loss of growth momentum, but nothing excessive. Output growth has recently surprised to the upside in retail, wholesale and manufacturing.

Private credit growth has steadily accelerated, reaching +9.2% year/year in March 2012 from +8% in February, +7% in January and +6% in December 2011, now nearly matching 10% nominal GDP growth.

Meanwhile, despite high energy and food price increases, our inflation in recent months has surprised to the downside, with CPI down to 6% and PPI to 7.2%.

Gradual global Repair and Recuperation in many parts of the world remains the predominant outlook, with only select EU peripherals suffering severe recession and others mildly so, any crisis revival is likely to be addressed by lifeboats, ECB and IMF.

There may be incomplete resolution, whether in Europe (Spain), the US (fiscal impasse), the Middle East or China, but there seems to be sufficient incremental crisis management to keep the wolf from the door so to speak.

Thus we all keep steadily cruising, as much globally as locally, each country at its own speed, in nearly all cases at less than design speed but well above stall speed, addressing crisis debris or struggling (like South Africa) to get the national act together and seriously improve performance.

Board

Starting at the top, and in line with improved corporate governance and honouring the principles of the King Report on Governance for South Africa 2009 ("King III"), Afdawn now has a restructured and fit-for-purpose board. The board is supported by the relevant and reconstituted sub-committees that have already proven to function well in support of our business plans and objectives.

Management

In functional terms, the management team is driving the new strategy which is translating into positive results in Afdawn's performance. Accordingly, and in recognition of the strategic role the management team plays, we are currently in the process of reviewing the executive rewards scheme that will encompass both short-term and long-term incentives.

Corporate identity

As part of re-focusing Afdawn, I am pleased to say that the company has a bright new visual identity, with fresh colours and images which portrays a new dawn. This visual renewal was not only focused externally at our client base but also internally to the people who make up Afdawn's workforce, and without whose wholehearted commitment our refocused strategy would not have been possible.

Commitment to Afdawn's people – and thanks

As part of Afdawn's values and commitment to improving the working environment, the company moved to new premises on 15 February 2012 ensuring all the functions are accommodated under one roof.

It is the positive motivation and commitment of Afdawn's people at all levels that will make – and has already made – the current strategies not only possible but plausible.

The basis of improvement plans that are currently being formulated and implemented throughout the organisation will lead to performance that will be reflected in our bottom line.

I therefore heartily thank everyone throughout Afdawn for their support and contribution in helping to re-focus our organisation.

My thanks also goes to the shareholders for the new energy they have brought to Afdawn at what was a crucial time in the company's history. Time will undoubtedly show just how vital this injection of capital and energy has been and its pivotal role in the re-focusing of Afdawn.

Products and markets

Operationally, it is exciting to note that Afdawn has entered the market for invoice discounting for Medical Practitioners which complement the products already accommodated on the administrative systems.

While Afdawn has an extensive market access infrastructure throughout its South African footprint, re-focused strategies complement and materially extend Afdawn's offerings to the marketplace. Afdawn now has a winning combination, which is what excites me personally and gives me confidence in the upturn of Afdawn's operations going forward.

Final words

Together with Afdawn's marketing access points, its enhanced financial products and a new public image, secure funding and committed and enthusiastic people, I can say with confidence that, at the end of the 2012 financial year, Afdawn is in a favourable position to grow into its capital base.

Indeed, I believe Afdawn is now poised for an opportunity that will reach and even exceed its vision, goals and objectives in such fashion that it will surprise us all and delight our stakeholders in the year to come.

Christo Wiese
Chairman

23 May 2012

Key Indicators

PROFITABILITY - INCOME STATEMENTS		2012	2011	2010
Revenue	R ' 000	31,472	42,557	105,336
Other income	R ' 000	22,622	7,871	1,905
Total income	R ' 000	54,094	50,428	107,241
Operational Expenses	R ' 000	41,871	51,299	73,054
Savings	%	18%	30%	-
Net profit/(loss)	R ' 000	10,763	3,626	(306,497)
Basic Earnings per share - continuing operations	Cents	3,12	2.20	(139,42)
Diluted earnings per share	Cents	2,79	2.20	(139,42)
Headline earnings per share	Cents	3,06	0.9	(49,28)
Dividends	Cents	-	-	-
BALANCES ON REPORTING DATE - STATEMENT OF FINANCIAL POSITION				
Net recoverable debtors	R ' 000	69,723	83,481	95,488
Cash	R ' 000	15,451	7,878	15,155
Properties in possession	R ' 000	25,662	25,344	6,997
Total Assets	R ' 000	122,288	128,441	143,632
Long term loans	R ' 000	21,590	11,124	30,460
Total Liabilities	R ' 000	56,927	102,362	119,959
Net Asset Value	R ' 000	65,361	26,079	23,673
Net Asset Value per share	Cents	12,90	11,70	10
Share price trading at year - end	Cents	16,00	8,00	24,00
Market capitalization	R ' 000	81 309	17 834	53 502
Number of shares in issue		508 184 155	222 926 236	222 926 236
Number of branches		15	15	16
Number of employees		96	100	105

A statistical analysis, properly conducted, is a delicate dissection of uncertainties, a surgery of suppositions.

M.J. Moroney

A glance of our Micro Finance book as at year end

Below follows a visual representation of an extract of the Micro Finance (Elite) book for the year ending 2012. The information clearly states:

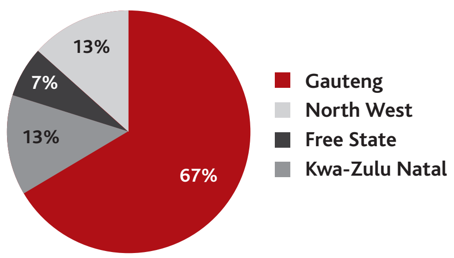
A glance of our Micro Finance book as at year end

A truly South African company

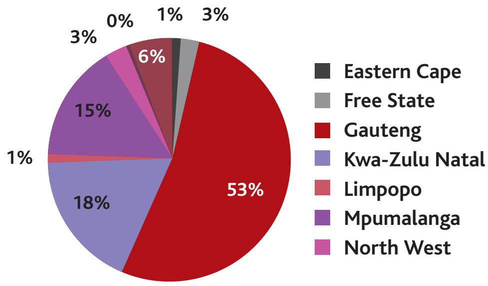
- The business with its current technologies and customer relationship is able to serve a wider base than just its physical locations. The business is serving customers nationwide through technology and a dedicated call centre. This is also Elite's strategy to grow through existing and new technology and originate more loans through the call centre.
- The loans are advanced based on affordability and the customer's credit profile. Our loans reach the current and next nation builders and economically active population of South Africa

- Our book is healthy with the majority in current and added effort to keep old debt to a minimum. Our front offices maintain a strong working relationship with their customers to ensure recurring customers' outstanding debt does not fall behind
- The front offices remained the largest contributor to business, but in future will give way to more loans originated in the call centre
- Loan origination through the call centre provides Elite with a competitive advantage in the market at a fraction of the operational cost associated with front office operations.

Front office locations

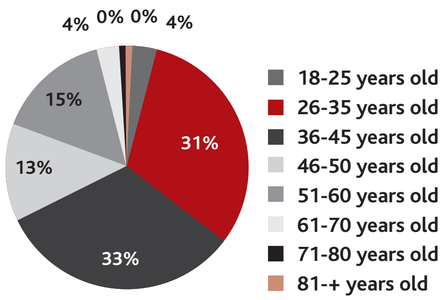


Outstanding exposure per region

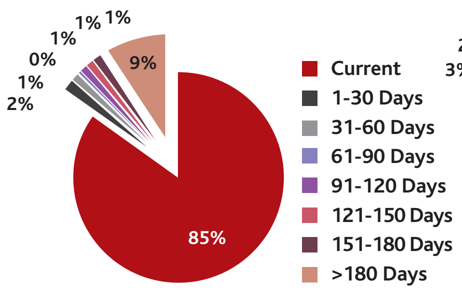


Our high quality of debt is a result of responsible lending and effective collections:

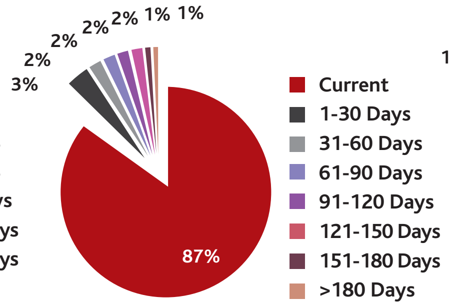
The age categories of whom we lend to, the core being financially active



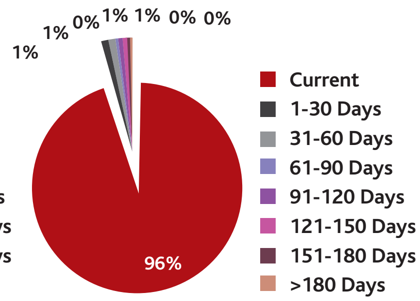
Age analysis of loans originated in the Call Centre



Age analysis of loans originated in the Front Office



Age analysis of loans originated as Incremental Improvement loans



CEO Report

Tjaart Kruger

The 2012 year will be remembered as a year in which the Afdawn group fought for survival with a well crafted turnaround project plan which culminated with the successful recapitalisation in October 2011. The first phase of the turnaround has been completed and we are excited as to our future prospects. This all was achieved amid a struggling economy, both locally and internationally.

Strategic Intent

Strategically there were a few matters that had to be resolved for the Afdawn group to secure survival and future growth. Clearly the group was in dire need of recapitalisation of the business which would enable it to drive operational profits and return it to sustainability. To achieve this goal we had to negotiate an appropriate settlement with the NHFC, conclude an appropriate action plan with SARS to resolve the group's outstanding tax matters, and finally to ensure that we are convinced that there was no liability that may eventuate from the Allegro Curatorship. Suitable resolution was achieved in this regard that paved the way for a successful recapitalisation.

Strategic emphasis will be placed on our well managed and profitable personal finance businesses where the potential to grow and the reward is greatest, subject to the efficient management of the risks, an area in which the group is well versed. In the short term, we will focus on the basics that we do well and re-establish ourselves in the market. We will maximise the use of our skilled personnel and systems in order to leverage our intellectual property in the sector. We remain cognisant of cost and the reduction thereof across the group. Moving into our new offices has enabled the seamless introduction of shared services within the group which will bear fruit in future.

Below follows a high level review of the significant events to date.

Settlement of the NHFC

We concluded a settlement agreement with the National Housing Finance Corporation Limited ("NHFC") on 30 May 2011 which paved the way to the successful recapitalisation of the group on 28 October 2011. The settlement comprised an upfront payment of R 23 million upon the successful conclusion of the recapitalisation and a 2 year, R 5 million interest free loan which is repayable in October 2013. The remaining balance is secured by way of a cession over the book debts of Nexus. In return and upon signing of the settlement agreement, the NHFC agreed to novate all current agreements between Afdawn, Nexus and Elite. Due to unforeseen delays in finalising the Rights Offer documentation with the JSE, the NHFC was paid R 23 million on 15 November 2011. This resulted in a R 7 million NAV improvement in Nexus when the transaction was signed.

Recapitalisation through Rights Offer

Afdawn successfully raised R 39.9 million via a well supported rights offer. This was evident in the 73% take up of the rights offer shares available for subscription on the day and the underwriting commitment to a maximum of R 12.5 million.

Rights Issue Underwriting -	R 18 202 292
Rights offer shares issued	R 6 797 708
Shares Issued for cash	R 3 152 292
Convertible Bonds	R 11 700 000
Total capital raised	R 39 852 292

Details regarding a recapitalisation through a rights issue were communicated through various announcements and circulars to shareholders in 2011 and formally through SENS on 14 June 2011. The proposed capital raising consisted of:

- A partially underwritten rights offer to raise R 25 million;
- A R 10 million convertible bond issued by Elite Group (Pty) Ltd ("Elite") to Sandown Capital (Pty) Ltd ("Sandown") which converts at 14 cents into Afdawn shares. Subsequent to the subscription price being paid, Afdawn renegotiated with Sandown under an acknowledgement of debt agreement to repay a portion of the subscription price to reduce the negative carry on the unutilised portion, resulting in a net balance of R 4,5 million;
- A R 1,7 million convertible bond issued by Afdawn to PCI Fintrade Proprietary Limited ("PCI") which converts at 14 cents into Afdawn shares.

A detailed Circular on the rights issue was published and posted on 19 August 2011. The capital raising was completed 31 October 2011 with final results as follows:

- Rights taken up under rights offer amounted to R 25,0 million (rights @ 10 cents per share);
- Shares issued for cash amounted to R 3,2 million;
- R 10 million by way of Convertible bond issued by Elite;
- R 1,7 million by way of Convertible bond issued by Afdawn;
- Total capital raised amounted to R 39,9 million.

The total cost associated to the recapitalisation amounted to R 1,4 million which leaves us with net cash raised of R 38,5 million.

The funds raised were utilised as stated in the Circular (19 August 2011), with the exception of not settling the SARS liability as negotiations continue as agreed with SARS. The rights offer closed on 28 October 2011 at which time the Afdawn shares traded at 13c translating into a discount of 23% in relation to the rights issue price of 10c.

The capital raising resulted in the number of shares being increased from 222 926 236 to 508 184 155.

Shares were issued as follows:

Rights offer shares subscribed for (73% take up on available rights)	182 022 919
Rights offer shares underwritten (27% take up on available rights)	67 977 081
Shares issued for cash to underwriters	31 522 919
Shares issued as fees for underwriters	3 735 000
Total shares:	285 257 919

The cash was received in November 2011 and given the impending festive period we applied extremely conservative lending criteria to maintain the credit quality of our book as this period is notorious for bad lending in the industry. The full benefit of the recapitalisation will be reflected in the next financial year.

SARS Negotiations

A reconciliation of all the group's tax liabilities and assets is now complete and fully provided for in the accounts. Afdawn management have worked closely with SARS and submitted all the tax returns in terms of the agreed action plan. SARS are currently processing the assessments and have not yet committed to a final settlement for the Afdawn group.

Allegro status

As mentioned in the 2010 and 2011 Annual Report, a former subsidiary company, Allegro Holdings Proprietary Limited ("Allegro") was placed in curatorship in 2009 and was therefore deconsolidated. At that time Allegro was indebted to Afdawn in the amount of R 3,8 million. A curator has repeatedly made verbal statements regarding a possible claim that he claims to have against Afdawn and/or its subsidiaries. This has been ongoing since early 2010 and, notwithstanding written requests to the curators, no formal claim has been forthcoming, nor have we been advised of the basis of any claim. The latest CMM curators report to the Financial Services Board ("FSB") in November 2011, contained no indication of a formal claim against Afdawn.

Subsequent to year end on 17 April 2012 the curators lodged a formal claim against Absa and directors within the Allegro group at the time at which the alleged claim arose. To the date of signing the report no claims have been received by Afdawn, nor have we been able to establish any basis for a potential claim against Afdawn and therefore no provisions have been made for any such contingency.

Sale of Dumont

The board decided to sell a subsidiary of the group - Dumont Healthcare Proprietary Limited ("Dumont") effective 29 February 2012 for a total consideration of R 1,9 million. This resulted in an accounting profit of R 0.4 million and an operating loss of R 0.7 million which were included in the Statement of Comprehensive Income of the group for the current year. As management decided to dispose of Dumont during the year, the company has been treated as a discontinued operation. The disposal was part of the Afdawn strategy to rationalise and consolidate costs within the group. Dumont is operating on a small active customer base in Pretoria with a high cost to income ratio resulting in losses. Strategically the current operating model requires a radical revamp enabling a low cost infrastructure with the flexibility to significantly scale operations. The group is pursuing a similar business model through cutting edge technology and will not be confined to a specific geographical area in South Africa.

As Dumont is a wholly owned subsidiary of Afdawn, Dumont and Gambassi are therefore related parties in terms of the JSE Limited ("the JSE") Listings Requirements as Corne van den Berg is a director of Dumont as well as a director and shareholder of Gambassi. This disposal is therefore classified as a small related party transaction in relation to Afdawn. The JSE Listings Requirements require written confirmation from an independent professional expert that the disposal is fair to Afdawn shareholders. Bridge Capital Advisors (Pty) Limited has confirmed that the disposal is fair to Afdawn shareholders and the JSE approved the said fairness opinion.

Material Transaction

Elite Group Two Proprietary Limited

Sandown and Elite Group Proprietary Limited ("Elite") have entered into an agreement and commenced trading in October 2011 in terms of which:

- Sandown will finance Elite Group Two Proprietary Limited ("Elite Two"), to a maximum of R 10 million ("the Sandown Capital Loan").
- Elite shall manage Elite Two on behalf of Sandown and shall source potential clients to provide short term personal loans.
- Elite will earn a monthly management fee and will share 50/50 in the profits of Elite Two. This will allow Elite to make use of a funding line, to earn a management fee, to share in the returns of Elite Two and so to continue to grow its business during the recapitalisation of the group.
- Sandown will have the option in August 2012 of selling 100% of the shares in Elite Two to Elite for a price based on the Net Asset Value of Elite Two ("the Selling Price").
- The Selling Price of the 100% interest in Elite Two shall be settled, by the issue of shares in Elite to Sandown at an issue price of 100 cents per Elite share, such that Sandown will acquire 30% of the issued share capital of Elite following the Elite Two acquisition and subject to the Selling Price not exceeding 49% of the market capitalisation of Afdawn on the date of exercise of the Sandown Option.
- Should the Net Asset Value ("NAV") of Elite Two be greater or lower than 30% of the combined NAV of Elite and Elite Two at the time of the exercising of the option referred to above, then Elite Two will be obliged to either distribute profits and/or assets to Sandown or to recapitalise Elite Two, so as to ensure that the NAV of Elite Two will be equal to 30% of the combined NAV of Elite Two and Elite.
- In the event that Sandown Capital exercises the Sandown Option then it will be obligated to provide a two year funding line to Elite of R20 million which may be drawn in tranches of a maximum of R 1.5 million per month.
- In the event that Sandown advises Elite and/or Afdawn of its intention to exercise the option then Elite and/or Afdawn will have 30 days in which to acquire Elite Two for its then NAV.
- In the event that Sandown decides not to exercise its option then no new loans will be granted from 31 July 2013 by Elite Two and Elite will be retained to manage and collect the remaining loan book so as to repay the Sandown Capital Loan.

Elite Two is a wholly owned subsidiary of Sandown. Elite Two has therefore not been consolidated in the financial statements. The book has grown to R 1,3 million and the bad debt ratio is well below 1%.

Trading conditions and operational review

The local market

SA`s retail banking sector faces a difficult time as pressure on household incomes, rising unemployment and the recession in Europe dims its prospects of increasing revenue growth. The big banks intensified the battle for market share in the unsecured retail market as they reach saturation in the secured lending space. Moody's, the rating agency, expects further growth in the unsecured retail market as more of the 11 million unbanked South Africans enter the banking market. All the banks are developing cheaper delivery channels, such as cellphone banking and spaza shops in the country`s townships, to target this segment. Basel III will have a dramatic impact on the bank`s costs structures which will necessitate a rethink in this area which will present the group with ample opportunities.

Statistics released recently by the credit regulator show that unsecured credit rose to R 21.2 billion equivalent to a quarter-on-quarter increase of 12%. The quantum of unsecured debt is still fairly low relative to the total amount of new debt, amounting to no more than 10% of total loans and advances. This would amount to some R 75billion, or less than 4% of total private sector credit extension of some R 2.1 trillion. The growth in unsecured debt, specifically exposures less than R 30 000, is currently running at around 15% year on year, which is less than the 30% growth which prevailed just before the financial crisis of 2007/2008, per South African Reserve Bank financial stability review, recently released. The dangers associated with unsecured lending are related to consumers' affordability. Both the National Credit Regulator and Consumer Protection Act set clear guidelines in assessing consumer affordability and what constitutes reckless lending. Market commentators warn of a possible credit bubble in the unsecured market. The executives remain conservative in our lending criteria and will not pursue rapid growth compromising the credit quality of our book. As long as credit providers are vigilant in their credit assessments and refrain from providing reckless credit, a credit bubble should not eventuate.

Elite

Elite managed to secure a profit of R 1.5 million (2011 R 1.2 million) and retained its entire staff, notwithstanding the capital constraints and economic pressures mentioned earlier. Elite has three major business units which will be developed as separate profit centres. The three units are, Elite Group, Elite Medical Finance and Elite Collections.

The front office operations will make every endeavour to keep their market share and grow. The driving force in the company will be seeded in the growth of the Call Centre`s corporate business. With a below average cost structure, supported by easy accessible and responsible credit, Elite will be able to secure sustainable and profitable business in a very competitive and volatile market. It is however important to revisit our products continuously, to ensure market relevance and the impact on market share and profitability.

The Elite Medical Finance product is a newly developed, all inclusive product directed at identified medical practitioners, to remove the total administrative burdens of the practitioners on a day to day basis. The program has been developed internally by Elite`s information specialists in conjunction with a medical switching company. Testing has been concluded very successfully and a qualified individual has already been employed to champion the project. The response from the market has been very favourable.

Elite collections will expand its retail collections expertise to third party books. The entire operation is based on sound technology that will ensure scalability without the linear increase in cost base.

Structured Finance Business

The structured finance business managed to successfully finalise the collection of a number of debtors, however a few files prove to be more challenging as the legal process and execution thereof are extremely complicated. This has resulted in the companies making a profit of R 5.3 million (2011 R 4.1 million) for the year. We must also note that our bank balance post balance sheet stood at R 5 million. Through the development of well staffed and structured debt recovery departments in both Elite and the PTF`s, the group is well placed to strategically pursue and to assist other institutions with debt management. We currently manage a property book on behalf of a hedge fund and have had a number of approaches to take on additional books for a management fee.

The structured finance business remains as a collection book. No new loans have been advanced and we will continue to pursue defaulters through the courts but only when the recoverability outweighs the cost of collection. The business also perfected its security over properties to enable value realisation in future periods through sale. In the period a property – Nina Park was sold and Volksrust properties perfected. The Green Oaks property is being managed for rental income, until further development is possible.

Towards the end of the year the Afdawn board approved the new strategy for the bridging finance company to focus exclusively on collections as a business for internal and external clients. We have seen some promising signs for the new business as we have been given files by prospective clients to collect and have signed a number of confidentiality agreements to collect books for clients.

Afdawn cost management

The board is cognisant of reducing operating costs. The controllable operating costs were reduced by 11% over the period, excluding the discontinued operations of Dumont. The operating cost structure will reduce even further in the next financial year as the following non recurring cost for 2012 will be eliminated:

- Dumont (discontinued operation) R 4,3 million (2011: R 6,2 million),
- Recapitalisation cost of R 1,4 million,
- The rental savings of R 0,4 million together with savings generated through shared services will further drive cost down.

The board will consider increasing the cost base of the group should lucrative business opportunities present themselves.

Update on investigation into past board members and professional advisors

Following from the forensic investigation commissioned in 2010, we are cooperating with the various regulatory bodies and South African Police Services. We can advise that progress has been made albeit slow.

Shareholders

Afdawn currently has an impressive 2 427 shareholders. The major shareholders at year end comprised of Sandown Capital (15.35%), Big Rock (9.71%), PCI Fintrade (19.25%), and Flagship (13.13%). Our major shareholders have supported Afdawn through these trying times and believe in the future of Afdawn. Afdawn has the best of both worlds in that we have a large shareholder base and a reputable anchor shareholder in Peregrine via Sandown Capital Proprietary Limited. The market cap @ 16c amounts to R81.3 million compared to the current NAV of R68 million.

Changes to the board of directors

The composition of the board changed since the last year end. Mr WJ Groenewald was appointed on 17 November 2011 as non-executive director. Mr PC Gordon resigned as executive chairman on 31 December 2011 on the successful conclusion of the recapitalisation of the group. Mr CF Wiese was appointed as lead independent director on 8 March 2011 and on 1 January 2012 assumed the role of non-executive chairman. Mr TF Kruger was appointed as chief executive officer on 1 January 2012, but continued to act as the acting financial director. The candidate for the new financial director position was identified and terms and conditions are being negotiated. The board clearly understands that the combined role of CEO and CFO is unsatisfactory as these two roles should be complimenting one another and ensuring that governance is fully in place. At present the board reviews the position on a regular basis.

Appreciation

The board extends its appreciation to our management and staff for their efforts during this reporting period. We also thank our customers and suppliers for their continued support. To our shareholders, our gratitude in believing and supporting the rights offer and turnaround story.

Given the great support and ambition expressed in our recapitalisation through the last few months, Afdawn is poised for great growth and making a difference. We have the systems, the team, capital, support and most of all the opportunity to succeed!

Tjaart Kruger
CEO

23 May 2012

The Board

Mr C. Wiese
Independent Non-Executive Chairman

Mr Christo Wiese was appointed as a director on 14 October 2009. He is a Chartered Accountant who had a spell in Merchant Banking before he joined the South African Reserve Bank where he served as Registrar of Banks until 2003. He currently acts as consultant to the International Monetary Fund as banking specialist and serves as director at a number of companies. He was appointed as Independent Non-Executive Chairman on 1 January 2012. Mr Wiese brings a wealth of expertise and knowledge to the board, with sound knowledge in financial services it enables him to effectively lead the board and set a high standard from the front.

Mr T.F. Kruger
Chief Executive Officer ("CEO")
Acting Chief Financial Officer ("CFO")

Mr Tjaart Kruger completed his articles and qualified as a Chartered Accountant with PWC. He then joined Absa Corporate and Merchant Bank as trainee in the structured finance department. He spent 18 years with Absa, 4 years thereof was spent under the auspice of Barclays Capital. The areas he covered in this time included tax structuring, origination of bonds, securitisation and ETFs. He then joined a start-up debt counselling company as Chief Financial Officer ("CFO") and Chief Operating Officer ("COO"). In August 2010 he was approached to join African Dawn Capital as CFO to facilitate a turnaround of the AltX listed company. In January 2012 he was appointed as CEO of African Dawn Capital Limited. He holds an HDip Tax (RAU), HDip Advanced Banking (SARB), B.Com (Accounts) (RAU), B.Com Hons (Accounts), CA(SA), H Dip Financial Markets and successfully completed the NCR Debt Counselling exam.

Dr G.E. Stoop
Executive Director

Dr Eddie Stoop has been appointed as an executive director of the company with effect from 23 May 2012. He is an Industrial Psychologist with a Doctorate in Business Administration. His experience of more than 27 years was gained in numerous industries including Insurance, Engineering, Retail and Education. Dr Stoop is currently the Chief Executive Officer of Elite Group. During his time in the Micro Finance environment he was the Key note speaker at BANKSETA's opening of the Micro Finance Skills Projects. He revolutionized Elite's product offering through the introduction of a dynamic all inclusive Centralised Processing Centre, offering products to clients nationwide at the press of a button. Elite Medical Finance, a product developed during the past 18 months, offering a unique practice administration system to medical practitioners, is the latest product on offer.

Mrs H.H. Hickey
Independent Non-Executive Director

Mrs Hester Hickey was appointed as a non-executive director on 21 February 2011. She is a qualified chartered accountant and consults to various companies specialising in risk and governance. She also performs board evaluation processes for the Institute of Directors. She is currently non-executive director and Audit Committee Chair for Omnia Limited and has recently been appointed as a director of Pan African Resources Plc. She is a past Chairman of the South African Institute of Chartered Accountants and has worked in senior positions for a number of listed companies and serves on several audit committees. Mrs Hickey lectured auditing at the University of the Witwatersrand and was a member of the King II task team.

The Board continued

Mrs L. Taylor
Independent Non-Executive Director

Mrs Lynette Taylor was appointed on 22 July 2010 as a non-executive director. She completed her B Juris and LLB degrees at the Nelson Mandela Metropolitan University, is an admitted attorney and holds further post graduate qualifications from the University of Johannesburg and Wits University. She has 22 years experience within the legal and banking environment and serves on the Boards, Audit and Credit Committees of a number of companies in the financial services sector.

Mr W.J. Groenewald
Non-Executive Director

Mr Jacques Groenewald was appointed as a non-executive director on 17 November 2011. He holds a B Com (Hons) from the University of Stellenbosch. He is an investment professional in the asset management, investment banking and hedge funds industry with 18 years experience.

Mr W. Somerville
Company Secretary

Mr William Somerville is a qualified chartered secretary and holds an ACIS, ACMA and a Diploma in Corporate Law (RAU). He was formerly group Company Secretary of Absa, a position he held for 12 years until October 2007. He has extensive experience in company secretarial and corporate governance matters. This includes providing support to the board of directors and committees, corporate governance advice, annual reports and director orientation and training. He has experience in the JSE Listings Requirements as well as considerable knowledge of employee share schemes and BEE schemes. Mr Somerville now offers company secretarial outsourcing solutions (where he acts as company secretary to a number of companies) and corporate governance advisory services. He is a member of the Institute of Directors, Southern Africa (IoDSA) and serves on the IoDSA's Board Appraisal Panel.

Our Vision and Mission

"The only thing that's worse than being blind, is having sight but no vision." *Anonymous*

Today is what we can control, to change what we want tomorrow, to learn from what we did yesterday. That is why we at Afdawn believe in our people to change tomorrow, while building on what we have today.

With understanding you can design and create the future, our understanding includes the needs for:

- The Net Gen (Social networking and business integration)
- Connectivity (Connected wherever you are)
- Technology (Effective, reliable communication medium)
- Speed (Reliable quick reaction)
- Transparency (To see and know what is promised)
- Trust (To know it will be as was promised)

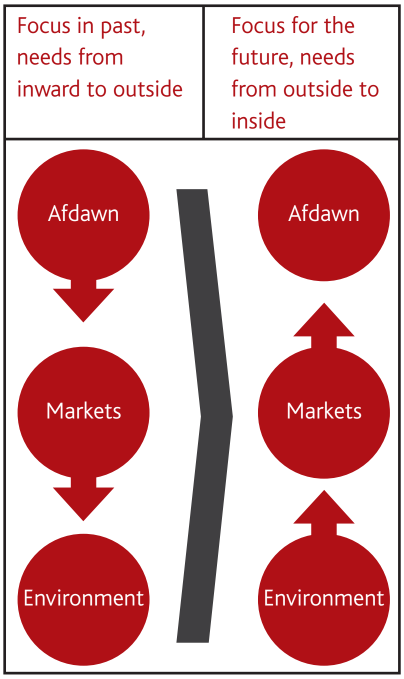
To build a tomorrow through

- Our core knowledge, translated into building of skills
- Past experience, helping to guide and nurturing the correct attitude
- Effective management, that evolves to leadership
- Our people and our customers, building a long term relationship
- Upliftment of lives

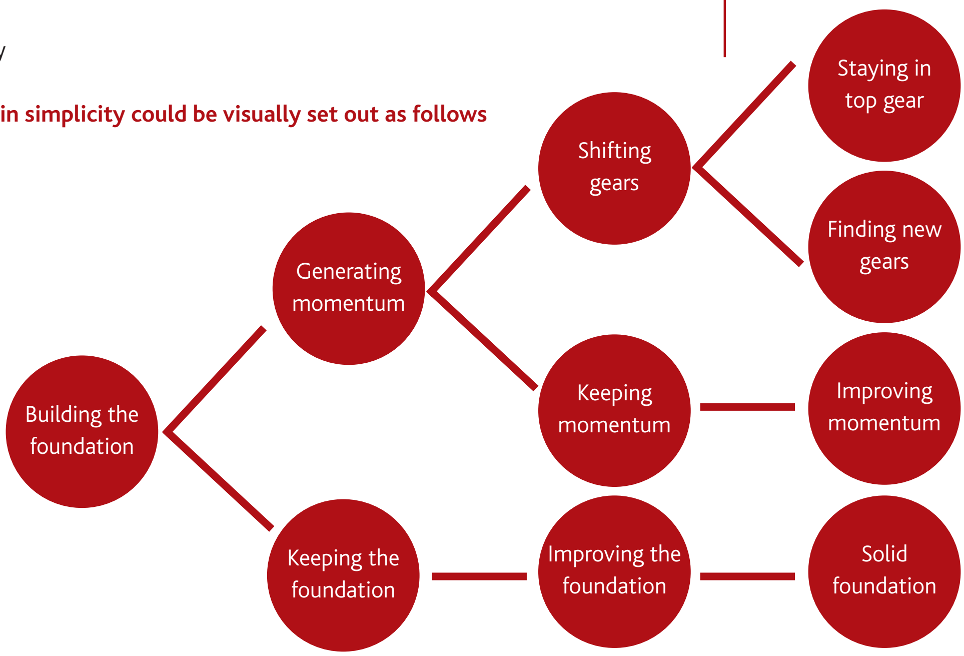
Our vision is to be a leader in serving with financial services, our focus is to improve and show solid and consistent results in delivering it with

- Speed
- Simplicity
- Ease and convenience
- Trust
- Access
- Customisation
- Loyalty
- Availability

Quality is a commodity. Pure knowledge is worthless. Relationships are your most important asset and customers define what value is.



Our strategy in simplicity could be visually set out as follows



Our Branding

"A brand should strive to own a word in the mind of the consumer."
Walter Landor

Given Afdawn's history, the board decided to up the challenge and turn Afdawn into a great company with an everlasting legacy. The Afdawn name was retained and the board opted for a rebranding, with the help of turnaround specialists the new brand followed.

When considering a corporate rebranding there are a vast number of visual elements within any organisation that needs to be communicated to the public. All of these visual elements impact on how the market, our customers and shareholders view our business and concluding on that "word". The visual elements need to show on stationery, literature, vehicles, packaging, signage, advertising, operational materials, employee elements. All of these can be controlled through a planned corporate identity programme to project a favourable image in the minds of the customer.

Our new visuals have

- **Impact** - single impact with immediate appeal
- **Legibility** - instant recognition that makes an impression
- **Simplicity** - easy to understand or to have attached symbolism
- **Distinction** - recall and memorability
- **Adaptability** - to be reproduced in any size or medium and works in its designated colours as well as in black and white

The new Afdawn branding represents:

Colours:

- **Red** - Bold, energetic and exciting, vibrant, African
- **Dark grey** - Forceful, stable, yet corporate

Icon:

- Shape of the African continent enforces the organisation's name
- The "rays" symbolise the "dawn", the growth of endless possibilities

We recreated a brand that we believe in, setting comfort, creating hope of new and exciting prospects over every dawn.

This is what we are proud of presenting and being recognised by, the new Afdawn brand:

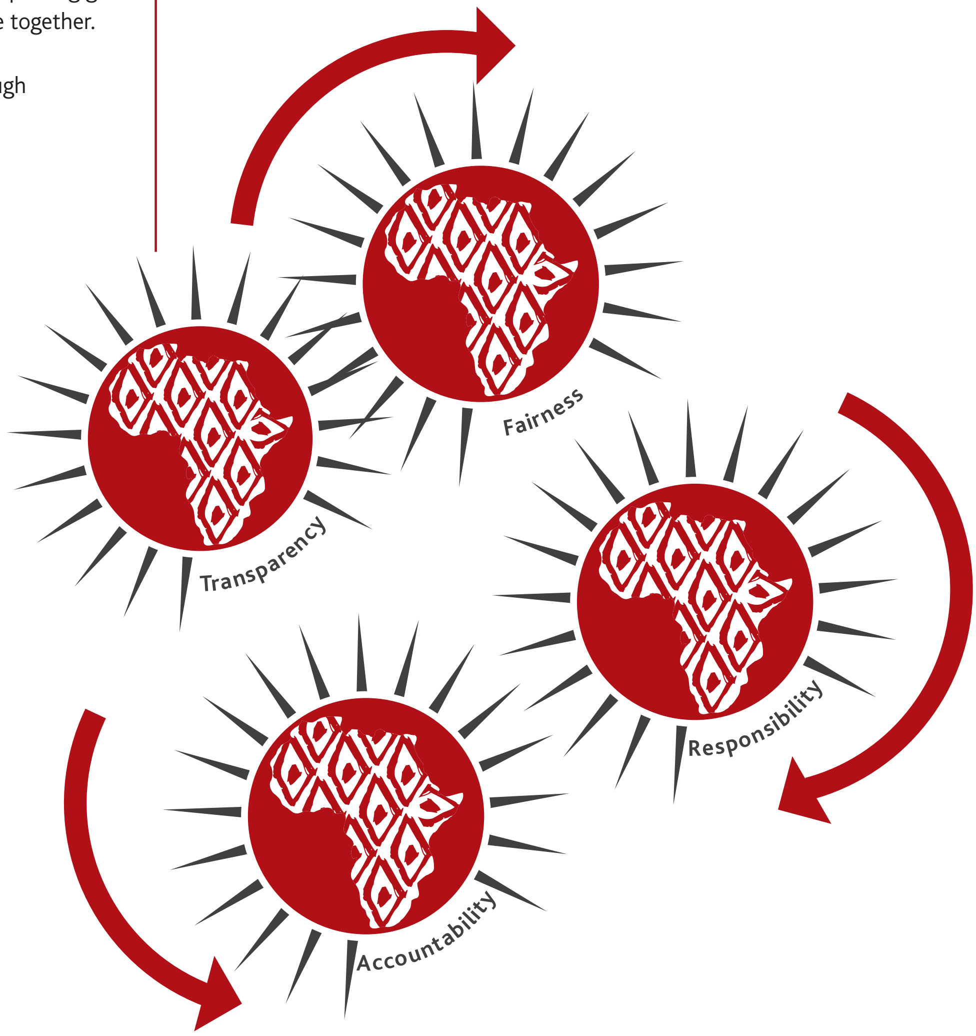
AFRICAN DAWN
CAPITAL LIMITED

Governance

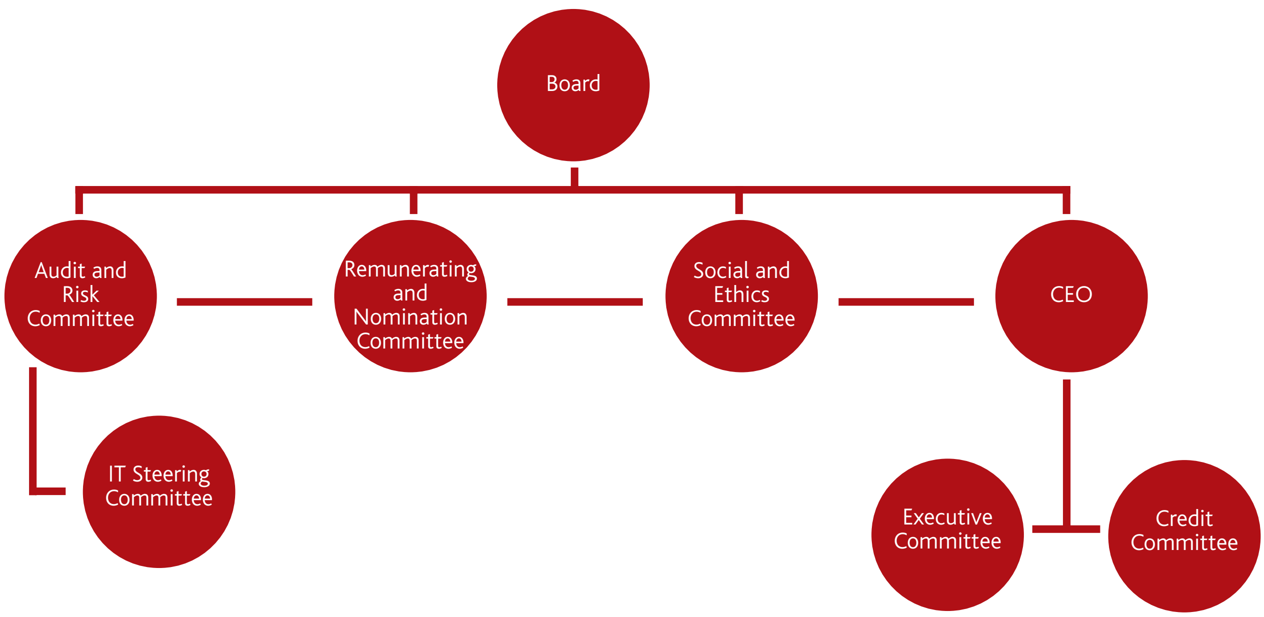
Where the four values underpinning good corporate governance come together.

These values are lived through

- **Conscience**
- **Care**
- **Competence**
- **Commitment**
- **Courage**



The overall governance framework can be set out as follows:



The Board

Purpose: To steer the group with integrity, through developed policies, strategic decisions, planning, governance, resource allocation, standards of conduct and share- and stakeholders relationship management.

Composition:
CF Wiese (Chairman), TF Kruger (CEO), HH Hickey, L Taylor, WJ Groenewald.

Frequency of meeting:
Seven during the period due to ad-hoc special matters, but at least four times per year.

Member	Committee	4 Mar 2011	20 May 2011	28 Jul 2011	22 Sept 2011	7 Oct 2011	17 Nov 2011	28 Feb 2011
PC Gordon	Board	X	X	X	X	X	X	
TF Kruger	Board	X	X	X	X	X	X	X
CF Wiese	Board	X	X	X	X	X	X	X
HH Hickey	Board	X	X	X	X	X	X	X
L Taylor	Board	X	X	X	X	X	X	X
WJ Groenewald	Board							X

Through ethical leadership creating wealth for share- and stakeholders

The board is ultimately responsible for leadership and governance of the group. The leadership is to accomplish the values through positively impacting shareholders and internal and external stakeholders through the group's action and ultimately daily operations. The integrated report reflects predominantly quantified results that could have only been accomplished from diligent and hard work as a result of effective and ethical leadership. The board has been able to re-establish the Afdawn and Elite name as credible names in an ever increasing and difficult market, this was accomplished with good governance, built on a solid ethical foundation. We pride ourselves in a brand to which customers have shown loyalty during times of difficulty, and the board stays committed to growing and sustaining a brand representing reliability, trust, transparency and fairness to accomplish our goal of improving lives through responsible provision of finance. The board embraces the principles of King Report on Governance for South Africa 2009 ("King III") and where there is not full compliance the reason is stated, the deviation from the principles were only due to capital and resource constraints. The board is of the opinion that the corporate governance is in line with the group's size, complexity, risks and objectives. The board with management is ever evolving to align it with King III compliance. The board is of the opinion that the group complies in all material respects with the principles embodied in King III and the additional requirements for corporate governance stipulated by the JSE. Where specific principles have not been applied, explanations for these are contained within the integrated annual report.

Roles and responsibilities

Afdawn is in the fortunate position of having a board that leads from the front, with years of experience and specialised skills to guide the group going forward. The board meets at least four times and when needed to facilitate and help with capital raising and ad-hoc strategic input. The board has significant input into the strategy of the group, which will result in long term sustainable operations. The focus is kept on our core business being financial services, personal loans and managing of debt. The group strategy remains aligned to its purpose of improving lives through responsible provision of financial services. The financial services sector is one of ample opportunities and demand for innovative products, this resulted in seeking of new frontiers, while improving the current services delivery.

The board as a responsible corporate citizen

In determining the strategy and long term sustainability, the members keep abreast of the concerns and consideration of the impact of its operations on the economy, society and the environment. It remains a board's goal to positively improve the lives of its customers and other stakeholders. The Afdawn Corporate citizenship program is in the process of being developed, with formal initiatives to be implemented in the near future. The Afdawn upliftment project is to firstly assist and reach the needy in the Brixton area and then spread to other areas where we have branches. The current focus remains on shareholders and employees' upliftment until such time as capital constraints ease.

The board and our shareholders

The year under review has seen shareholders renew their loyalty and belief in Afdawn. The board has high regard for this and has reviewed how to effectively manage the gap between shareholders' perception and Afdawn`s turnaround with good governance in place. The group's reputation is of utmost importance and therefore paired with shareholders' relationship, an important standing discussion point on the board meeting agenda. Afdawn is fortunate to have some strategic core shareholders which are visited by the CEO at least twice a year to build a solid relationship, ensuring clear communication and a sustainable future for all our shareholders. Engagement and communication is encouraged through *info@afdawn.co.za*. The board encourages shareholders to attend the Annual General Meeting to be held on Wednesday 26 September 2012.

Board composition

The composition is the result of compliance with regulations, complexity of the group, risks and skills needed. We are confident that each member deserves their position on the board with their guidance and expertise highly regarded and collectively acting as a strong and effective committee.

The Board continued

The composition is as a result of a formal process followed by a nomination committee guided by a policy promoting compliance and transparency. The composition of the board at year end consisted of five members. One executive, three independent non-executives and one non-executive (not independent) member. The majority of the directors are non-executive, with the majority of the latter being independent directors. This ensures balance of power and decision making without one individual having unencumbered power. The position of the chairman and CEO are separate. The chairman is an independent, non-executive director. The current chairman, previous lead independent non-executive director, Mr CF Wiese replaced Mr PC Gordon on 1 January 2012, after a successful turnaround and also in order to comply with King III. The chairman is re-elected to the position on an annual basis by the board of directors. The CEO was appointed by the board and has been assessed and possesses the necessary skills, experience and leadership qualities to steer the group. The CEO is not a member of the remuneration and nominations committee, but is invited to attend on an ad-hoc basis, due to his skills and expertise. The CEO is a permanent invitee to the audit committee. The board members individually and collectively have the necessary skills, expertise and experience ensuring effective and ethical decision making and strategy outlay. Dr GE Stoop was appointed as an executive director on 23 May 2012.

The composition of the board changed during the year, with Mr WJ Groenewald appointed on 17 November 2011 and Mr PC Gordon resigning 31 December 2011. Due to the resignation of the executive chairman at the end of December 2011, the financial director at the time assumed the role of CEO, leaving a vacant financial director position. In terms of King III and the JSE Listings Requirements, the board has to have a minimum of two executive directors, one being the chief executive officer and the other responsible for finance. The vacancy of the financial director position is an operational and regulatory shortcoming that the board is in the process of resolving with a focus on finding suitable candidates, and to fill this gap as soon as a suitable candidate is identified. In terms of the company's Articles of Association (now known as the Memorandum of Incorporation) one third of the directors retire by rotation at the annual general meeting, but can offer themselves for re-election. Further, directors appointed by the board since the last AGM require approval at the first AGM since their appointment. The re-elections (Mr CF Wiese and Mrs L Taylor) and new appointments (Mr WJ Groenewald and Dr GE Stroop) are provided for in the AGM notice included with this integrated report. Succession planning for the board is to be included in a formalised disaster recovery plan to be developed in the coming year. Our designated advisers Sasfin, represented by Mr L Eiser, Ms S Owens and/or Ms M Ratau attend all board meetings. These attendees bring necessary skills and expertise relating to JSE Listing Requirements and Companies Act requirements and their attendance is highly regarded.

Nomination and appointment to the board

Nomination Committee

Purpose:
To nominate and ensure that the board composition is compiled to set regulations and ensure the needed skills and knowledge makes for a collectively effective board.

Composition:
CF Wiese (Chairman), L Taylor, HH Hickey.

Frequency of meetings:
At least twice a year, or ad-hoc when a nomination is required.

The nomination and appointment of members to the board is through a formal process, executed by the nomination committee that was established during the year. The committee is combined with the Remuneration Committee. The composition of the nomination committee consists of independent non-executive directors only and includes the chairman of the board as a member. Part of the responsibility of the committee is to identify and recommend individuals to a vacant position on the board or to enhance the overall governance and leadership of the group. This responsibility was executed in the year with the filling of a vacancy and nominating an additional member who brings specialised skills, experience and knowledge to the board. Nominated candidates are screened for knowledge, experience, qualifications, integrity, skills, capability and independence where needed. Only once all required qualities are present, will the individual be nominated for election. The nomination committee ensures that members nominated for election on the audit committee are suitable for the position and collectively as a committee have the required qualifications and experience. All members that are recommended by the nomination committee to the board are only approved and appointed by the board on a unanimous board decision.

Member	Committee	16 Mar 2011	20 May 2011	16 Aug 2011	21 Feb 2012
PC Gordon (Invitee)	Nomination Committee	X	X	X	
TF Kruger (Invitee)	Nomination Committee	X	X	X	X
CF Wiese	Nomination Committee		X	X	X
HH Hickey	Nomination Committee	X	X	X	X
L Taylor	Nomination Committee	X	X	X	X
WJ Groenewald (Invitee)	Nomination Committee				X

The Board continued

Assessing and developing our board

All our newly appointed board members are formally introduced through a program comprising reading material, interviews with key personnel and introduction to Afdawn and our operations. In line with the JSE Listings Requirements applicable to Alt-X listed companies, all board members are required to attend the AltX Directors Induction program ("DIP") presented by WITS Business School. Mr WJ Groenewald and Dr GE Stoop are scheduled to attend the program during 2012. The performance of each individual board member and board as a collective are assessed internally on an annual basis. Directors are only nominated for reappointment after satisfactory performance assessment and outcomes. If areas of additional development are identified it is managed through either ad-hoc internal training or specialised training provided by reputable training institutions. The remuneration is aligned with the outcomes of the performance assessments.

The performance assessments were informal and formal assessments with specific reference to the CEO and financial director will be performed in the period to come.

Remuneration of directors

Remuneration committee

Purpose:
To set a fair remuneration philosophy and apply a policy for the remuneration of directors and employees of Afdawn group.

Composition:
CF Wiese (Chairman), HH Hickey, L Taylor.

Frequency of meetings:
Twice a year.

Remuneration, due to its sensitivity, importance and complexity is specifically managed by a separate remuneration committee assisted by our human resources department. The remuneration committee is composed of only independent non - executive directors and the chairman of the committee is also the chairman of the board. The remuneration committee's terms of reference were approved by the board and is up for annual review. The committee is responsible for mainly, approval of remuneration of executive board members and significant adjustments to employee remuneration. The executive directors suggest the remuneration of the non-executive directors and this is submitted to shareholders at the AGM for approval by special resolution. There has been no increase in directors' fees during the year.

The remuneration and human resources committee is responsible for:

- determining, reviewing and approving the company's policy on remuneration for both executives and managers;
- the finalisation of annual increases for the group;
- the policy for determining executive management remuneration;
- the remuneration packages of the executive management team and financial director, including bonuses, incentive schemes and increases; and
- ensuring that the remuneration of the non-executive directors is submitted to the AGM for approval.

The remuneration of executives are based on a fixed and variable portion, based on performance and set outcomes. Remuneration of non-executive members is fixed remuneration and not per attendance of meetings, this is due to the high number of ad-hoc meetings. The remuneration philosophy remains one of simplicity, practicality and sustainability which are aligned to market and industry trends. The policy ensures for compensation for proven and sustainable performance both over short and long term. The policies ensure that there are no incentives for risk taking, termination of contracts due to changes in management structure within the group. The year remained one of saving costs, strict management of cash and building on basics, resulting in no salary increases within the group.

The current executive remuneration consists of:

- basic salary for executive directors and executive management, and
- non-executive board fees based on prevailing market rates for similar businesses (using the PricewaterhouseCoopers annual publication – non-executive directors remuneration as a guide) and comprise a fixed annual fee not related to the number of meetings attended.

There is currently no share incentive schemes in place although this matter is under consideration.

Member	Committee	16 Mar 2011	20 May 2011	16 Aug 2011	21 Feb 2012
PC Gordon (Invitee)	Remuneration Committee	X	X	X	
TF Kruger (Invitee)	Remuneration Committee	X	X	X	X
CF Wiese	Remuneration Committee		X	X	X
HH Hickey	Remuneration Committee	X	X	X	X
L Taylor	Remuneration Committee	X	X	X	X
WJ Groenewald (Invitee)	Remuneration Committee				X

Our Staff

The staff of Afdawn group comprises of individuals striving to excel in client service, with a goal of transparency and the upliftment of current and new relationships. Due to a low staff turnover, strong relationships have been maintained which has resulted in building a staff complement strong in knowledge and skills, over the years.

Afdawn strives to uplift and enable individuals of all backgrounds who are willing to contribute to our dream, and realising others through provision of responsible finance. This was accomplished through

- Empowering women: 59% of our workforce
- Empowering women with colour: 50% of women employed
- Empowering employees of colour: 38% of total work force

Our empowering is not just through employment but also through in-house training, knowledge sharing and specialised external training where needed.

Remuneration

As stated, the remuneration policy is one of simplicity with remuneration assessed to be in line with targets and additional performance of each individual. The remuneration is assessed to remunerate in such a way to develop and retain talent currently employed in the group. This helps to attract and retain people with the appropriate skills and knowledge to meet the present and future demands. This also enables the group to develop a high performance culture in an organisation which is focused on achieving its set goals. Unfortunately due to capital constraints, the remuneration stayed with minimal increases, but staff has shown loyalty and belief in the group with a minimal number of our workforce leaving the group.

	Total				
	Male		Female		
	African	White	African	White	Total
Executives	0	7	0	0	7
Senior management	0	6	0	0	6
Middle management	0	6	1	1	8
Junior management	0	6	0	12	18
Semi-skilled	6	6	5	15	32
Unskilled	2	0	22	0	24
Total permanent	8	31	28	28	95
Temporary employees	0	0	1	0	1
Total employees	8	31	29	28	96
	39		57		96

Our Directors

Executives

The executives' remuneration consists of a basic guaranteed cash package with travel allowance where appropriate. There are currently no bonus or share incentive schemes in place, however these options are under consideration. The Remuneration Committee (REMCO) has the authority to approve guaranteed packages that will attract and retain the correct calibre of talent and needed skills. Remuneration packages and incentives are recommended by the Remco and Human Resources department after taking into account individual experience, current performance and contribution. These are then benchmarked against the market on an annual basis.

Executive	Total Remuneration for the 12 months ended 29 Feb 2012
Group	
TF Kruger	R 1 700 000
PC Gordon	R 1 668 000 (until Dec 2011)
Subsidiaries	
Dr GE Stroop	R1 396 000
PJ Bezuidenhout	R1 608 000

Non-Executives

Non-executive directors receive a fixed remuneration package for their services, irrespective of the participation in board meetings and on other committees. This practice is due to the amount of ad-hoc meetings to strategise and set Afdawn's goals for a sustainable future. The non-executive directors do not share in any incentive bonus schemes, nor have they been granted any share options. Their remuneration is in line with market trends and was approved at the previous Annual General Meeting of the group in 2011 and have also been submitted for approval by shareholders at the 2012 AGM.

Non-Executive	Total Remuneration for the 12 months ended 29 Feb 2012	Fees from 1 Mar 2012 until 2012 AGM (annual fee which is pro-rated per month)	Annual fees from date of 2012 AGM until 2013 AGM
Group			
CF Wiese	R 240 000	R 240 000	R 240 000
L Taylor	R 240 000	R 240 000	R 240 000
HH Hickey	R 245 000	R 240 000	R 240 000
WJ Groenewald	R 69 000	R 240 000	R 240 000

The annual fee for directors is R240 000. The additional payment to HH Hickey was due to her working for 12.25 months and being paid in 2012 as agreed on her appointment.

Senior management to unskilled employees

Employees are remunerated with packages consisting of a predominantly cash component, travel allowances where appropriate and incentives for referring customers resulting in responsible lending.

- **To monitor and keep track of director dealings**

To ensure that there is no conflict of interest or threat to independence of board members, the directors have to declare any and all interests in contracts entered into by them and the group. Dealings in securities by directors, senior managers and employees with access to management reports or price sensitive information are controlled and are to be authorised for clearance by the Chairman. No trading is allowed during closed periods or when information that could affect share price is not yet disclosed to the public. Any trading made by directors or the company secretary is announced on SENS.

- **Group Executive Committee's Purpose:**

To actively manage the group and its subsidiaries on a day to day basis and align operations with board strategies.

Composition:
TF Kruger (Chairman), DR GE Stoop, PJ Bezuidenhout, LS Coetzer (Invitee).

Frequency of meetings:
Monthly.

The Afdawn group consists of a number of operating subsidiaries, segmented into

- Head office and listed entity: African Dawn Capital Limited ,
- Micro finance, call centre, medical practitioner finance and collections: Elite Group,
- Debt management and commercial collections: African Dawn Property Transfer to be known in future as African Dawn Debt Management.

The governance of the group is set at board level and a high standard is followed through to the company level. Although all subsidiary companies have a common thread of specialised financial services, each requires their own expertise and therefore separate management teams headed by a division CEO. With the consolidation of offices, knowledge and skills were shared paired with seamless communication throughout the group. Monthly Exco meetings are formally minuted and approved. The meetings deal with detailed operational events and practical solutions that are communicated to the board.

Executive Committee ("Exco") to manage the group's operations comprising:

- TF Kruger (CEO of Afdawn),
- GE Stoop (CEO of Elite),
- PJ Bezuidenhout (CEO of the PTF's),
- LS Coetzer (the group's in house legal representative as a permanent invitee).

Our Directors continued

Subsequent to year end, standing invitees include risk manager, information technology director and financial manager. The board membership of all the subsidiary companies comprises a combination of the Exco members plus two additional directors in Elite who are involved in the operations of that company. There is therefore direct Exco representation on all subsidiary boards.

The CEO of Afdawn reports and is accountable to the Afdawn board.

- **Company secretary**

The company secretary is responsible for assisting the board with administration, application of information regarding the Companies Act, JSE, directors' responsibilities and powers. The board is entitled to appoint and remove the company secretary. William Somerville of Corporate Statutory Services was appointed as Company Secretary on 15 February 2012.

Audit and Risk Committee

Purpose: To assist the board in overseeing the integrity of the financial statements, the effectiveness of internal control over financial reporting, independence and qualification of the independent registered auditor, the performance of the company's internal audit function, the company's compliance with legal and regulatory requirements and approving the expertise of the financial director.

Member	Committee	16 Mar 2011	20 May 2011	16 Aug 2011	21 Feb 2012
PC Gordon (Invitee)	Audit and Risk	X	X	X	
TF Kruger (Invitee)	Audit and Risk	X	X	X	X
CF Wiese	Audit and Risk		X	X	X
HH Hickey	Audit and Risk	X	X	X	X
L Taylor	Audit and Risk	X	X	X	X
WJ Groenewald (Invitee)	Audit and Risk				X

Composition:
HH Hickey (Chairman), L Taylor, CF Wiese.

Frequency of meetings:
Four times during the period, but at least two times per year.

The audit and risk committee has an independent role with accountability to both the shareholders and the board as per their terms of reference that were approved by the board. The committee does not assume the function of management which is vested in the executive directors, officers and members of the executive committee, but is notified of any material risks or disagreements with internal and external auditors.

- **Composition**

The audit committee comprises of three independent non-executive directors (HH Hickey, CF Wiese and L Taylor). The committee is chaired by HH Hickey, who is a Chartered Accountant and highly skilled with extensive experience as a Chartered Accountant in various fields, with a strong risk and governance background. Due to the changes in the Companies Act and complexity of International Financial Reporting Standards ("IFRS"), specialised knowledge is needed from time to time and this is contributed by invitees attending meetings on an ad-hoc basis.

The board has considered the fact that Mr Wiese, as board chairman, is also a member of the Audit Committee. The board is of the view that it is in the company's best interest that Mr Wiese continues to be a member of the Audit Committee.

Roles and responsibilities

(please also refer to the separate report of the chairman of the audit and risk committee included in the integrated report)

- **Integrated and financial reporting**

Review and comment on the annual financial statements, annual integrated report, annual condensed results, interim results, trading update announcement to ensure compliance with International Financial Reporting Standards and the Companies Act;

Review and approve the appropriateness of accounting policies, disclosure policies and the effectiveness of internal financial controls;

Perform a review of the group's integrated reporting function and progress and consider factors and risks that could impact on the integrity of the Integrated Annual Report;

Recommend the Integrated Annual Report to the board for approval.

- **Finance function**

Consider the expertise and experience of the financial director;
Consider the expertise, experience and resources of the group's finance function and;
Consider the effectiveness of internal control over finance.

The vacancy of the financial director position is an operational and regulatory shortcoming, that is temporarily filled by Mr TF Kruger. The board treats the search and employment of a suitable candidate as high priority.

Audit Committee continued

- **Internal audit**

Due to capital and resource constraints, the company does not have a separate internal audit function. The oversight of internal control remained with the audit committee and the required testing and investigation was performed in-house by competent financial staff. The following year will see further improvements in this area, resulting in a specialised internal audit division in the near future.

As the internal audit tasks remain with the audit committee, the following matters will be dealt with in the next financial year.

  - Review and approve the internal audit charter and audit plans;

  - Evaluate the independence, effectiveness and performance of the internal audit function and compliance with its mandate;

The areas that the audit committee considered in this year includes:

  - Review the group's systems of internal control, including financial controls, ensuring that management is adhering to and continually improving these controls;

  - Review significant issues raised by the internal review process; and

  - Review policies and procedures for preventing and detecting fraud.

The internal audit function is part of the risk management process and to be a separate department when resources become available.

- **External audit**

Act as a liaison between the external auditors and the board;
nominate the external auditor for appointment by shareholders;
Consider the scope of audit and non-audit services which the external auditors may provide to the group;
Review letters from auditors stating points of improvement or control deficiencies;
Approve the remuneration of the external auditors and assess their performance; and assess annually the independence of the external auditors.

- **Risk management**

Ensure that management's processes and procedures are adequate to identify, assess, manage and monitor, company specific and group risks; and
Review human resources and Information Technology risks.

Risk Management

The board is ultimately responsible for the management of risk. Due to the importance and need for good governance it is assisted by the audit and risk committee. The management of risk has seen a proactive approach through an implemented system of effective internal controls maintained and constantly improved by competent ethical managers. Risks pertaining to the group as a whole, but especially focused on liquidity, asset management, credit risk, market risk and human resources, are noted and managed on an in-house risk register presented at monthly Exco meetings. The significant risks are communicated to the board (via the audit and risk committee) which monitors that risks taken are within acceptable tolerance and appetite levels. The indentified risks, their likelihood of occurrence, severity if occurred, mitigating control and the risk management outcome are discussed on a monthly basis. Risks on the register are ranked and prioritised ensuring swift response and intervention to risks outside the board's tolerance levels. Liquidity risks are managed on a short term, and long term basis ensuring pairing of known cash in and outflows, with predictions of expected cash flows. Credit risk is formally managed by the credit committee, who is tasked with managing advances in such a way to ensure repayment of capital plus earnings, and to assess outstanding value with expected repayment and manage collections of outstanding debts.

Social and Ethics

The requirement for this committee arose during the financial year pursuant to Regulation 43 of the new Companies Act number 71 of 2008. The requirements, roles and responsibilities have been researched and will be implemented during the 2013 financial year. The committee will consider matters relating to good corporate citizenship, employment equity, empowerment and socio-economic development and contributing to society in general. The committee will report annually to shareholders at the annual general meeting of the company through its chairman. The charter has been approved by the board for implementation.

Information Technology

Information technology remains a key and integrated part of our business to deliver high quality services at the click of a button. Tested and proven technologies have laid the solid foundations that the group is currently building on through innovative technology suited for the next generation of customers. The call centres and branches utilise the services and skills at the back office led by competent IT personnel and a Chief Information Officer ("CIO").

The IT risks are identified by the CIO and in collaboration with the risk manager and audit and risk committee managed, ensuring sustainability and long term viability, and development of systems. The information technology aspect of Afdawn is managed as follows:

- **IT governance framework**

IT governance is a standing agenda item at the monthly Exco meetings, which are also attended by the CIO. These meetings deal with current IT issues and alignment to future strategic projects. The risk relating to IT is separately noted on the risk register and managed on a line by line basis. In due course, a separate IT Steering committee is envisaged, which will report directly to Exco and the Audit and Risk committee. The committee will identify, prioritise and monitor initiatives related directly to IT initiatives and related risks.

- **IT infrastructure**

As infrastructure supports the execution of the information systems, it is imperative to install and maintain the best possible hardware and operating software. The IT infrastructure is maintained and upgraded by a very capable technical department servicing head office and all branches. As part of risk management and operations, the department strives to have minimal down time and complete and swift recovery in the event of a disaster.

- **Information systems ("IS")**

Afdawn prides itself with its in-house developed micro finance system, used by Elite. The system caters for the operational needs and through solid governance evolves with business and reporting needs. The open reporting lines and skilled developers ensure for innovative technology and a system that aligns itself with the strategies of the group. These developments are measured on a monthly basis against set goals.

- **IT and IS projects for the future**

Currently the IT developers are liaising with Nupay (Altech Technologies) to roll out secured payment cards, linked with Elite system.

The IT developers are developing and improving systems to facilitate and finance medical aid claims, electronically through Switch to major medical aids.

Integrated Reporting

Good governance, increased corporate awareness and overall reporting simplicity and understandability culminated in Afdawn's first integrated report. This report was, from the outset aimed to improve and expand on the traditional annual report in order to convey relevant aspects of the GRI on sustainable and triple bottom line reporting through integrated reporting.

Management is of the opinion that the report promotes transparency, accountability and reporting on a sustainable future. The information on non-quantative data would normally not be required in a simple IFRS annual report, being the focus in previous years. By providing the user with the group's economic, environmental, governance and social impact background, we strived to show a sustainable future with positive impact on those around us. We are proud to present our first integrated report and will build on this foundation in future.

Creating Wealth

For whom we strive to create wealth in the short and long term

Afdawn defines their key stakeholders as the parties involved in Afdawn that affect or are affected by the actions of the business as a whole. If these parties did not support us, Afdawn as an organisation would cease to exist.

1. Stakeholders

Afdawn operations allow for business through strategically placed branches and through various communication channels into a dedicated call centre. Our footprint is therefore nationwide and stakeholders include direct and indirect relationships. We strive to establish strong core relationships that are built on over time.

Our stakeholders were identified as being:

- Shareholders
- Funders
- Employees
- Key business partners / Employer groups
- Key suppliers and vendors
- Community in direct vicinity of branches
- Community in general

2. Shareholders

Afdawn is a truely South African company with its shareholding widely spread amoungst 2403 holders. Management shareholding for 2012 equated to 4.4%. The 5 top shareholders comprise in excess of 50% of the total shareholding.

- **Institutions**

Through Sandown Capital shareholding:

PEREGRINE

Integrating Afdawn which impacts on:

Economic Performance

- Financial performance - Profit, NAV value increases
- Market performance - Share Price
- Indirect economy - Loans enriching lives, taxes paid

Social Performance

- Labour practices
- Human Rights
- Society
- Product

Environment

- Energy
- Water
- Emissions
- Products and services

Annual Financial Statements

For the year ended 29 February 2012

The reports and statements set out below comprise the financial statements presented to the shareholders:

Level of Assurance

Level of assurance

These financial statements have been audited in compliance with the applicable requirements.

The preparation of the annual financial statements was supervised by:

Tjaart Kruger CA(SA)
Acting Financial Director

Preparer

D Kohler BCompt(Hons)
Group Financial Manager

Published

23 May 2012

Audit Committee Report

1. Audit committee report

The audit committee has been constituted in accordance with the Companies Act ("the Act") and substantially adheres with the principles set out in King III. The report from the audit committee as required by the Companies Act is set out below.
From the outset the Committee was chartered to re-establish the group's creditability and effective operation, through sound control and compliance. In the period under review the Committee has striven to uphold and improve upon the existing base with specific attention to risk management and sustainability within the group.

Purpose

The main purpose of the committee is to assist the board in the oversight of:

- the integrity of the financial statements,
- the effectiveness of internal control over financial reporting,
- independence and qualification of the independent registered auditor,
- the performance of the company's internal audit function and
- the company's compliance with legal and regulatory requirements.
- approving the expertise of the financial director.

Composition of the Audit Committee

The members of the audit committee are all independent non executive directors of the group and include:

Name	Qualification
Hester Hickey (Chairman)	CA(SA)
Christo Wiese	CA(SA)
Lyn Taylor	BJuris, LLB, LLM, HDip Tax

The committee meetings were attended by invitees throughout the period. The invitees included PC Gordon, TF Kruger and WJ Groenewald.

The committee is satisfied that the members thereof have the required knowledge, skill and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulation, 2011.

Although Mr. Wiese is Chairman of the board, it was decided that he should be a member of the audit committee as there are only three independent non-executive directors and his contribution to this committee is valuable.

Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors. The attendance of the meetings is set out below.

Member	16 March 2011	20 May 2011	16 August 2011	21 February 2012
HH Hickey (Chairman)	●	●	●	●
CF Wiese	○	●	●	●
L Taylor	●	●	●	●
PC Gordon (Invitee) Resigned 31 December 2011	●	●	●	○
TF Kruger (Invitee)	●	●	●	●
WJ Groenewald (Invitee) Appointed 17 November 2011	○	○	○	●

Financial statements

The committee has evaluated the group financial statements for the year ended 29 February 2012 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Act and International Financial Reporting Standards (IFRS). The requirements from King III are continuously being assessed and improved on with significant issues resolved. The Chairman is now in a separate position to the Chief Executive.

External auditor

The committee nominated Grant Thornton for reappointment as external auditors of the Afdawn group.
The committee satisfied itself through enquiry that the external auditors, Grant Thornton and Mr EFG Dreyer, the designated auditor, are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession.
The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved for the 2012 financial year end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.
The committee approved a non-audit services policy which determines the nature and extent of any non-audit services which Grant Thornton may provide to the company. The policy allows for limited tax and corporate governance advice.

Financial Director

Due to the resignation of Mr PC Gordon (Executive Chairman) in December 2011, TF Kruger was appointed as Chief Executive Officer, but will remain as acting Financial Director until the commencement of the new Financial Director subsequent to year end. The committee has assessed and is satisfied that the acting group Financial Director, Mr TF Kruger, has the appropriate skill, expertise and experience as required by the JSE listings requirement 3.84(h).

Accounting practices and internal control

Based on the available and communicated information together with discussions with the independent external auditor, the committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review. The committee reviewed the auditor's management letter and can report that there were no material issues requiring immediate additional attention. The value added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.
On behalf of the audit committee

HH Hickey
Chairman Audit Committee

23 May 2012

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards "IFRS" . The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February 2013 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 35.

The financial statements set out on pages 30 to 91, which have been prepared on the going concern basis, were approved by the board on 23 May 2012 and were signed on its behalf by:

TF Kruger
Chief Executive Officer

23 May 2012

Group Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, African Dawn Capital Limited has, in respect of the financial year ended 29 February 2012, lodged with CIPC all returns and notices required of a public company in terms of the Act and that all such returns and notices are true, correct and up to date.

W Somerville
(on behalf of Corporate Statutory Service Proprietary Limited)

23 May 2012

Independent Auditor's Report

To the shareholders of African Dawn Capital Limited

We have audited the group annual financial statements and annual financial statements of African Dawn Capital Limited, which comprise the consolidated and separate statements of financial position as at 29 February 2012, and the consolidated and separate income statement, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 36 to 91.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of African Dawn Capital Limited as at 29 February 2012, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Grant Thornton

Grant Thornton
Chartered Accountants (SA)
Registered Auditors

EFG Dreyer
Partner
Chartered Accountants (SA)
Registered Auditor
23 May 2012

Grant Thornton Office Park
137 Daisy Street
Johannesburg
2196

Grant Thornton

Directors' Report

The directors submit their report for the year ended 29 February 2012.

1. Review of activities

Main business and operations

The group renders financial services and operates principally in South Africa.

In the past there was greater operational focus on secured bridging finance with property as the main security. However, due to capital constraints, difficulty in perfecting securities and market trends, the operational focus of the group shifted towards unsecured personal loans (micro finance). The group through its subsidiary Elite Group Proprietary Limited ("Elite"), has maintained good market credibility and exceptional systems in the micro finance industry. The group is expanding its horizons through debt management and collections of both secured and unsecured finance, and medical aid financing opportunities.

The operating results and state of affairs of the company are fully set out in the attached financial statements.

2. Going concern

The financial statements 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.

In the previous period it was noted that:

- Additional capital was needed and it was proposed to raise capital through a partially underwritten rights issue. The capital raising through the rights issue was successfully completed on 31 October 2011.
- The settlement of the National Housing Finance Corporation "NHFC" liability was concluded on 30 May 2011 and honoured through the recapitalisation.
- The settlement arrangement with South African Revenue Services ("SARS") progressed well with all outstanding returns now submitted.

The group reports a profit of R 10,8 million (2011: R 3,6 million) for the period ended 29 February 2012. The recapitalisation, debt settlement, convertible bonds and profit resulted in an increase in the group's net asset value whereby the assets exceed liabilities by R 65,4 million (2011: R 26,1 million) for the period ended 29 February 2012. The cash on hand is R 15,5 million and would enable the group to continue operations and grow organically. The group has access to at least R 6,5 million in terms of a drawdown of negotiated borrowings with Sandown Capital Proprietary Limited ("Sandown").

3. Events after the reporting period

The only notable event was the relocation of the entire Afdawn group into a single premises. Directors entered into a significant lease contract for a 3 year lease at a substantially reduced rate to the group.

4. Authorised and issued share capital

As a result of the rights issue and issue of shares for cash, 285 257 919 of the new authorised share capital was issued on 3 November 2011 at 10c per share, including shares paid in terms of the rights offer underwriting agreement as detailed in the circular dated 19 August 2011. The cash generated from the rights issue and guaranteed underwriting allocations amounted to R 28,2 million.

5. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

6. Recapitalisation of Afdawn Group

Details regarding the recapitalisation through a rights issue were communicated through various announcements and circulars to shareholders in 2011 and formally through SENS on 14 June 2011. The proposed capital raising consisted of:

- A partially underwritten rights offer to raise R 25,0 million

- R 10 million convertible bond issued by Elite to Sandown which converts at 14c into African Dawn Capital Limited shares, subsequent to the subscription price being paid Afdawn renegotiated with Sandown under an acknowledgement of debt agreement to repay a portion of the subscription price to reduce the negative carry on the unutilised portion, resulting in a net balance of R 4,5 million.
- R 1,7 million convertible bond issued by Afdawn to PCI Fintrade Proprietary Limited ("PCI") which converts at 14c into African Dawn Capital Limited shares.

A detailed Circular on the rights issue was published and posted on 19 August 2011. The capital raising was completed 31 October 2011 with final results as follows:

- Rights taken up under rights offer amounted to R 25,0 million (rights @ 10 cents per share)
- Shares issued for cash under rights issue amounted to R 3,2 million
- R 10,0 million by way of Convertible bond issued by Elite
- R 1,7 million by way of Convertible bond issued by Afdawn
- Total capital raised amounted to R 39,9 million
- The total cost associated to the recapitalisation amounted to R 1,4 million which leaves us with net cash raised of R 38,5 million.

The funds raised were utilised as stated in the Circular (19 August 2011), with the exception of not settling the SARS liability as negotiations continue as agreed to with SARS.
The capital raising in the number of shares being increased from 222 926 236 to 508 184 155.

Shares were issued as follows:

• Rights offer shares subscribed for:	182 022 919	(73% take up on available rights)
• Rights offer shares underwritten:	67 977 081	(27% take up on available rights)
• Shares issued for cash to underwriters:	31 522 919	
• Shares issued as fees for underwriters:	3 735 000	
• Total shares:	285 257 919	

7. Settlement of the NHFC liability

The group entered into a settlement agreement with the NHFC on 30 May 2011 in respect of the settlement of the NHFC loans. In terms of the settlement agreement, Afdawn agreed to pay the NHFC the amount of R 23 million which was paid on the 23 November 2011 from the proceeds of the rights offer. In addition, an amount of R 5 million is payable by Afdawn to the NHFC by no later than 1 October 2013 in full and final settlement of all of its obligations in terms of the NHFC loans. This remaining balance is interest free and is secured by way of a cession of the book debts of Nexus. In return and upon signing of the settlement agreement, the NHFC agreed to novate all current agreements between them, Afdawn, Nexus and Elite.

8. Dividends

No dividends were declared or paid to shareholders during the year.

9. SARS liability

Afdawn management have worked closely with SARS and submitted all the tax returns in terms of the agreed action plan. SARS are processing the assessments on the returns and have not yet committed to a final settlement for the Afdawn group.

10. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
TF Kruger	
PC Gordon	Resigned 31 December 2011
L Taylor	
CF Wiese	
HH Hickey	
WJ Groenewald	Appointed 17 November 2011

With the resignation of Mr PC Gordon as Executive Chairman in December 2011, it was announced that Mr TF Kruger was the newly appointed Chief Executive Officer ("CEO"). Mr TF Kruger was the Financial Director ("FD") and was still acting FD until the date of the report. The new FD has been identified. We are currently negotiating terms and conditions so that he can take up his position in August 2012.

11. Secretary

Mr L Viljoen resigned as secretary of the company on 15 February 2012 and Mr W Somerville (on behalf of Corporate Statutory Service Proprietary Limited) was appointed in his stead on 15 February 2012.

The secretary of the company is Mr W Somerville (on behalf of Corporate Statutory Service Proprietary Limited) of:

Business address
20 Lurgan Road
Parkview
2193

12. Material Transactions

Sandown Capital Proprietary Limited ("Sandown") and Elite Group Proprietary Limited ("Elite") have entered into an agreement in terms of which:

- Sandown will finance Elite Group Two Proprietary Limited, to a maximum of R10 million ("the Sandown Capital Loan").
- Elite shall manage Elite Group Two Proprietary Limited on behalf of Sandown and shall source potential clients to provide short term personal loans.
- Elite will earn a monthly management fee and will share 50/50 in the profits of Elite Group Two Proprietary Limited. This will allow Elite to make use of a funding line, to earn a management fee, to share in the returns of Elite Group Two Proprietary Limited and so to continue to grow its business during the recapitalisation of the group.
- Sandown will have the option in August 2012 of selling 100% of the shares in Elite Group Two Proprietary Limited to Elite for a price based on the Net Asset Value of Elite Group Two Proprietary Limited ("the Selling Price").
- The Selling Price of the 100% interest in Elite Group Two Proprietary Limited shall be settled, by the issue of shares in Elite to Sandown at an issue price of 100 cents per Elite share, such that Sandown will acquire 30% of the issued share capital of Elite following the Elite Group Two Proprietary Limited acquisition and subject to the Selling Price not exceeding 49% of the market capitalisation of Afdawn on the date of exercise of the Sandown Option.
- Should the Net Asset Value ("NAV") of Elite Group Two Proprietary Limited be greater or lower than 30% of the combined NAV of Elite and Elite Group Two Proprietary Limited at the time of the exercising of the option referred to above, then Elite Group Two Proprietary Limited will be obliged to either distribute profits and/or assets to Sandown or to recapitalise Elite Group Two Proprietary Limited, so as to ensure that the NAV of Elite Group Two Proprietary Limited will be equal to 30% of the combined NAV of Elite Group Two Proprietary Limited and Elite.
- In the event that Sandown exercises the Sandown Option then it will be obligated to provide a two year funding line to Elite of R20 million which may be drawn in tranches of a maximum of R 1.5 million per month.
- In the event that Sandown advises Elite and/or Afdawn of its intention to exercise the option then Elite and/or Afdawn will have 30 (thirty) days in which to acquire Elite Group Two Proprietary Limited for its then NAV.

In the event that Sandown decides not to exercise its option then no new loans will be granted from 31 July 2013 by Elite Group Two Proprietary Limited and Elite will be retained to manage and collect the remaining loan book so as to repay the Sandown Capital Loan.

Elite Group Two Proprietary Limited is a wholly owned subsidiary of Sandown. Elite Group Two Proprietary Limited has therefore not been consolidated in the financial statements.

13. Allegro Holdings Proprietary Limited

As mentioned in the 2010 and 2011 Annual Report, a former subsidiary company, Allegro Holdings Proprietary Limited ("Allegro") was placed in curatorship in 2009 and was therefore deconsolidated. At that time Allegro was indebted to Afdawn in the amount of R 3,8 million. A curator has repeatedly made verbal statements regarding a possible claim that he claims to have against Afdawn and/or its subsidiaries. This has been ongoing since early 2010 and, notwithstanding written requests to the curators, no formal claim has been forthcoming, nor have we been advised of the basis of any claim. The latest CMM curators report to the Financial Services Board ("FSB") in November 2011, contained no indication of a formal claim against Afdawn. Subsequent to year end on 17 April 2012 the curators lodged a formal claim against Absa and directors within the Allegro group at the time at which the alleged claim arose. To the date of signing the report no claims have been received nor have we been able to establish any basis for a potential claim against Afdawn and therefore no provision has been made for any such contingency.

14. Interest in subsidiaries

The board decided to sell a subsidiary of the group – Dumont Healthcare Proprietary Limited ("Dumont") effective 29 February 2012 for a total consideration of R1,9 million. As management decided to dispose of Dumont during the year the company has been treated as a discontinued operation. The disposal was part of the Afdawn strategy to rationalise and consolidate costs within the Group. Dumont is operating on a small active customer base in Pretoria with a high cost to income ratio resulting in losses. Strategically the current operating model requires a radical revamp enabling a low cost infrastructure with the flexibility to significantly scale operations. The group is pursuing a similar business model through cutting edge technology and will not be confined to a specific geographical area in South Africa. Details of the transaction are contained in notes 36 and 44. Details of the company's investment in subsidiaries are set out in note 6.

15. Special resolutions

Three special resolutions were proposed for voting at the Annual General Meeting ("AGM") held 7 October 2011. All three were accepted and passed at the AGM

- General authority to repurchase shares
- Approval of non-executive directors' remuneration
- Financial assistance to related or inter-related companies within the group.

16. Auditors

Grant Thornton will continue in office in accordance with the Companies Act.

17. Registered Office

The offices have relocated and this is in the process of being registered with Companies and Intellectual Property Commission ("CIPC")

Registered Office
1st Floor, Quadrum 4
Quadrum Office Park
50 Constantia Boulevard
Constantia Kloof Ext 28
1709

18. Forensic audit into certain matters of African Dawn

The forensic investigations regarding identified issues are still ongoing, with Afdawn providing full co-operation to the authorities. The claim against the senior ex-employee of Dumont was forfeited with the sale of Dumont.

19. Directors interest in Afdawn

2012	**Direct**	**Indirect**	**Total**	**% Held**
TF Kruger	22,032,800	-	22,032,800	4.36
WJ Groenewald	19,983	195,202	215,185	0.04
	22,052,783	**195,202**	**22,247,985**	**4.40**

2011	**Direct**	**Indirect**	**Total**	**% Held**
TF Kruger	-	5,541,409	5,541,409	2.49

No further incentives or rewards have been paid or become payable to directors other than those disclosed above.

Audited Statements of Financial Position

	Note(s)	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Assets					
Non-Current Assets					
Property, plant and equipment	5	770	2,288	294	544
Investments in subsidiaries	6	-	-	8,601	8,601
Other financial assets	8	669	712	-	-
		1,439	**3,000**	**8,895**	**9,145**
Current Assets					
Properties in possession	9	25,662	25,344	-	-
Loans to group companies	7	-	-	50,456	62,404
Other financial assets	8	300	300	-	-
Current tax receivable	19	9,713	6,961	-	-
Trade and other receivables	10	69,723	83,481	1,909	1,959
Cash and cash equivalents	11	15,451	8,155	5,222	444
		120,849	**124,241**	**57,587**	**64,807**
Non-current assets held for sale	12	-	1,200	-	-
Total Assets		**122,288**	**128,441**	**66,482**	**73,952**
Equity and Liabilities					
Equity					
Share capital	13	284,634	256,107	284,634	256,107
Reserves	15	97	105	-	-
Accumulated loss		(219,370)	(230,133)	(238,725)	(217,930)
		65,361	**26,079**	**45,909**	**38,177**
Liabilities					
Non-Current Liabilities					
Borrowings	16	21,590	11,124	1,653	-
Finance lease obligation	17	18	51	-	-
		21,608	**11,175**	**1,653**	**-**
Current Liabilities					
Loans from group companies	7	-	-	6,969	12,565
Borrowings	16	5,484	48,538	-	-
Current tax payable	19	20,064	18,045	6,728	4,191
Finance lease obligation	17	35	127	-	-
Trade and other payables	20	9,736	11,716	5,223	6,535
Provisions	18	-	12,484	-	12,484
Bank overdraft	11	-	277	-	-
		35,319	**91,187**	**18,920**	**35,775**
Total Liabilities		**56,927**	**102,362**	**20,573**	**35,775**
Total Equity and Liabilities		**122,288**	**128,441**	**66,482**	**73,952**

The net asset value per share of the group is 12,9c (2011: 11,7c).

The tangible net asset value per share of the group is 12,9c (2011: 11,7c).

Audited Income Statements

		Group		Company	
		2012	2011	**2012**	2011
	Note(s)	**R '000**	R '000	**R '000**	R '000
Continuing operations					
Revenue	23	31,472	42,557	842	951
Cost of sales	24	(407)	(454)	-	-
Gross profit		**31,065**	**42,103**	**842**	**951**
Other income	43	22,622	7,871	12,877	3,532
Operating expenses	25	(39,962)	(26,147)	(32,003)	(14,360)
Operating profit (loss)	**25**	**13,725**	**23,827**	**(18,284)**	**(9,877)**
Investment revenue	26	309	256	98	9
Impairment allowance	27	-	(10,522)	-	-
Finance costs	28	(3,151)	(7,148)	(73)	-
Profit (loss) before taxation		**10,883**	**6,413**	**(18,259)**	**(9,868)**
Taxation	29	(478)	(816)	(2,536)	-
Profit (loss) from continuing operations		**10,405**	**5,597**	**(20,795)**	**(9,868)**
Discontinued operations					
Profit (loss) from discontinued operations	44	358	(1,971)	-	-
Profit (loss) for the year		**10,763**	**3,626**	**(20,795)**	**(9,868)**

Audited Statements of Comprehensive Income

		Group		Company	
		2012	2011	**2012**	2011
	Note(s)	**R '000**	R '000	**R '000**	R '000
Profit (loss) for the year		**10,763**	**3,626**	**(20,795)**	**(9,868)**
Other comprehensive income:					
Taxation related to components of other comprehensive income		-	(452)	-	-
Total comprehensive income (loss)		**10,763**	**3,174**	**(20,795)**	**(9,868)**
Attributable to:					
Owners of the parent:					
Profit (loss) for the year from continuing operations		10,405	5,597	(20,795)	(9,868)
Profit (loss) for the year from discontinued operations		358	(1,971)	-	-
Profit (loss) for the year attributable to owners of the parent		**10,763**	**3,626**	**(20,795)**	**(9,868)**
Non-controlling interest:					
Loss for the year from continuing operations		-	(611)	-	-
Total comprehensive income (loss) attributable to:					
Owners of the parent		10,763	3,785	(20,795)	(9,868)
Non-controlling interest		-	(611)	-	-
		10,763	**3,174**	**(20,795)**	**(9,868)**
Earnings per share					
From continuing operations					
Basic earnings per share (c)	33	3.12	2.20	-	-
Diluted earnings per share (c)	33	2.79	2.20	-	-
From discontinued operations					
Basic earnings (loss) per share (c)	33	0.11	(0.78)	-	-

Audited Statements of Change in Equity

	Share Capital R '000	Share Premium R '000	Total Share Capital R '000	Revaluation Reserve R '000	Other NDR R '000	Total Reserves R '000
Group						
Balance at 01 March 2010	**2,221**	**253,886**	**256,107**	**452**	**-**	**452**
Changes in equity						
Total comprehensive income for the year	-	-	-	(452)	-	(452)
Transfer to insurance reserve	-	-	-	-	105	105
Subsidiary Sold	-	-	-	-	-	-
Total changes	-	-	-	(452)	105	(347)
Balance at 01 March 2011	**2,221**	**253,886**	**256,107**	**-**	**105**	**105**
Changes in equity						
Total comprehensive income for the year	-	-	-	-	-	-
Transfer from Insurance reserve	-	-	-	-	(8)	(8)
Issue of ordinary shares during rights issue	2,853	25,674	28,527	-	-	-
Total changes	2,853	25,674	28,527	-	(8)	(8)
Balance at 29 February 2012	**5,074**	**279,560**	**284,634**	**-**	**97**	**97**
Note(s)	13	13	13	32	15	
Company						
Balance at 01 March 2010	2,221	253,886	256,107	-	-	-
Changes in equity						
Total comprehensive income for the year	-	-	-	-	-	-
Total changes	-	-	-	-	-	-
Balance at 01 March 2011	**2,221**	**253,886**	**256,107**	**-**	**-**	**-**
Changes in equity						
Total comprehensive loss for the year	-	-	-	-	-	-
Issue of ordinary shares during rights issue	2,853	25,674	28,527	-	-	-
Total changes	2,853	25,674	28,527	-	-	-
Balance at 29 February 2012	**5,074**	**279,560**	**284,634**	**-**	**-**	**-**
Note(s)	13	13	13	32	15	

Accumulated Profit/(Loss) R '000	Total Attributable to Equity Holders of the Group/Company R '000	Non-controlling Interest R '000	Total Equity R '000	R '000
				Group
				Balance at 01 March 2010
(234,265)	**22,294**	**1,379**	**23,673**	Changes in equity
4,237	3,785	(611)	3,174	Total comprehensive income for the year
(105)	-	-	-	Transfer to insurance reserve
-	-	(768)	(768)	Subsidiary Sold
4,132	3,785	(1,379)	2,406	Total changes
(230,133)	**26,079**	**-**	**26,079**	**Balance at 01 March 2011**
				Changes in equity
10,763	10,763	-	10,763	Total comprehensive income for the year
-	(8)	-	(8)	Transfer from Insurance reserve
-	28,527	-	28,527	Issue of ordinary shares during rights issue
10,763	39,282	-	39,282	Total changes
(219,370)	**65,361**	**-**	**65,361**	**Balance at 29 February 2012**
32				Note(s)
				Company
(208,062)	**48,045**	**-**	**48,045**	**Balance at 01 March 2010**
				Changes in equity
(9,868)	(9,868)	-	(9,868)	Total comprehensive income for the year
(9,868)	(9,868)	-	(9,868)	Total changes
(217,930)	**38,177**	**-**	**38,177**	**Balance at 01 March 2011**
				Changes in equity
(20,795)	(20,795)	-	(20,795)	Total comprehensive loss for the year
-	28,527	-	28,527	Issue of ordinary shares during rights issue
(20,795)	7,732	-	7,732	Total changes
(238,725)	**45,909**	**-**	**45,909**	**Balance at 29 February 2012**
32				Note(s)

Audited Statements of Cash Flows

		Group		Company	
		2012	2011	**2012**	2011
	Note(s)	**R '000**	R '000	**R '000**	R '000
Cash inflows/(outflows) from operating activities					
Cash generated from/(used in) operations	34	13,501	12,553	(31,407)	(13,955)
Interest income	26	309	256	98	9
Finance costs	28	(3,151)	(7,085)	(73)	-
Tax (paid)	35	(1,211)	(1,342)	-	-
Discontinued operations		-	(1,791)	-	-
Net cash generated by/(utilised in) operating activities		**9,448**	**2,591**	**(31,382)**	**(13,946)**
Cash inflows/(outflows) from investing activities					
Purchase of property, plant and equipment	5	(194)	(479)	-	(144)
Sale of property, plant and equipment	5	8	3,466	3	-
Sale of businesses	36	1,757	-	-	-
Proceeds from loans from group companies		-	-	6,352	14,040
PV of financial assets (Non Cashflow item)	28	43	-	-	-
Sale of Non-current asset held for sale	12	1,012	-	-	-
Sale of other asset Property in possession	9	68	-	-	-
Net cash from investing activities		**2,694**	**2,987**	**6,355**	**13,896**
Cash inflows/(outflows) from financing activities					
Proceeds from shares issued in terms of rights offer	13	28,152	-	28,152	-
Net proceeds from convertible bonds	14	6,200	-	1,700	-
Repayment of borrowings	16	(38,788)	(10,084)	(47)	-
Finance lease payments		(125)	(2,771)	-	-
Transfer from insurance reserve		(8)	-	-	-
Net cash from financing activities		**(4,569)**	**(12,855)**	**29,805**	**-**
Total cash movement for the year		**7,573**	**(7,277)**	**4,778**	**(50)**
Cash at the beginning of the year		7,878	15,155	444	494
Total cash at end of the year	**11**	**15,451**	**7,878**	**5,222**	**444**

Audited notes to the Financial Statements

1. Nature and general information on reporting entity

African Dawn Capital Limited is a public company incorporated and domiciled in the Republic of South Africa. African Dawn Capital Limited's shares are listed on the Alt-X of the Johannesburg Security Exchange ("JSE"). The core business of African Dawn Capital is specialised financial services segmented as bridging finance, short term unsecured finance and other financial services, including debt collections and debt management services. The financial statements for the year ended 29 February 2012 comprise the company and its subsidiaries.

2. Basis of preparation and presentation of group and separate annual financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Companies Act, and the JSE Listing Requirements which is inclusive of (AC 500). The consolidated and separate financial statements are prepared in accordance with the going concern principle under the historical cost basis other than financial assets designated at fair value through profit or loss available-for-sale financial assets and derivative instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a high degree of judgment or areas where assumptions and estimates are significant to the financial statements are disclosed in note 39 and note 4.8.

3. Accounting standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year
In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 24 Related Party Disclosures (Revised)
The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.
The group has adopted the amendment for the first time in the 2012 financial statements.
The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements.

IFRIC 19 (AC 452) Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 applies to debt for equity swaps in circumstances where a debtor and creditor renegotiate the terms of a financial liability such that the debtor extinguishes part or all of the financial liability by issuing equity instruments to the creditor. Where the debt for equity swap is within the scope of IFRIC 19, the issue of equity instruments by the debtor shall be a consideration paid to extinguish the liability and shall be measured at the fair value of the equity instrument, unless fair value cannot be determined. If the fair value of the equity instruments cannot be measured reliably, the issue shall be measured at the fair value of the financial liability extinguished. If the issue also relates to a modification of any remaining liability, then the issue shall be allocated to the liability which was extinguished and which remains. The difference between the carrying amount of the liability which was extinguished and the consideration paid shall be recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2010.
The company has adopted the amendment for the first time in the 2012 financial statements.
The adoption of this amendment has not had a material impact on the results of the company.

2010 Annual improvements project: Amendments to IFRS 3 (AC 140) Business Combinations
The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.

It further provides transitional provisions for dealing with contingent consideration arrangements in a business combination that occurred before the effective date of the revised IFRS 3.

For equity settled share based payment transactions of the acquiree that the acquirer does not exchange for its share based payment transactions, vested transactions shall be measured as part of non-controlling interest at market based measure. Unvested transactions shall be measured at market based measures as if the acquisition date were the grant date. This measure is then allocated to non-controlling interest based on the ratio of vesting period completed to the greater of the total vesting period or the original vesting period.

The effective date of the amendment is for years beginning on or after 01 July 2010.
The company has adopted the amendment for the first time in the 2012 financial statements.
The adoption of this amendment has not had a material impact on the results of the company.

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures
Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2011.
The group has adopted the amendment for the first time in the 2012 financial statements.
The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements
The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.
The group has adopted the amendment for the first time in the 2012 financial statements.
The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would previously have been provided in the financial statements.

2010 Annual Improvements project: Amendments to IAS 34 (AC 127) Interim Financial Reporting
The amendment provides additional examples of events and transactions which would be considered significant and therefore required to be disclosed in the interim financial report. In addition, the amendment removes references to only reporting certain items when they are material. Therefore, the list of items to be presented in addition to significant transactions and events are required irrespective of whether they are material.

The effective date of the amendment is for years beginning on or after 01 January 2011.
The group has adopted the amendment for the first time in the 2012 financial statements.
The impact of the amendment is not material and effected the reporting of the interim financial information as at 31 August 2011.

IAS 12 Income Taxes: Amendment: Deferred Tax: Recovery of Underlying Assets
The amendment now provides that for investment property measured at fair value, the recovery of the carrying amount is assumed to be through sale, with the result that deferred tax arising on the valuation is measured using the prevailing tax rate for capital gains.

The effective date of the amendment is for years beginning on or after 01 January 2012.
The adoption of this amendment has not had a material impact on the results of the company.

3.2 Standards and Interpretations not yet effective and not early adopted

The group has chosen not to early adopt the following standards and interpretations:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and de-recognition of financial assets and liabilities. The following are the main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value.
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Financial liabilities shall not be reclassified.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on de-recognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost.
- The classification categories for financial liabilities remain unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

The effective date of the standard is for years beginning on or after 01 January 2015.
The group has not early adopted the standard in the 2012 financial statements.
The impact of the standard is currently being assessed.

IFRS 10 Consolidated Financial Statements

This standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 01 January 2013.
The impact of the standard is currently being assessed.

IAS 27 Separate Financial Statements

Consequential amendment as a result of IFRS 10. The amended standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.
The impact of the standard is currently being assessed.

IFRS 12 Disclosure of Interests in Other Entities

The standard sets out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.
The impact of the standard is currently being assessed.

IFRS 13 Fair Value Measurement

This is a new standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2013.
The impact of the standard on future reporting periods is currently being assessed.

3. Accounting standards and Interpretations continued

IAS 1 Presentation of Financial Statements

The amendment now requires items of other comprehensive income to be presented as:

- Those which will be reclassified to profit or loss.
- Those which will not be reclassified to profit or loss.

The related tax disclosures are also required to follow the presentation allocation.

In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.
The effective date of the amendment is for years beginning on or after 01 July 2012.
It is unlikely that the amendment will have a material impact on the group's financial statements

IAS 28 (2011)

This is an amended version of the current IAS 28 which is applicable to financial periods beginning on or after 01 January 2013. This standard supersedes IAS 28 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied. It also prescribes how investments in associates and joint ventures should be tested for impairment.

The impact will be assessed for future reporting periods.

IAS 32 (amendments) (2011)

IAS32 (amendments) - Offsetting Financial Assets and Financial Liabilities, was issued in December 2011 and is effective for annual periods beginning on or after 01 January 2014. The offsetting requirements in IAS 32 have been retained, such that a financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The amendment to IAS 32 provides more application guidance on when the criterian for offsetting would be considered to be met. The amended standard is applicable to financial periods beginning on or after 01 January 2014. An entity shall apply the amendments retrospectively. Earlier application is permitted. If an entity applies these amendments from an earlier date, it shall disclose that fact and shall also make the disclosures required by Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) issued in December 2011.

The effect of this amendment on the annual financial statements has yet to be determined, but is expected to have a minimal impact.

IFRS 7 (amendments) (2011)

Offsetting Financial Assets and Financial Liabilities, was issued in December 2011 and is effective for annual periods beginning on or after 01 January 2013. The amendments require the disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. These disclosures are intended to facilitate comparison between entities preparing IFRS financial statements and entities preparing financial statements under US GAAP. An entity shall apply these amendments for annual periods beginning on or after 01 January 2013 and for interim periods within these annual periods. An entity shall provide the disclosures required by these amendments retrospectively.

This amendment will result in additional disclosures being presented in the annual financial statements.

4. Accounting policies

4.1 Consolidation Basis of consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

4. Accounting policies continued

Subsidiaries are fully consolidated from the date on which control is transferred to the group. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition to the effective date of disposal, as appropriate. Subsidiaries are de-consolidated from the date that control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured, at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Investments in subsidiaries (by relevant holding companies and their Company financial statements) are accounted for at fair value through profit and loss. The carrying amounts and fair value of these investments are reviewed annually and written down to profit and loss for impairment where considered necessary.

4.2 Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

The profit or loss from discontinuing operations, including prior years components of profit or loss, is presented in a single amount in the statement of comprehensive income. For further analysis of the discontinued operation and disposal, refer to note 44.

4.3 Property, plant and equipment

Property, plant and equipment is carried at historical cost less accumulated depreciation and any accumulating impairment losses.

All fixed assets are shown at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items and cost to bring assets into use.

Items of property, plant and equipment should be recognised as assets when it is probable that:

- the future economic benefits associated with the asset will flow to the entity, and
- the cost of the asset can be measured reliably.

This recognition principle is applied to all property, plant and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it.

All other repairs and maintenance expenditures are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:
The useful lives of items of property, plant and equipment have been assessed as follows:

Furniture and fixtures	4 - 6	years
Motor vehicles	5	years
Office equipment	3 - 5	years
IT equipment and software	3 - 5	years
Medical equipment	10	years

4. Accounting policies continued

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Leased assets are depreciated at the lower of the useful life or the period of the lease.
Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

4.4 Properties in possession

Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in property in possession under the property in possession assets class, as they are held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the group. The corresponding loans are de-recognised when the group becomes the owner of the property. The property acquired is initially recorded at cost which is the lower of its fair value (less costs to sell) and the carrying amount of the loan (net of impairment) at the date of transferring ownership. Costs of ordinarily interchangeable items are assigned with a cost formula being first in first out. It is subsequently measured at the lower of the carrying amount and its net realisable value. No depreciation is charged in respect of these properties. Any subsequent write down of the acquired property to net realisable value is recognised in the profit/(loss). Any subsequent increase in the net realisable value, to the extent that it does not exceed the cumulative write down, is also recognised in impairments. Gains or losses on disposal of repossessed properties are reported in other operating income or operating expenditure.

4.5 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

4.6 Financial instruments

Initial recognition and measurement of financial instruments
Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments. The group classifies financial instruments on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value. For financial instruments which are not measured at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit and loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit and loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated as effective hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values for these assets are obtained from market indicators or valuation techniques where market indicators are not freely available.

4. Accounting policies continued

Loans and receivables
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. The group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. They are included in current assets, except for maturities greater than 12 months after the period end date, these are classified as non-current assets on the face of the statement of financial position.

Held-to-maturity investments
The group currently has no held-to-maturity investments. Held-to-maturity investments are not derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Were the group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and re-categorised as available for sale. Held to maturity instruments are measured subsequently at amortised cost using the effective interest method.

Available for sale financial assets
The group currently has no available for sale financial assets. Available for sale financial assets that are not non derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available for sale assets are measured at fair value, gains and losses on subsequent measurement is recognised in other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss.

Classification and subsequent measurement of financial liabilities
Financial liabilities at fair value through profit or loss
These liabilities are fair valued by discounting the value using an appropriate discount rate determined with reference to quoted rates on market instruments with similar credit characteristics and maturities. The re-measurements are recognised through profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit and loss.

Financial liabilities at amortised cost
Liabilities held at amortised cost are recognised initially at fair value and are subsequently stated at amortised cost using the effective interest rate method. Any differences (other than transaction charges) between net proceeds and the redemption value are recognised in the income statement over the period of the borrowing using the effective yield method.

Other financial liabilities
Included within this class of financial liabilities are trade and other payables, provisions and group loans payable that will be settled in cash and cash equivalents. Trade and other payables and group loans payable are recognised initially at fair value and are subsequently stated at amortised cost using the effective interest rate method.

Trade and other payables
Trade payables are measured at amortised cost, using the effective interest rate method.

Compounded financial instruments
If the terms of the convertible instrument give rise to a non derivative instrument containing both liability and equity components, they are treated as compounded financial instruments. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially as the difference between the fair value of the compound financial instrument in its totality and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition, only de-recognized on conversion or settlement.

De-recognition of financial assets and liabilities
Financial assets are de-recognised when the contractual rights to the cash flow from the financial asset expire, or when the financial asset and substantial risk and rewards are transferred. The financial liabilities are derecognised when they are extinguished, discharged, cancelled or expire.

4. Accounting policies continued

Impairment of financial assets
All financial assets except for those at fair value through profit and loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that the financial asset or group of financial asset is impaired. The different criteria to determine the impairment for each asset class are as follows and for detail see note 39.

Loans and receivables: Individual significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individuality impaired are reviewed for impairment in groups, which are determined by references explained in the impairment policy.

Held till maturity investments: If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flow. Any changes to the carrying amount of the investment, including impairment losses are recognised in profit and loss.

Available for sale financial assets: If the fair value cannot be estimated reliably the impairment charges are recognised in profit or loss. All other available for sale assets are measured at fair value, gains and losses from movement in fair value is recognised in other comprehensive income and reported as being available for sale reserve in equity.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred loan income reduces the outstanding loans and advanced balance on the basis that the revenue will be recognised over the terms of the loans. Offsetting is only done, if permitted or required and is done in compliance with IFRS standards.

4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

4.8 Significant judgemental and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be substantially different to the financial statements. Significant judgments include:

Impairment on trade and other receivables
The estimation of allowances for impairments is inherently uncertain and depends on many factors. These factors include general economic conditions, structural changes within industries and changes in individual customer circumstances. There are also other external factors such as legal requirements, regulatory specifications and governmental policies that if changed can have a significant effect on the allowances.

Trade and other receivables are stated net of impairments. The impairments are either made on an individual receivable or impairment on collective receivables.

Trade and other receivables are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition. The event would be the loss making event and would adversely affect the recoverability and reliability of the expected future cashflows. These events include, but are not limited to:

- Breach of contract: default or delinquency in interest or principal payments, installment past due date is considered a breach of contract and would affect the reliability to measure future cash flows.
- Significant financial difficulty of a borrower, directly communicated to Afdawn or probable that a borrower will enter bankruptcy or financial re-organisation.
- Data indicating that there is a quantifiable decrease in the estimated future cash flow and recoverability of a grouping of assets, although not yet identified at individual asset level. These include fraud at agent levels, adverse change of payment status of groups, local and national conditions relating to identifiable groups.

4. Accounting policies continued

- Indication of decrease in value of security held, especially indicators that would adversely affect the value of properties held as security relating to property bridging finance.

The group formally assesses its receivable portfolio for impairment on a monthly basis based on formulated impairment formulas and judgment. The extent to which the current carrying value exceeds the estimated recoverable amount of advances is classified as an impairment.

Impairments made on individual receivables
Substantial receivables, especially relating to property bridging transactions are assessed on an individual basis. The impairments were calculated, based on an approved impairment policy. The impairments were made on judgments and formulated calculations. The impairments were made by taking the following into consideration for each receivable: credibility of borrower, security held, value of security, repayment history, sureties signed and agreed settlement terms. The individual receivable values are assessed to be at least the security value that can be realised within 3 months in an active market.

Impairments made on collective receivables
Due to the vast number and ever changing status of especially short term, unsecured receivables the impairments are assessed on a collective grouping of receivables. The impairments were calculated, based on an approved impairment policy. The grouping of the receivables are made based on specific criteria of each receivable, these include: borrower creditability, ageing of last receipt, arrears amount, settlement agreement, status of process to be followed to pursue future cashflows, age of borrower, economic status and repayment installment. The collective receivable balances are impaired by a percentage that was specifically awarded to the receivables within the collection. The percentage was developed with help of specialised external asset valuators and was based on extensive market knowledge, historical default and recovery rates, repayment trends and statistical techniques.

Impairment calculations contain both judgemental and non-judgemental inputs. The extent of judgment utilised in new products is greater than that for older products given the limited historical experience available for the new products.
Receivables older than 90 days become collectable under the legal process of recovery, these receivables fall within a new collection of receivables and approved impairment percentage applied.

Provisions
Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18.

Impairment testing
The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.
The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

4.9 Share capital, reserves and dividends
Ordinary shares are classified as equity. Share capital represents the nominal value of shares issued. Share premium includes any premiums received on the issue of share capital.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

Other components of equity includes:
- Insurance reserves – Contractual percentage of received insurance premiums kept as reserve, see note 12
- Convertible instrument reserve – Equity portion of compounded financial instrument (Convertible Bonds)

Any dividend distribution payable to equity shareholders is included in other liabilities when the dividends have been approved prior to the reporting date.

4. **Accounting policies** continued

4.10 Tax

Current tax assets and liabilities

Current tax for current and prior periods, to the extent it is unpaid, is recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets are recognised only when related tax losses are assessed.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

4.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.
The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessor

The group is party to numerous leasing contracts as the lessor of property that is included in the property in possession asset class. All leases are operating leases, which are those leases where the group retains a significant portion of the risks and rewards of ownership. The contractual income is assessed for the smoothing, straight line effect between income entitled to and received. Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

4. Accounting policies continued

4.12 Provisions

Provisions for legal claims are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

4.13 Revenue

Revenue recognition comprises the fair value for the sale of goods and services, net of value added tax after eliminating sales within the group. Revenue is recognised as follows:

Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount – being the estimated future cash flow discounted at original effective interest rate of the instrument – and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost recovery basis as conditions warrant.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Rental revenue

The initial amount of revenue agreed in the contract and any variations in the contract to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

4.14 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the executive management committee that makes strategic decisions.

As the internal reporting is not done geographically and there is no significant geographic split in the business, the segments are indicated in operational segments only.

4.15 Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the group by the weighted average number of ordinary shares in issue during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares in issue for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share awards granted to employees.

4. **Accounting policies** continued

4.16 Insurance cell captive

Consolidation

The cell captive arrangement with Guardrisk Insurance Company Limited ("Guardrisk") has been created through the acquisition of the share capital of the cell captive from Guardrisk. The group as the cell's shareholder, allocated the economic benefits from the underwriting and investment activities in the cell. Conversely, the group, as the cell's owner, is accountable for any losses to the extent that the cell has funds available for offset against losses. Future profits that arise in the cell or recapitalisation by the cell owner (that is the obligation of the group as the cell's owner) will be utilised to offset losses in excess of the funds available. The cell arrangement enables the group to provide the opportunity to its own client base to purchase branded short term insurance, covering the product, where an existing insurance policy cannot be ceded to the group as security for the amount borrowed.

The cell arrangement enables the group to purchase a cell in the registered insurance company (Guardrisk) which undertakes the professional insurance and financial management of the cell, including underwriting, reinsurance, claims management, actuarial and statistical analyses, investment of funds and accounting services.

Premiums

Premium income relates to premiums received and accrued for on insurance contract business entered into during the year, irrespective of whether the risk cover in terms of that contract relates in whole or in part to later accounting periods, together with any adjustments to premiums recognised in prior accounting periods and changes to the unearned premium liability. Premiums are shown gross of commission payable to intermediaries and management fees payable to underwriting managers and excludes value added taxation levied on premiums, where applicable.

Premiums are recognised as revenue (earned premiums) proportionally over the period of cover provided by the insurance contract. The portion of premium received on forced contracts that relates to unexpired risks at the statement of financial position date is reported as the unearned premium liability. The liability is generally calculated on a time proportionate basis.

Claims

Claims paid are recognised in the statement of comprehensive income and consist of claims and related expenses paid in the year and changes in the provision for outstanding claims together with any other adjustments to claims estimates from previous years.
The provision for outstanding claims comprises the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not, and related internal and external claims handling expenses. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of the claim.

5. Property, plant and equipment	2012			2011		
Group	**Cost**	**Accumulated depreciation and impairments**	**Carrying value**	Cost	Accumulated depreciation and impairments	Carrying value
	R '000	**R '000**	**R '000**	R '000	R '000	R '000
Furniture and fixtures	1,234	(1,029)	205	1,265	(980)	285
Motor vehicles	562	(470)	92	619	(406)	213
Office equipment	677	(599)	78	898	(639)	259
IT equipment	2,035	(1,640)	395	2,600	(1,765)	835
Computer software	-	-	-	86	(74)	12
Medical equipment	-	-	-	882	(198)	684
Total	**4,508**	**(3,738)**	**770**	**6,350**	**(4,062)**	**2,288**
Company						
Furniture and fixtures	887	(740)	147	887	(703)	184
Office equipment	129	(116)	13	129	(61)	68
IT equipment	671	(537)	134	671	(379)	292
Total	**1,687**	**(1,393)**	**294**	**1,687**	**(1,143)**	**544**

Reconciliation of property, plant and equipment - Group - 2012	Opening balance	Additions	Disposal through business combinations	Disposals	Write Off	Depreciation	Impairment loss	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Furniture and fixtures	**285**	**-**	**(16)**	**(3)**	**(10)**	**(51)**	**-**	**205**
Motor vehicles	**213**	**-**	**(55)**	**-**	**-**	**(66)**	**-**	**92**
Office equipment	**259**	**32**	**(99)**	**-**	**(43)**	**(71)**	**-**	**78**
IT equipment	**835**	**162**	**(54)**	**(5)**	**-**	**(347)**	**(196)**	**395**
Computer software	**12**	**-**	**(12)**	**-**	**-**	**-**	**-**	**-**
Medical equipment	**684**	**-**	**(684)**	**-**	**-**	**-**	**-**	**-**
	2,288	**194**	**(920)**	**(8)**	**(53)**	**(535)**	**(196)**	**770**

Reconciliation of property, plant and equipment - Group - 2011	Opening balance	Additions	Disposals	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000
Land	1,320	-	(1,320)	-	-
Furniture and fixtures	507	51	(27)	(246)	285
Motor vehicles	1,876	84	(1,558)	(189)	213
Office equipment	401	28	(38)	(132)	259
IT equipment	965	313	(64)	(379)	835
Computer software	20	3	-	(11)	12
Medical equipment	770	-	-	(86)	684
	5,859	479	(3,007)	(1,043)	2,288

Reconciliation of property, plant and equipment - Company - 2012	Opening balance R'000	Disposals R'000	Depreciation R'000	Impaired Loss R'000	Total R'000
Furniture and fixtures	**184**	**(1)**	**(26)**	**(10)**	**147**
Office equipment	**68**	**-**	**(12)**	**(43)**	**13**
IT equipment	**292**	**-**	**(157)**	**(1)**	**134**
	544	**(1)**	**(195)**	**(54)**	**294**

Reconciliation of property, plant and equipment - Company - 2011	Opening balance R'000	Additions R'000	Transfers R'000	Depreciation R'000	Total R'000
Furniture and fixtures	355	25	1	(197)	184
Office equipment	60	26	1	(19)	68
IT equipment	312	93	(2)	(111)	292
	727	144	-	(327)	544

The impairment loss in computer software relates to software that was developed for a property transfer bridging project that has been delayed indefinitely. The future economic benefits were reassessed and the impairment was accounted for against profit and loss in the statement of comprehensive income.

The write off relates to smaller assets that are no longer in a usable condition. The total impairment and write off of property, plant and equipment for the period is R249,500 and has been processed through profit and loss as indicated in note 25.
Motor vehicles with a cost of R533,449 are held as security under the finance lease indicated in note 17.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

6. Investments in subsidiaries

	Held by	**Holding % 2012**	Holding % 2011	**Carrying amount 2012**	Carrying amount 2011
Name of company					
ABC Cashplus Financial Services Proprietary Limited		**100.00%**	100.00%	**-**	-
ABC Cashplus (Randburg) Proprietary Limited	*	**100.00%**	100.00%	**-**	-
African Dawn Kwazulu Natal Proprietary Limited	**	**100.00%**	100.00%	**-**	-
African Dawn Property Transfer Finance 1 Proprietary Limited		**100.00%**	100.00%	**-**	-
African Dawn Property Transfer Finance 2 Proprietary Limited		**100.00%**	100.00%	**-**	-
African Dawn Property Transfer Finance 4 Proprietary Limited		**100.00%**	100.00%	**-**	-
African Dawn Property Transfer Finance 5 Proprietary Limited		**100.00%**	100.00%	**-**	-
African Dawn Social Education Proprietary Limited		**100.00%**	100.00%	**-**	-
African Dawn Wheels Proprietary Limited		**100.00%**	100.00%	**-**	-
African Dawn Wheels Operations Proprietary Limited		**100.00%**	100.00%	**-**	-
Albistar Investments Proprietary Limited	***	**100.00%**	100.00%	**-**	-
Almika Properties 81 Proprietary Limited		**100.00%**	100.00%	**-**	-
Amalgum Investments 138 Proprietary Limited	***	**100.00%**	100.00%	**-**	-
Bhenka Financial Service Proprietary Limited		**100.00%**	100.00%	**-**	-
Elite Group Proprietary Limited		**100.00%**	100.00%	**3,322**	3,322
Candlestick Park Investments Proprietary Limited		**100.00%**	100.00%	**5,279**	5,279
Dumont Healthcare Proprietary Limited		**-%**	100.00%	**-**	-
Elatiflash Proprietary Limited	***	**100.00%**	100.00%	**-**	-
Elite Group 1 Proprietary Limited		**100.00%**	100.00%	**-**	-
Elite Group Cell No. 00181 Proprietary Limited	*	**100.00%**	100.00%	**-**	-
Nexus Personnel Finance Proprietary Limited		**100.00%**	100.00%	**-**	-
Nexus Personnel Finance 2 Proprietary Limited		**100.00%**	100.00%	**-**	-
Elite Group Two Proprietary Limited	*	**-%**	100.00%	**-**	-
				8,601	8,601

All subsidiaries are incorporated in the Republic of South Africa and are owned by African Dawn Capital Limited except the companies indicated above are owned by:

- * Elite Group Proprietary Limited
- ** Bhenka Financial Services Proprietary Limited
- *** African Dawn Property Transfer Finance 2 Proprietary Limited.

The carrying amounts of the subsidiaries are shown net of impairment losses.
The carrying amounts of investments are reassessed for impairment at year end and were found to be in line with the value of the underlying companies.

The indicated holding percentage is based only on the shareholding between the holding company and the subsidiary.

All the subsidiaries have a year end that coincides with African Dawn Capital Limited except Elite Group Cell No. 00181 Proprietary Limited which has a March year end.

6. Investments in subsidiaries continued

Subsidiary for which control was lost

Current Year

The group lost control of subsidiary Dumont Healthcare Proprietary Limited on 29 February 2012 as the company was sold. Refer to note 44 for details on the discontinued operation.

Elite Group Two Proprietary Limited was a dormant subsidiary of Elite Group Proprietary Limited and was sold to Sandown for R100 effective August 2011.

Prior Year

The group lost control of subsidiary Elite Rustenburg Mines Proprietary Limited on 1 September 2010 as the company was sold.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
7. Loans to (from) group companies				
Holding company				
Nexus Personnel Finance Proprietary Limited	**-**	-	**18,550**	(4,318)
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
African Dawn Social Education Proprietary Limited	**-**	-	**(76)**	(77)
The loan is unsecured, interest free and has no fixed terms of repayment.				
Bhenka Financial Services Proprietary Limited	**-**	-	**(6,893)**	(7,290)
The loan is unsecured, interest free and has no fixed terms of repayment.				
African Dawn Property Transfer Finance 2 Proprietary Limited	**-**	-	**51,836**	52,253
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
African Dawn Property Transfer Finance 1 Proprietary Limited	**-**	-	**8,420**	10,435
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
African Dawn Wheels Proprietary Limited	**-**	-	**389**	831
The loan is unsecured, interest free and has no fixed terms of repayment.				
African Dawn Kwazulu Natal Proprietary Limited	**-**	-	**3,160**	3,557
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
African Dawn Property Transfer Finance 4 Proprietary Limited	**-**	-	**9,772**	9,772
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
Candlestick Park Investments Proprietary Limited	**-**	-	**81**	(880)
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
Elite Group Proprietary Limited	**-**	-	**12,547**	12,596
The loan is unsecured, interest free and has no fixed terms of repayment.				
Dumont Healthcare Proprietary Limited	**-**	-	**-**	13,562
The loan is unsecured, interest free and has no fixed terms of repayment.				
Elatiflash Proprietary Limited	**-**	-	**2**	-
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
Albistar Investments Proprietary Limited	**-**	-	**2**	-
*The loan is unsecured, interest free and has no fixed terms of repayment. **				
	-	-	**97,790**	90,441
Impairment of loans to holding companies	**-**	-	**(54,303)**	(40,602)
	-	-	**43,487**	49,839

* The loans have been subordinated to the extent that the subsidiaries' liabilities exceeds its assets in favour of other creditors of the subsidiaries for as long as the subsidiaries' liabilities exceeds its assets.

Current assets	**-**	-	**50,456**	62,404
Current liabilities	**-**	-	**(6,969)**	(12,565)
	-	-	**43,487**	49,839

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

7. Loans to (from) group companies continued

Loans to group companies impaired

As of 29 February 2012, loans to group companies of R 104,758,085 (2011: R 103,006,000) were assessed for impairment and impaired.

The amount of the impairment was R 54,303,350 as of 29 February 2012 (2011: R 40,601,738).

The creation and release of allowances for impaired loans have been included in operating expenses.
All group company loans are unsecured with no fixed terms of repayment. The loan balances have been assessed for recoverability and impairment allowances were made accordingly. The impairment allowances were raised to the extent that the loan value exceeded the net asset value of the underlying company. The R 50,4 million indicates the fair value of the intercompany loans.

The maximum exposure to credit risk as at the reporting date is the fair value of each class of loan mentioned above. Intercompany loans receivable are classified as loans and receivables. Intercompany loans payable are classified as liabilities at amortised cost. As inter-group loans have no fixed repayment terms, each loan to group companies is tested for impairment at each reporting period and impaired if necessary.

8. Other financial assets

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Receivables				
Elite Rustenburg Purchaser	**969**	1,012	**-**	-
Non-current assets				
Loans and receivables	**669**	712	**-**	-
Current assets				
Receivables	**300**	300	**-**	-
	969	1,012	**-**	-

The subsidiary "Elite Rustenburg Mines Proprietary Limited" was sold in 2011 financial year for a total of R1 223 000 repayable at R25 000 per month. The outstanding balance is recoverable by way of a renegotiated settlement agreement, stipulating renegotiated repayment terms with additional security for Afdawn. The amount does not attract interest. Receivables are subsequently measured at amortised cost. The effective market rate of prime was used. The balance was evaluated for impairment and the security held has sufficient value to cover the outstanding balance.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
9. Properties in possession				
Almika Properties 81 Proprietary Limited, Brakpan, Gauteng	**7,029**	7,029	**-**	-
Greenoaks - Centurion, Gauteng	**44,372**	44,372	**-**	-
Greenoaks - Praesidium share of property	**(15,926)**	(15,535)	**-**	-
Castle Gardens - Tswane, Gauteng	**-**	490	**-**	-
Castle Gardens - Praesidium bond over property	**-**	(490)	**-**	-
Erf 1593 - 1599 Volksrust, Mpumalanga	**709**	-	**-**	-
	36,184	35,866	**-**	-
Impairment Allowance	**(10,522)**	(10,522)	**-**	-
Carry Value	**25,662**	25,344	**-**	-

- The Almika Properties 81, Brakpan property has been put on the market for sale and prospective buyers have been identified by management.
- The Greenoaks Centurion property has continued to operate as a residential housing complex within a subsidiary pending the outcome of legal proceedings. On a monthly basis the credit committee reviews the facts surrounding this property in order to decide the next steps.
- The Castle Gardens, Tswane property was sold during the year and the bond with Praesidium settled.
- Erf 1593-1599 Volksrust consist of adjacent properties that were security against a loan in the Bridging Finance division. The properties were perfected in the latter part of the year and management are actively looking for buyers for the property.
- Property in possession that was sold at a profit of R 68,254 during the year and has been recognised in profit and loss as indicated in note 25.

The asset class allows for realisation through sale.

10. Trade and other receivables

Trade receivables	**244,043**	283,255	**-**	-
Impairment allowance	**(177,179)**	(200,665)	**-**	-
VAT	**263**	260	**-**	-
Other receivables	**2,596**	631	**1,909**	1,959
	69,723	83,481	**1,909**	1,959

Refer to notes 39 and 41 for a detailed analysis of the trade debtors.

Trade and other receivables are held as loans and receivables net of impairments.

Trade receivable to the value of R 8,9 million (2011: R 46,1 million) have been ceded as security on borrowings as indicated in note 16.

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	249	612	2	2
Bank balances	**15,202**	7,543	**5,220**	442
Bank overdraft	**-**	(277)	**-**	-
	15,451	7,878	**5,222**	444
Current assets	**15,451**	8,155	**5,222**	444
Current liabilities	**-**	(277)	**-**	-
	15,451	7,878	**5,222**	444

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

11. Cash and cash equivalents continued

Cash and cash equivalents are classified as loans and receivables. Bank overdraft is classified as financial liabilities at amortised cost. The overdraft was settled using funds from the rights issue. The overdraft was attributable to Dumont which was sold in the period. Refer to note 36 for disclosure on the discontinued operation.

12. Non-current assets held for sale

During the current financial year, the property held as security over a debtor's balance was perfected and sold.

Assets and liabilities

Non-current assets held for sale				
Property, plant and equipment	**-**	1,200	**-**	-

The property held for sale consists of a residential premises at Erf 868, Nina Park Ext 27, Tshwane, Gauteng. The property was sold during the current financial year for R 1,012,000 after costs and a net loss of R 188,300 was realised.

13. Share capital

Authorised				
5,000,000,000 Ordinary shares of 1c each	**5,000,000**	5,000	**5,000,000**	5,000

A Special Resolution was passed on 14 January 2011 at a general meeting that increased the authorised number of shares from 5 000 000 to 5 000 000 000 (increase of 4 500 000 000 shares). The additional authorised shares were registered at CIPC effective 17 June 2011, increasing the authorised share capital to 5 000 000 000. The total shares in issue as at 29 February 2012 amounted to 508 184 155.

At the general meeting held on the 14 January 2011 a resolution was passed authorising the board of directors to issue share capital in terms of the Companies Act and JSE Listing Requirements. On 14 June 2011 the board announced the decision to raise capital through a partially underwritten rights issue. The rights issue was successfully concluded and the results were announced on 31 October 2011. This resulted in 285 257 919 new shares being issued. The total shares in issue as at 29 February 2012 are 508 184 155.

Reconciliation of value of shares issued:				
Reported as at 01 March 2011	**256,107**	256,107	**256,107**	256,107
Shares issued in terms of rights offer	**25,000**	-	**25,000**	-
Shares for cash	**3,527**	-	**3,527**	-
	284,634	256,107	**284,634**	256,107

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

13. Share capital continued

Value of issued shares				
Ordinary	**5,074**	2,221	**5,074**	2,221
Share premium	**292,392**	266,718	**292,392**	266,718
Treasury shares	**(12,832)**	(12,832)	**(12,832)**	(12,832)
	284,634	256,107	**284,634**	256,107

As part of the capital raising completed on the 31 October 2011, 2 convertible bonds were issued which are convertible into ordinary share capital at the option of the issuer's for the next 3 years. Further details on the convertible bonds are disclosed in note 14.

The transaction costs that are directly attributable to the raising of equity was R 937,473 after capitalising costs of R 470,893 on initial recognition of the convertible bonds. An additional cost of R 373,500 paid in Afdawn shares was paid to the underwriters in terms of their underwriters agreement.

14. Convertible bond terms

During the period two separate convertible bonds were issued. The holders of the instruments, have the ability to redeem the amount owing in cash or convert the amount owing into equity shares. This discretion gives rise to the existence of a contractual obligation of one party to deliver cash or another financial asset to another party, or to exchange financial assets or liabilities under conditions that are potentially unfavourable.
The terms of the bonds are similar, being convertible over over 36 months from issue (3 November 2011), conversion price set at 14 cents for capital plus any arrears interest at JIBAR + 600 points.

- The convertible bond agreement to Sandown was for a subscription of R 10,000,000 which was settled. Afdawn negotiated with Sandown to repay the unutilised portion of the convertible bond under an acknowledgment of debt agreement. The agreement significantly reduces the negative interest carry to Afdawn.
- The PCI convertible bond loan was paid in terms of the agreement to the amount of R 1,700,000 and the interest has been raised and repaid quarterly in terms of the agreement.

	Sandown convertible bond	PCI convertible bond
Original advance in terms of agreement	**10,000**	1,700
Repaid portion acknowledged	**(8,000)**	(52)
Additional loan	**2,500**	-
Cost of loan capitalised	**(402)**	(68)
Interest raised	**175**	73
	4,273	1,653

15. Insurance reserve

Elite Group Proprietary Limited provides short term insurance policies through a Guardrisk cell captive. In terms of the Short-term Insurance Act of 1998 the group's insurance partner is required to recognise a contingency reserve as a set % of premiums written, less approved reinsurance. In case of catastrophe, the reserve can be distributed only with the prior permission of the Registrar of Short term Insurance.

	Group 2012	Group 2011	Company 2012	Company 2011
Opening Balance	**105**	-	**-**	-
Transfer to/(from) reserve	**(8)**	105	**-**	-
	97	105	**-**	-

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
16. Borrowings				
Held at amortised cost				
National Housing Finance Corporation The loan has been renegotiated in the current year. In terms of the new agreement the loan is interest free and is repayable in October 2013. The loan is secured by a cession on Nexus Personnel Finance Proprietary Limited debtors.	**5,000**	35,075	**-**	-
Rural Housing Finance Corporation The loan is repayable between 3 and 5 years and interest is levied at prime. The loan is secured by a cession over the associated debtors. African Dawn Capital Limited has provided a guarantee over the loan facility.	**3,943**	11,442	**-**	-
Convertible Bond - Liability portion of compound instrument - Sandown Capital Proprietary Limited The conversion period is 36 months, conversion price R 0.14, Interest levied at JIBAR on 3 month discount + 600 basis points. Refer to note 14 for further details.	**4,273**	-	**-**	-
Convertible Bond - Liability portion of compound instrument - PCI Fintrade Proprietary Limited The conversion period is 36 months, conversion price R 0.14, Interest levied at JIBAR on 3 month discount + 600 basis points. Refer to note 14 for further details.	**1,653**	-	**1,653**	-
Nedbank Mortgage bond The loan is secured on fixed property. Interest is levied at prime - 0.5% and the loan is repayable in installments of R168 450 per month. The bond arose as part of a property in possession transaction refer to note 9, Greenoaks	**12,205**	13,145	**-**	-
	27,074	59,662	**1,653**	-
Non-current liabilities				
At amortised cost	**21,590**	11,124	**1,653**	-
Current liabilities				
At amortised cost	**5,484**	48,538	**-**	-
	27,074	59,662	**1,653**	-

Sensitivity analysis

The analysis shows the effect that a change in the repo rate would have had on profits for the year if rates increased by 1% or decreased by 1%.

	Balance	Profit effect at Repo +1%	Profit effect at Repo - 1%
	R	R	R
Interest bearing borrowings	22 072 244	182 165	(182 165)

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
17. Finance lease obligation				
Minimum lease payments due				
- within one year	**39**	141	**-**	-
- in second to fifth year inclusive	**19**	56	**-**	-
	58	197	**-**	-
less: future finance charges	**(5)**	(19)	**-**	-
Present value of minimum lease payments	**53**	178	**-**	-
Non-current liabilities	**18**	51	**-**	-
Current liabilities	**35**	127	**-**	-
	53	178	**-**	-

It is group policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 1-5 years and the average effective borrowing rate was 10% (2011: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.

18. Provisions

Reconciliation of provisions - Group - 2012

	Opening balance	Reversed during the year	Total
Onerous contract	12,484	(12,484)	-

Reconciliation of provisions - Group - 2011

	Opening balance	Reversed during the year	Total
Onerous contract	16,000	(3,516)	12,484

Reconciliation of provisions - Company - 2012

	Opening balance	Reversed during the year	Total
Onerous contract	12,484	(12,484)	-

Reconciliation of provisions - Company - 2011

	Opening balance	Reversed during the year	Total
Onerous contract	16,000	(3,516)	12,484

The provision represents management's best estimate of the group's liability under a management contract, based on estimates of possible losses incurred on the contract. During the current financial year the onerous contract prescribed, the remaining balance on the onerous contract was thus reversed. The provision was assessed on an item by item basis with a winding down escalation taken into account.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
19. Current tax (payable) receivable				
Current tax (payable)	**(20,064)**	(18,045)	**(6,728)**	(4,191)
Current tax receivable	**9,713**	6,961	**-**	-
	(10,351)	(11,084)	**(6,728)**	(4,191)

The agreed upon submissions and timetable with SARS have been complied with, and outstanding submission issues are currently being assessed by SARS in order to facilitate a final settlement with SARS.
Where assessments have been completed successfully in the group the correct asset or liability has been raised. Where assessments are still being finalised a conservative estimate of the correct assessment has been provided.

20. Trade and other payables

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Trade payables	**1,500**	1,842	**807**	1,021
VAT	**5,287**	5,896	**4,036**	4,606
Accrued leave pay	**896**	1,133	**22**	25
Accrued expense	**1,812**	2,629	**358**	883
Deposits received	**241**	216	**-**	-
	9,736	11,716	**5,223**	6,535

Trade and other payables are classified as liabilities and are measured at amortised cost.

21. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2012	Loans and receivables	Total
Other financial assets	**969**	969
Trade and other receivables	**69,723**	69,723
Cash and cash equivalents	**15,451**	15,451
	86,143	86,143

Group - 2011	Loans and receivables	Total
Other financial assets	**1,012**	1,012
Trade and other receivables	**83,481**	83,481
Cash and cash equivalents	**8,155**	8,155
	92,648	92,648

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

22. Financial liabilities by category

Company - 2012	Loans and receivables	Total
Loans to group companies	**50,456**	50,456
Investment in subsidiaries	**8,601**	8,601
Trade and other receivables	**1,909**	1,909
Cash and cash equivalents	**5,222**	5,222
	66,188	66,188

Company - 2011	Loans and receivable	Total
Loans to group companies	**62,404**	62,404
Investment in subsidiaries	**8,601**	8,601
Trade and other receivables	**1,959**	1,959
Cash and cash equivalents	**444**	444
	73,408	73,408

In the current period there were no group assets held at fair value, either designated upon initial recognition or held for trading.

22. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2012	Financial liabilities at amortised cost	Total
Non current borrowings	**21,608**	21,608
Current borrowings	**5,519**	5,519
Trade and other payables	**9,736**	9,736
	36,863	36,863

Group - 2011	Financial liabilities at amortised cost	Total
Non current borrowings	**11,175**	11,175
Current borrowings	**48,665**	48,665
Trade and other payables	**11,716**	11,716
Bank overdraft	**277**	277
	71,833	71,833

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

22. Financial liabilities by category continued

Company - 2012	Financial liabilities at amortised cost	Total
Loans from group companies	**6,969**	6,969
Non current borrowings	**1,653**	1,653
Trade and other payables	**5,223**	5,223
	13,845	13,845

Company - 2011	Financial liabilities at amortised cost	Total
Loans from group companies	**12,565**	12,565
Trade and other payables	**6,535**	6,535
	19,100	19,100

23. Revenue

	Group 2012	Group 2011	Company 2012	Company 2011
Rendering of services / premium income	**1,748**	3,346	**842**	600
Rental Income	**4,259**	3,821	**-**	-
Interest received (trading)	**25,465**	35,390	**-**	351
	31,472	42,557	**842**	951

For more detail refer to the segmental report note 41.

24. Cost of sales

Rendering of services	Group 2012	Group 2011	Company 2012	Company 2011
Cost of services	**407**	454	**-**	-

25. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

Operating lease charges	Group 2012	Group 2011	Company 2012	Company 2011
Premises				
• Contractual amounts	**3,524**	4,067	**252**	263
Equipment				
• Contractual amounts	**699**	710	**90**	122
	4,223	4,777	**342**	385

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
25. Operating profit (loss) continued				
Profit on sale of property, plant and equipment	**2**	459	**2**	-
Profit on sale of businesses	**-**	806	**359**	-
Loss on sale of non-current asset held for sale	**(188)**	-	**-**	-
Profit on sale of property in possession	**68**	-	**-**	-
Reversal impairment on trade and other receivables	**(9,250)**	(25,917)	**-**	-
Bad debts written off	**9,593**	-	**-**	-
Legal fees	**3,627**	3,737	**-**	-
Impairment and write off on property, plant and equipment	**250**	-	**55**	-
Depreciation on property, plant and equipment	**535**	863	**195**	327
Employee costs	**19,524**	19,953	**5,348**	4,693

There were no impairments to property in possession recognised during the year.

26. Investment revenue

Interest revenue				
Bank	**309**	256	**98**	9

27. Impairment allowance

Property in possession	**-**	(10,522)	**-**	-

Refer to note 9 for further details.

28. Finance costs

Non-current borrowings	**3,099**	6,853	**73**	-
Finance leases	**8**	63	**-**	-
Bank	**1**	186	**-**	-
Late payment of tax	**-**	6	**-**	-
Other interest paid	**43**	40	**-**	-
	3,151	7,148	**73**	-

Capitalisation rate used during the period was 10% per annum being the weighted average cost of funds borrowed generally by the group. The other interest relates to a net loss on other financial assets held as loans and receivables, the loss is the discounting of the Elite Rustenburg Shareholders loan at the prime interest rate.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
29. Taxation				
Major components of the tax expense				
Current				
Local income tax - current period	**-**	599	**-**	-
Local income tax - recognised in current tax for prior periods	**478**	793	**2,536**	-
	478	1,392	**2,536**	-
Deferred				
Originating and reversing temporary differences	**-**	(576)	**-**	-
	478	816	**2,536**	-

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	Group 2012	Group 2011	Company 2012	Company 2011
Accounting profit/(loss)	**10,883**	6,413	**(18,259)**	(9,868)
Tax at the applicable tax rate of 28% (2011: 28%)	**-**	1,796	**-**	-
Tax effect of adjustments on taxable income				
Tax losses carried forward	**-**	(428)	**-**	-
Under provision for income tax in prior years	**478**	-	**2,536**	-
	478	1,368	**2,536**	-

No tax loss is being recognised at year end as final assessments have not been completed however accounting estimates of probable tax loss available to the group is R 164,314,270 (2011:R 159,026,720) on which deferred tax assets were not recognised.

30. Auditors' remuneration

	Group 2012	Group 2011	Company 2012	Company 2011
Fees	**337**	568	**184**	589
Adjustment for previous year	**534**	701	**250**	-
	871	1,269	**434**	589

31. Operating lease

Subsequent to year end and due to the restructuring within the group all the companies in the group reallocated to new premises where directors entered into a new 3 year lease.

For the period and future periods there are no contingent rents or sublease agreements.

All the leases relate to premises in Gauteng and Kwazulu Natal including Micro Finance front offices.

Future minimum operating lease payments are as follows:

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
31. Operating lease continued				
The group's future minimum operating lease payments are as follows:				
- Within one year	**1,782**	2,134	**-**	-
- Second to fifth year	**1,595**	162	**-**	-
	3,377	2,296	**-**	-

32. Other comprehensive income

Components of other comprehensive income - Group - 2012

No transactions that would be classified in other comprehensive income took place during the year.

Components of other comprehensive income - Group - 2011

	Gross	Tax	Net
Movements on revaluation			
Deferred tax on held for sale asset realised	-	**(452)**	**(452)**

33. Earnings per share

Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company, obtained from the profit and loss component of the statement of comprehensive income, by the weighted average number of ordinary shares in issue during the year.

	Group 2012	Group 2011	Company 2012	Company 2011
Basic earnings per share				
From continuing operations (c per share)	**3.12**	2.20	**-**	-
From discontinued operations (c per share)	**0.11**	(0.78)	**-**	-
	3.23	1.42	**-**	-

Basic earnings per share was based on earnings (loss) of R 10,762,902 (2011: R 3,625,809) and a weighted average number of ordinary shares of 332,838,235 (2011: 253,898,449).

	Group 2012	Group 2011	Company 2012	Company 2011
Reconciliation of profit for the year to basic earnings				
Profit from continuing operations	**10,405**	5,597	**-**	-
Profits/(loss) from discontinued operations	**358**	(1,971)	**-**	-
Total basic earnings	**10,763**	3,626	**-**	-

Reconciliation of shares in issue to weighted average number of shares	**2012**	2011
Shares	**222,926,236**	222,926,236
Adjusted for theoretical ex-rights value per share	**-**	30,972,213
Weighted issued shares through rights issue & theoretical ex rights value per share	**109,911,999**	-
	332,838,235	253,898,449

The rights offer closed on 28 October 2011 at which time the Afdawn shares traded at 13c translating into a discount of 23% over the rights issue price of 10c.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

33. Earnings per share continued

Diluted earnings per share

Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares in issue for the effects of all dilutive potential ordinary shares.

Dilution is a reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued upon the satisfaction of specified conditions.

Details on the terms and conditions on convertible bonds that could be converted in ordinary share are set out in note 14.

Diluted earnings per share				
From continuing operations (c per share)	**2.79**	2.20	**-**	-

Diluted earnings per share was based on earnings of R 10,538,761 (2011: R 5,597,503) and a weighted average number of ordinary shares of 378,408,853 (2011: 253,898,449).

Reconciliation of basic earnings to earnings used to determine diluted earnings per share				
Basic earnings for continued operations	**10,405**	5,597	**-**	-
Adjusted for:				
Interest on convertible debentures	**186**	-	**-**	-
Tax relating to interest on convertible bond	**(52)**	-	**-**	-
	10,539	5,597	**-**	-

Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share				
Weighted average number of ordinary shares used for basic earnings per share	**222,926,236**	222,926,236	**-**	-
Adjusted for:				
Rights Issue (effect of theoretical ex-rights value per share)	**-**	30,972,213	**-**	-
Weighted issued shares through rights issue & theoretical ex rights value per share	**109,911,999**	-	**-**	-
Dilutionary effect of convertible bonds	**45,570,618**	-	**-**	-
	378,408,853	253,898,449	**-**	-

There are no other instruments that are dilutive or anti dilutive for the period. There were no transactions subsequent to year end that would have a significant effect on the number of ordinary or potential ordinary shares.

33. Earnings per share continued

Headline earnings and diluted headline earnings per share

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Headline earnings per share (c)	**3.06**	0.90	**-**	-
Diluted headline earnings per share (c)	**2.72**	0.90	**-**	-
Reconciliation between earnings and headline earnings				
Basic earnings	**10,763**	3,626	**-**	-
Adjusted for:				
Profit on sale of subsidiary	**(1,021)**	(806)	**-**	-
Impairment of property, plant and equipment	**249**	-	**-**	-
Profit on sale of property, plant and equipment	**2**	(515)	**-**	-
Loss on sale of non-current assets held for sale	**188**	-	**-**	-
	10,181	2,305	**-**	-
Reconciliation between headline earnings and diluted headline earnings				
Diluted earnings from continued and discontinued operations	**10,897**	3,626	**-**	-
Adjusted for:				
Profit on sale of subsidiary	**(1,021)**	(806)	**-**	-
Impairment and write off of property, plant and equipment	**249**	-	**-**	-
Profit on sale of property, plant and equipment	**2**	(515)	**-**	-
Loss on sale of non-current assets held for sale	**188**	-	**-**	-
	10,315	2,305	**-**	-

The net assets value per share at 29 February 2012 is 12,9c (2011: 11,7c).
Tangible net asset value per share at 29 February 2012 is 12,9c (2011: 11,7c).

Dilutionary effect of a fully subscribed R10 million convertible bond

Should the acknowledgement of debt be fully repaid and the dilutionary effect of the full R10 million convertible bond get applied to the diluted earnings per share, the diluted earnings per share would be 2,51c based on an illustrative earnings of R10,5 million and an illustrative weighted average number of shares of 419,287,128.

Reconciliation of basic earnings to illustrative earnings	**2012**
Basic earnings for continued operations	**10,405**
Adjusted for:	**-**
Adjustment for illustrative interest paid	**(180)**
Interest on convertible bond	**439**
Tax relating to interest on convertible bond	**(123)**
	10,541

Reconciliation of weighted average number of shares used for diluted earnings per share to illustrative shares	**2012**
Weighted average number of ordinary shares used for basic earnings per share	**332,838,235**
Adjusted for dilutionary effect of convertible bonds	**86,448,893**
	419,287,128

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000
34. Cash generated from (used in) operations				
Profit (loss) before taxation	**10,883**	6,413	**(18,259)**	(9,868)
Adjustments for:				
Depreciation and amortisation	**535**	863	**195**	327
(Profit) on sale of property, plant and equipment	**(2)**	(459)	**(2)**	-
Rights issue underwriters cost shares to profit and loss	**375**	-	**375**	-
Interest received	**(309)**	(256)	**(98)**	(9)
Finance costs	**3,151**	7,148	**73**	-
Fair value adjustments	**-**	10,522	**-**	-
Impairment loss and write off	**250**	-	**55**	-
Movements in provisions	**(12,484)**	(3,516)	**(12,484)**	(3,516)
Profit on sale of subsidiary	**(358)**	(806)	**-**	-
Changes in working capital:				
Properties in possession	**(318)**	(18,347)	**-**	-
Trade and other receivables	**13,758**	12,007	**50**	253
Trade and other payables	**(1,980)**	(1,016)	**(1,312)**	(1,142)
	13,501	12,553	**(31,407)**	(13,955)
35. Tax (paid) refunded				
Balance at beginning of the year	**(11,084)**	(11,034)	**(4,191)**	(4,191)
Current tax for the year recognised in profit or loss	**(478)**	(1,392)	**(2,537)**	-
Balance at end of the year	**10,351**	11,084	**6,728**	4,191
	(1,211)	(1,342)	**-**	-
36. Sale of businesses				
Carrying value of assets sold				
Property, plant and equipment	**(695)**	-	**-**	-
Trade and other receivables	**(1,348)**	1,120	**-**	-
Trade and other payables	**484**	(11)	**-**	-
Cash	**(143)**	-	**-**	-
Outside shareholders	**-**	(1,526)	**-**	-
Total net assets sold	**(1,702)**	(417)	**-**	-
Net assets sold	**(1,702)**	(417)	**-**	-
Profit on disposal (Refer to note 44)	**(358)**	(806)	**-**	-
	(2,060)	(1,223)	**-**	-
Consideration received				
Cash	**1,900**	-	**-**	-
Elite Rustenburg Shareholders Agreement	**-**	1,223	**-**	-
Cash effect of sale	**160**	-	**-**	-
	2,060	1,223	**-**	-
Net cash inflow/(outflow) on disposal				
Cash consideration received	**1,900**	-	**-**	-
Cash sold	**(143)**	-	**-**	-
	1,757	-	**-**	-

Audited notes to the Financial Statements

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

37. Related parties

Relationships

Significant Shareholder	Sandown Capital Proprietary Limited
Significant Shareholder	PCI Fintrade Proprietary Limited
Member of key management	C Van den Berg
Member of key management - Prescribed officer	Dr. GE Stoop
Member of key management - Prescribed officer	PJ Bezuidenhout
Company controlled by key management	Gambassi Tiles Proprietary Limited
Managed company	African Dawn Property Transfer Finance 3 Proprietary Limited
Managed company	Elite Group Two Proprietary Limited
Subsidiaries	Please refer to note 6 for a list of subsidiaries.

Related party balances

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Loan accounts - Owing (to) by related parties				
Gambassi Tiles Proprietary Limited	**(1,000)**	-	**-**	-
African Dawn Property Transfer Finance 2 Proprietary Limited	**1,000**	-	**-**	-
Loan accounts - Owing (to) by related parties				
PCI Fintrade Proprietary Limited	**1,716**	-	**-**	-
African Dawn Capital Limited	**(1,716)**	-	**-**	-
Loan accounts - Owing (to) by related parties				
Sandown Capital Proprietary Limited	**4,710**	-	**-**	-
Elite Group Proprietary Limited	**(4,710)**	-	**-**	-
Loan accounts - Owing (to) by related parties				
Elite Group Proprietary Limited	**(106)**	-	**-**	-
Elite Group Two Proprietary Limited	**106**	-	**-**	-

Subsidiary balances are disclosed in note 7.

There are no other related party balances outstanding.

Related party transactions

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Interest paid to (received from) related parties				
African Dawn Capital Limited	**-**	(34)	**-**	-
African Dawn Wheels Proprietary Limited	**-**	34	**-**	-
African Dawn Wheels Operations Proprietary Limited	**-**	(158)	**-**	-
African Dawn Wheels Proprietary Limited	**-**	158	**-**	-

37. Related parties continued

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Rent paid to (received from) related parties				
Candlestick Park Investments Proprietary Limited	-	421	-	-
African Dawn Capital Limited	-	(224)	-	-
African Dawn Property Transfer Finance 2 Proprietary Limited	-	(168)	-	-
African Dawn Property Transfer Finance 1 Proprietary Limited	-	(29)	-	-
Administration fees paid to (received from) related parties				
Candlestick Park Investments Proprietary Limited	600	600	-	-
African Dawn Capital Limited	(600)	(600)	-	-
Commissions paid to (received from) related parties				
Elite Group Proprietary Limited	(878)	(44)	-	-
African Dawn Wheels Proprietary Limited	118	44	-	-
Nexus Personnel Finance Proprietary Limited	760	-	-	-
Administration fees paid to (received from) related parties				
African Dawn Wheels Proprietary Limited	360	-	-	-
African Dawn Capital Limited	(360)	-	-	-
Key Management				
C Van den Berg ***	960	-	-	-
PJ Bezuidenhout ***	1,608	1,608	-	-
Dr. GE Stoop ***	1,396	1,388	-	-

*** The top three remunerated personnel other than directors.

38. Directors' emoluments

Executive

2012

	Emoluments R'000	Total R'000
TF Kruger	1,701	1,701
PC Gordon	1,668	1,668
	3,369	3,369

2011

	Emoluments R'000	Total R'000
TF Kruger	992	992
PC Gordon	1,167	1,167
	2,159	2,159

Non-executive

2012

	Directors' fees R'000	Total R'000
L Taylor	240	240
CF Wiese	240	240
HH Hickey *	245	245
WJ Groenewald	69	69
	794	794

2011

	Directors' fees R'000	Total R'000
L Taylor	147	147
CF Wiese	300	300
RR Emslie	203	203
AJ Potgieter	100	100
MM Patel	220	220
SW De Bruyn	280	280
	1,250	1,250

No further incentives or rewards have been paid or become payable to directors other than those disclosed above.

Directors emoluments prior year

* HH Hickey joined the board during February 2011 and was paid the additional pro rata directors' emoluments for February during March of 2011.

39. Risk management

Risk management

The risks that the group faces are centrally managed at head office, in close co-operation with the board of directors, who are ultimately responsible for the management of risk. The board has established a risk committee, which is responsible in aiding the board to identify risk, analyse the identified risks, set appropriate risk limits, identify and implement controls to mitigate the risks to acceptable limits. Risk management is further aided by recording risks on a risk register and nominations of sub committees to manage specific risks, such as monthly credit committee to aid in management of credit risk.

Significant risks that the group is exposed to:

- Liquidity risk (a financial risk)
- Interest rate risk (a financial risk)
- Credit risk (a financial risk)
- Market risk
- Capital adequacy risk

Liquidity risk (Financial risk)

Liquidity risk is the risk that the group might be unable to meet its repayment obligations arising from its liabilities and operational payables. The group conservatively manages its liquidity needs by monitoring known scheduled debt repayments, expected receipts per settlement agreements, forecasted capital advances as well as forecast cash inflows and outflows due in day-to-day business. The management of liquidity enables the group to maintain sufficient cash reserves and funding from committed facilities. Liquidity needs are monitored in various time frames, short term (based on a day-to-day and week-to-week basis) on a rolling 12 months projection and long term (needs for a semi annual and annual lookout period) on a forecasted model. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available cash is expected to be sufficient over the outlook period. The group's objective for the period was to be cash conscious and conservative, to repay outstanding debt per settlement agreements and use excess cash for growth.

The group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The group's existing cash resources and trade receivables significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables included collections per agreed settlement agreements relating to debt being collected and contractual amounts due within six months from short term unsecured finance.

The group liquidity limits require the holding of cash and available reserves, the statement of financial position has a surplus cash balance at 29 February 2012, largely due to the remaining cash from the capital raised through the rights issue and convertible bonds.

The table below analyses the group's liabilities into relevant maturity buckets based on the remaining contractual period at reporting date. The payment of tax liability is still based on indicators and no formal committed repayment due to settlement agreement awaiting final assessment from SARS. The analysis is based on the earliest date on which the group can be required to pay and is not necessarily the date at which the group is expected to pay. The analysis of cash flows will not agree directly with the balances on the balance sheet and therefore the analysis of the discounts have been provided for each maturity period.

39. Risk management continued

The maximum liquidity risk is calculated below assuming that the convertible bonds are settled for cash.

	Current within 6 moths	Current within 6 to 12 months	Non-current 2 to 5 years	After 5 years
Borrowings	2,739	2,391	19,846	2,098
Lease commitments	17	18	18	-
Trade and other payables	3,361	6,375	-	-
Tax	5,175	5,176	-	-
	11,292	13,960	19,864	2,098

Interest rate risk (Financial risk)

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument (financial asset or financial liability) will fluctuate because of changes in market interest rates. The group manages the risk by minimising the effect of long term borrowings linked to prime by keeping the rate at a lower rate to the interest that is charged to debtors. At 29 February 2012, the group is exposed to changes in market interest rates (prime) through borrowings at variable interest rates linked to prime. The current effect of interest rate risk is assessed as being immaterial, supported by fact that that the group's borrowings and receivables are subject to similar interest rate risks. The table in note16 illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/-1% on liabilities. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. The effect on the assets of an increase or decrease in the prime interest rate by 1% is calculated as profit R 664,812 or loss (R 664,812) respectively.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

39. Risk management continued

Credit risk (Financial risk)

Credit risk is the risk that a counterparty fails to repay interest, capital or otherwise to fulfil their contractual obligation under loan agreements or other credit facilities arising from advances made by the group. The group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits, investment in bonds.

The group's core business revolves around providing unsecured credit to emerging and middle market consumers, this in its nature involves assuming higher levels of credit risk. Therefore credit risk is the single biggest financial risk and therefore managed in detail and on a day to day level with formalised monthly credit meetings.

To accept increased credit risk, an appropriate premium is priced into each credit product to ensure that acceptable returns are generated for shareholders. Credit risk premiums are based on expected probability of defaults and estimated recoveries from defaulters.

Credit risk for individuals are mitigated by granting of loans as far as possible to individuals where repayment is received from debit order deductions or payroll deductions. The creditworthiness of all applicants is evaluated in accordance with the National Credit Act and granting of loans is only made to individuals that pass the creditworthiness of NCR and company developed risk and repayment criteria.

The group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

Financial instrument				
Other financial assets	**969**	1,012	**-**	-
Intercompany receivables	**-**	-	**50,456**	62,404
Trade and other receivables	**69,722**	83,481	**1,909**	1,959
Cash and cash equivalents	**15,451**	8,155	**5,222**	444
Total	**86,142**	92,648	**57,587**	64,807

The group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The group's policy is to deal only with creditworthy counterparties. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan and receivable mentioned.

Some of the unimpaired trade receivables are past due as at the reporting date. Information on financial assets past due but not impaired are as follows:

1 month past due	**1,293**	3,688	**-**	-
2 months past due	**905**	1,621	**-**	-
3 months past due	**728**	4,318	**-**	-
4 months past due	**27,982**	11,143	**-**	-
	30,908	20,770	**-**	-

The difference between the total above and total carrying amount of receivables is the current portion that is not past due and not impaired.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

39. Risk management continued

The policies established by the credit committee acknowledge the quality of the current receivables is collectable and thus has a minimal provision.

The group holds security in the Bridging Finance segment of R 30,47 million. The security values are used as part of the provisioning policy.

The credit risk for cash and cash equivalents, money market funds, debentures and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit quality of trade and other receivables (Past due and current)

	Group 2012 R '000	Group 2011 R '000	Company 2012 R '000	Company 2011 R '000
Past due and current gross debtors value				
New customers (less than 6 months)	**3,841**	2,255	**-**	-
Customers more than 6 months with no defaults	**3,514**	13,295	**-**	-
Customers more than 6 months with some defaults but recovered	**19,502**	14,107	**-**	-
Customers more than 6 months with some defaults not yet recovered	**217,186**	252,053	**-**	-
Other	**2,859**	2,436	**-**	-
	246,902	284,146	**-**	-
Impairments of receivables				
Opening balance	**200,665**	226,582	**-**	-
Provision for impairment	**11,033**	3,914	**-**	-
Amount written off as uncollectable	**(1,900)**	-	**-**	-
Unused provision reversed	**(26,539)**	(29,831)	**-**	-
Discontinued operations	**(6,080)**	-	**-**	-
	177,179	200,665	**-**	-
Breakdown of impairments				
Individual impairments	**6,161**	-	**-**	-
Collective impairments	**4,874**	-	**-**	-
Individual impairments reversed	**(14,363)**	-	**-**	-
Collective impairments reversed	**(12,178)**	-	**-**	-
Amount provided for written off as uncollectable	**(1,900)**	-	**-**	-
Discontinued operations	**(6,080)**	-	**-**	-
	(23,486)	-	**-**	-
Aged impaired receivables				
1 month past due	**700**	872	**-**	-
2 months past due	**1,023**	1,708	**-**	-
3 - 6 months past due	**3,422**	28,680	**-**	-
Over 6 months past due	**172,034**	169,405	**-**	-
	177,179	200,665	**-**	-

Market price risk

Market price risk is the risk that the value of a financial asset will fluctuate as a result of changes in the market prices or changes in the market interest rates. The group is currently exposed to a market price risk that will determine the ways of settlement of the convertible bonds in future periods. Other market risks are not deemed to be significant.

39. Risk management continued

Capital adequacy risk

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 16 and 17 cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the debt: equity ratio.

The cell captive (Insurance) is subject to capital requirements in line with the Insurance Act. The Statutory Capital Adequacy Requirement is the additional amount required, over and above the actuarial liabilities, to enable the company to meet material deviations in the main parameters affecting the life assuror's business. The company has complied with these requirements during the year.

40. Events after the reporting period

The directors are not aware of any matter or circumstance arising subsequent to the end of the financial year that would require reporting.

41. Segmental Report

2012	Bridging finance R'000	Personal and short term R'000	Other and head office R'000	Total R'000
Revenue - from continued operations	1,629	24,884	4,959	31,472
Other income	82	9,341	13,199	22,622
Interest received	150	-	159	309
Debtors impairments and write off	(7,392)	1,020	6,715	343
Interest paid	-	1,995	1,156	3,151
Impairment of property, plant and equipment	195	-	55	250
Depreciation	6	331	198	535
Discontinued operations	-	-	(663)	(663)
Segmental profit/(loss)	5,311	9,165	(4,071)	10,405
Discontinued operations profit	-	-	358	358
Total profit	5,311	9,165	(3,713)	10,763
Net asset value	(22,837)	(7,082)	95,280	65,361
Gross debtors	108,326	87,054	51,822	247,202
Debtors provision	(86,483)	(42,504)	(48,192)	(177,179)
Net debtors	21,843	44,550	3,630	70,023
Property in possession	709	-	24,953	25,662
Cash and cash equivalents	5,092	3,148	7,211	15,451
3rd Party assets	36,669	49,000	36,619	122,288
Intercompany assets	13,430	-	90,888	104,318
Total assets	50,099	49,000	127,506	226,605
3rd Party liabilities	(306)	(24,975)	(31,646)	(56,927)
Intercompany liabilities	(73,188)	(31,130)	-	(104,318)
Total liabilities	(73,494)	(56,105)	(31,646)	(161,245)

Audited notes to the Financial Statements

41. Segmental Report continued

2011	Bridging finance R'000	Personal and short term R'000	Other and head office R'000	Total R'000
Revenue	**4,702**	**31,702**	**6,153**	**42,557**
Other income	**32**	**3,415**	**4,424**	**7,871**
Interest received	**178**	**1**	**77**	**256**
Interest paid	**79**	**5,536**	**1,533**	**7,148**
Debtors impairments and write offs	**(20,420)**	**(5,456)**	**(41)**	**(25,917)**
Impairment allowance	**-**	**-**	**10,522**	**10,522**
Depreciation	**54**	**481**	**328**	**863**
Minority share of profits	**-**	**(611)**	**-**	**(611)**
Segmental profit/(loss) from continued operations	**4,122**	**448**	**1,027**	**5,597**
Discontinued operations	**-**	**-**	**(1,971)**	**(1,971)**
Total profit	**4,122**	**448**	**(944)**	**3,626**
Net asset value	**(28,148)**	**(16,247)**	**70,474**	**26,079**
Gross debtors	**124,456**	**96,233**	**63,757**	**284,446**
Debtors provision	**(91,257)**	**(51,709)**	**(57,699)**	**(200,665)**
Net debtors	**33,199**	**44,524**	**6,058**	**83,781**
Property in possession	**-**	**-**	**25,344**	**25,344**
Cash and cash equivalents	**2,466**	**3,704**	**1,709**	**7,879**
3rd Party assets	**44,041**	**49,638**	**34,762**	**128,441**
Intercompany assets	**3,971**	**4,318**	**114,416**	**122,705**
Total assets	**48,012**	**53,956**	**149,178**	**251,146**
3rd Party liabilities	**(143)**	**(57,608)**	**(44,611)**	**(102,362)**
Intercompany liabilities	**(76,017)**	**(12,596)**	**(34,092)**	**(122,705)**
Total liabilities	**(76,160)**	**(70,204)**	**(78,702)**	**(225,066)**

The 2011 segment report has been updated for comparative reasons in terms of IFRS 5. Further details of the discontinued operation are in note 44.

41. Segmental Report continued

BRIDGING FINANCE SEGMENT

Current risk management

Credit risk management is overseen by the Credit Committee.

The Credit Committee's composition includes a cross section of management as well as an independent Non-Executive Director:

- Chief Executive Officer
- Managing Director – Personal and short term loans
- Managing Director – Debt management
- Independent Non-Executive Director
- Group Legal Adivsor (Invitee)

The Credit Committee endeavours to meet monthly in order to evaluate the following:

- The Collection books
- New Business - loans
- Provisioning and provision policy
- Credit policy

During the 2011 financial year and due to restructuring, the committee met 3 times in this financial period. For the 2012 financial year, the committee met 10 times.

Credit management approach for debt management - new loans

D	Deal origination
E	Loan application
A	Credit verification
L	Credit assessment and preliminary approval
	Credit committee
C	Approved Loans-
O	• Finalising legal document
N	• Compliance checklist
T	• Pay away
R	• Debtors management
O	• Accounting
L	
R	Ongoing Risk Management -
E	• Maintain relationship
C	• Deal settles
O	• If not,
V	• Loan in default
E	• Penalty interest and move to non-performing
R	• In-house legal process
Y	• Credit committee
	• Legal action
	• Provisioning

41. Segmental Report continued

Impairment principles

All loans' security values are classified using 7 types of impairment principles. Each type of the impairment principles deals with the type of security held, monthly payments history and market valuations.
The security value is established compared to the loan value and the difference is the provision. Any monthly movement is classified as an impairment.
During 2011 interest on all non-performing loans were suspended. All loans are currently in the default collections.
The impairments have been reversed due to the following changes in circumstance:

1. Court case won and client repaid;
2. Market improvement in value of security held;
3. Properties bought in by way of sale in execution; and
4. Client started repaying the loan.

PERSONAL AND SHORT TERM SEGMENT

Debtors book risk management

Elite manages the risk on the debtors book firstly through application evaluation before any loans are granted, secondly through a receipt management process and lastly with an integrated collection process.

Application evaluation

This evaluation process ensures that all loan applications are evaluated, objectively and free of human intervention. A flexible matrix has been designed to cater for different environments. The minimum risk levels acceptable on the matrix are always higher than the requirements of the National Credit Regulator. The current macro-economic environment is creating even more pressure on the granting of credit and it is for this reason that Elite's credit granting is perhaps more conservative than the average micro financier in the market today.

Debtors receipts management process

The debtors receipts status is categorised depending on their payment history and follow up information obtained by consultants. There are 5 categories broken down broadly into 1. Debtors account current 2. Debtors account missed one payment 3. Debtors 60 - 90 days in arrears 4. Debtors 90 to 150 days in arrears 5. Debtors to be transferred to collections.

Collections process

Once a debtor is unable to be recovered through the receipts process it is transferred to the debt collections department which traces the clients, establishes the customer status and, if no new payment arrangement is made, engages in legal action to collect the debt.

41. Segmental Report continued

Impairment allowances

The impairment calculation utilises a debtors age analysis. This analysis is scientifically designed based on debtors aging, supported by more than 18 years' experience in the micro finance environment. The impairment calculation is presented for evaluation and approval by the credit committee on a monthly basis.

Debtors write off

Due to historic poor application controls in the Elite debtors book several years ago combined with the economic downturn R 7,7 million of the 180+ days debtors were deemed to be irrecoverable so Elite management recommended the write-off of the R 7,7 million to the Credit Committee before year end.

This request was approved and the recommended write off of 180+ days debtors with no payments received was passed. The R 7,7 million write-off resulted in a realisation of bad debt allowances that was raised against the same debtors, leaving Elite with a total bad debt allowance of R 2,3 million which constitutes 6% of the gross debtors book.

Segment basis

The group consists of companies that specialise in either Bridging Finance , Personal and Short Term Finance or Rental and Other Management Functions. As the activities of the company are limited to a specified segment the entire company activities are included in each of the above segments. There are no changes in the structure of the segment during the current year.

The group revenue comprises of a large number of small value customers none of whom account for more than 10% of the group revenue.

42. Guarantees

The company has provided a guarantee to Rural Housing Finance Corporation referred to in note 16. In terms of the guarantee African Dawn Capital Limited will assume responsibility for the loan if Elite Group Proprietary Limited defaults on the loan.

	Group		Company	
	2012	2011	**2012**	2011
	R '000	R '000	**R '000**	R '000

43. Other Income

Profit on sale of subsidiary	**-**	806	**358**	-
Profit on settlement of NHFC loan	**7,493**	-	**-**	-
Bad debts recovered	**2,033**	2,852	**-**	-
Reversal of onerous contract provision	**12,484**	3,516	**12,484**	3,516
Other	**612**	697	**35**	16
	22,622	7,871	**12,877**	3,532

44. Discontinued Operation

Dumont Healthcare Proprietary Limited	**2012**	2011
Revenue	**3,585**	5,678
Cost of sales	**(574)**	(841)
Employee costs	**(2,642)**	(3,167)
Depreciation	**(181)**	(180)
Finance costs	**(70)**	(113)
Bad debts	**190**	(1,984)
Other income	**14**	732
Other expenses	**(985)**	(2,096)
Loss for the year	**(663)**	(1,971)
Gain on remeasurement on disposal	**1,021**	-
Profit realised on sale of investment	**358**	-

Management took the decision to dispose of subsidiary Dumont Healthcare Proprietary Limited. The disposal was concluded at year end when the assets and liabilities of the company valued at R 1,5 million as indicated in note 36. The income and expenses for Dumont for the year have been treated as a discontinued operation. The above indicates the statement of comprehensive income for Dumont. The gain on re-measurement was based on the sale of the company at a net asset value of R 12,4 million before a provision on the intercompany loan of R 11,8 million.

Shareholders' Analysis

	Number of shareholders	%	Number of shares	%
Register date: 24 February 2012				
Issued Share Capital: 508, 184,155 shares				
Shareholder spread				
1-1,000 shares	324	13.48	195 827	0.04
1,001-10,000 shares	883	36,75	3 869 414	0.76
10,001-100,000 shares	822	34.21	31 954 581	6.29
100,001- 1,000,000 shares	327	13,61	92 994 462	18.30
1,000,001 shares and over	47	1.96	379 169 871	74.61
Total	**2 403**	**100**	**508 184 155**	**100**

Distribution of Shareholders	No. of shareholders	%	Number of shares	%
Banks	3	0.12	2 617 000	0.51
Brokers	11	0.46	6 709 895	1.32
Close Corporations	43	1.79	21 927 056	4.31
Endowment Funds	2	0.08	29 093	0.01
Individuals	2 158	89.80	187 253 858	36.85
Investment Companies	1	0.04	1 889 149	0.37
Mutual Funds	3	0.12	24 009 511	4.72
Nominees and Trusts	87	3.62	32 911 793	6.48
Others Corporations	42	1.75	35 685 748	7.02
Own Holdings	1	0.04	3 268 324	0.64
Private Companies	50	2.08	190 822 728	37.55
Public Companies	2	0.08	1 060 000	0.21
Total	**2 403**	**100**	**508 184 155**	**100**

Public/ Non- Public Shareholders	No. of shareholders	%	Number of shares	%
Non- Public Shareholders	3	0.12	177 150 476	34,86
Strategic Holdings (more than 10%)	2	0.08	173 882 152	34,22
Own Holdings	1	0.04	3 268 324	0.64
Public Shareholders	2 400	99.88	331 033 679	65.14
Total	**2 403**	**100**	**508 184 155**	**100**

Beneficial shareholders holding of 2% or more	Number of shares as @ 29 February 2012	%
PCI Fintrade (Pty) Ltd	96 807 682	19
Sandown Capital (Pty) Ltd	78 000 000	15
Brown, NRO	38 533 142	7
Big Rock Capital Partnership	29 867 430	5
Flagship IP Flexible Value Fund	23 194 801	4
Brait Master Trust Number 106	11 407 238	2
PIM Investments 19 Trust	10 281 495	2

Notice of Annual General Meeting

African Dawn Capital Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/020520/06)
JSE code: ADW ISIN: ZAE000060703
("African Dawn" or "the group" or "the company")

Notice is hereby given to the shareholders of the company that the annual general meeting of African Dawn will be held at the Sterling Room – Sasfin Head Office, 29 Scott Street, Waverley, Johannesburg on Wednesday, 26 September 2012 at 09:00, to

(i) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements"); and
(ii) deal with such other business as may lawfully be dealt with at the meeting.

Salient Dates

- Record date to receive the notice of annual general meeting: 24 August 2012
- Last date to trade to be eligible to vote: 7 September 2012
- Record date to be eligible to vote: 14 September 2012
- Last date for lodging forms of proxy: 21 September 2012

NB: Section 63(1) of the Companies Act - Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

Note on memorandum of incorporation

Prior to the Companies Act, no 71 of 2008, as amended ("Companies Act") coming into effect on 1 May 2011, the company was governed by its memorandum of association and its articles of association. On 1 May 2011 the memorandum of association and articles of association of the company automatically converted into the company's memorandum of incorporation ("MOI"). Accordingly, for consistency of reference in this notice of annual general meeting, the term "MOI" is used throughout to refer to the company's memorandum of incorporation (which comprises the company's memorandum of association and its articles of association, as aforesaid).

Presentation of annual financial statements

The consolidated annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), including the directors' report, the report of the Audit Committee and the external auditor's report for the year ended 29 February 2012, have been distributed as required and will be presented to shareholders.

The complete annual financial statements are set out on pages 29 to 91 of the Integrated Report of which this notice forms part.

ORDINARY RESOLUTIONS

Ordinary resolution 1: Adoption of annual financial statements

"RESOLVED THAT the annual financial statements of the company for the year ended 29 February 2012, including the report by directors, Audit Committee and external auditors, be and are hereby received and adopted."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 2: Re-election of director – CF Wiese

"RESOLVED THAT Mr CF Wiese, who retires by rotation in terms of the memorandum of incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief *curriculum vitae* in respect of Mr Wiese is included on page 12 of the Integrated Report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 3: Re-election of director – L Taylor

"RESOLVED THAT Mrs L Taylor, who retires by rotation in terms of the memorandum of incorporation of the company and who is eligible and available for re-election, be re-elected as a director of the company."

A brief *curriculum vitae* in respect of Mrs Taylor is included on page 13 of the Integrated Report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 4: Confirmation of appointment of a director – WJ Groenewald

"RESOLVED THAT the appointment of Mr WJ Groenewald as a director of the company with effect from 17 November 2011 is hereby confirmed."

A brief *curriculum vitae* in respect of Mr Groenewald is included on page 13 of the Integrated Report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 5: Confirmation of appointment of a director – Dr GE Stoop

"RESOLVED THAT the appointment of Dr GE Stoop as a director with effect from 23 May 2012 is herby confirmed."

A brief *curriculum vitae* in respect of Dr GE Stoop is included on page 12 of the Integrated Report of which this notice forms part.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 6: Appointment of auditors

"RESOLVED THAT Grant Thornton (with Mr EFG Dreyer as the individual designated auditor), be and are hereby re-appointed as auditors of the company for the ensuing financial year."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 7: Appointment of Audit Committee member – CF Wiese

"RESOLVED THAT one of the members of the company's Audit Committee set out below be and is hereby appointed with effect from the end of this meeting in terms of section 94(2) of the Companies Act. The member as proposed by the board of directors is: Mr CF Wiese (an independent non-executive director)." Shareholders are advised that the board has considered the fact that Mr Wiese, as board chairman, is also a member of the Audit Committee. The board is of the view that it is in the company's best interests that Mr Wiese continue to be a member of the Audit Committee.

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 8: Appointment of Audit Committee member – HH Hickey

"RESOLVED THAT one of the members of the company's Audit Committee set out below be and is hereby appointed with effect from the end of this meeting in terms of section 94(2) of the Companies Act. The member as proposed by the board of directors is: Mrs HH Hickey (an independent non-executive director)."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 9: Appointment of Audit Committee member – L Taylor

"RESOLVED THAT one of the members of the company's Audit Committee set out below be and is hereby appointed with effect from the end of this meeting in terms of section 94(2) of the Companies Act. The member as proposed by the board of directors is: Mrs L Taylor (an independent non-executive director)."

Percentage of voting rights required to pass this resolution: 50% plus one vote

Explanatory note in respect of Ordinary Resolutions 7, 8 and 9: The above resolutions are required in order to constitute the membership of the Audit Committee comprising of Mr CW Wiese, Mrs HH Hickey and Mrs L Taylor.

Ordinary resolution 10: Placing unissued ordinary shares under the control of the directors

"RESOLVED THAT all the authorised but unissued ordinary shares in the capital of the company be and are hereby placed at the disposal and under the control of the directors, and that the directors be and are hereby authorised to allot, issue and otherwise to dispose of, and grant options over and to undertake to allot, issue and grant options over, all or any of such shares at their discretion, in terms of and subject to the provisions of the Companies Act (Section 38), the company's memorandum of incorporation and the JSE Listings Requirements, each as presently constituted and as amended from time to time, and subject to the proviso that the aggregate number of ordinary shares which may be allotted and issued in terms of this ordinary resolution 10 shall be limited to 5% (five percent) of the number of ordinary shares in issue from time to time."

Percentage of voting rights required to pass this resolution: 50% plus one vote.

Ordinary resolution 11: Approval to issue ordinary shares for cash

"RESOLVED THAT the directors of the company be and are hereby authorised, by way of a general authority, to allot, issue and/or grant options over ordinary shares for cash, and to undertake to allot, issue and/or grant options over ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the memorandum of incorporation of the company and its subsidiaries and the JSE Listings Requirements each as presently constituted and as amended from time to time."

The JSE Listings Requirements currently provide, *inter alia*, that:

- The securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.
- Any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties.
- The number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 5% (five percent) of the number of issued ordinary shares (for purposes of determining the ordinary shares comprising the 5% (five percent) number in any one year, account must be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any equity securities which may be issued in future arising out of the issue of such options/convertible securities). In respect of the securities which are the subject of the general issue of shares for cash, of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced.
- This general authority will be valid until the earlier of the company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given.
- An announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue.
- Any such general issues for cash are subject to exchange control regulations and approval at that point in time.
- In determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities.
- Whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

Percentage of voting rights required to pass this resolution: In terms of the JSE Listings Requirements of the JSE, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting, excluding the Designated Advisor and the controlling shareholders together with their associates, must be cast in favour of ordinary resolution number 11 for it to be approved.

SPECIAL RESOLUTIONS

Special resolution 1: Directors' fees

"RESOLVED THAT payment to the non-executive directors of the following fees for services as directors as set out below be authorised"

	Fees for year ended 29 February 2012	Fees from 1 March 2012 until date of 2012 AGM (annual fee which is pro-rated per month)	Annual fees from date of 2012 AGM until date of 2013 AGM
CF Wiese	R240 000	R240 000	R240 000
HH Hickey	R245 000	R240 000	R240 000
WJ Groenewald	R69 000	R240 000	R240 000
L Taylor	R240 000	R240 000	R240 000

Percentage of voting rights required to pass this resolution: 75%.

Reason for and effect of special resolution 1

The reason for special resolution 1 is to comply with the provisions of the Companies Act. The effect of the special resolution is that, if approved by the shareholders at the Annual General Meeting, the fees payable to non-executive directors will be as set out above. Executive directors are not remunerated for their services as directors but are remunerated as employees of the company. It is noted that the maximum remuneration for services as a director for the ensuing year until the next AGM is R240 000 per annum, which equates to R20 000 per month, irrespective of the number of committees served on. The reasoning for the fee structure was addressed in the remuneration philosophy. No changes in fees are proposed for the period from 1 March 2012 until the 2013 AGM.

Special Resolution 2 - Financial assistance to related or inter-related companies within the African Dawn group

"RESOLVED THAT the board of directors be authorised in terms of Section 45 of the Companies Act, to allow the company to give financial assistance to related or inter-related companies within the African Dawn group of companies. Such authority to remain in force for a period of 2 years."

Reason for and effect of special resolution 2

The reason for and effect for special resolution 2 is to authorise the board of directors in terms of Section 45 of the Companies Act, to allow the company to give financial assistance to a related or inter-related company within the African Dawn group of companies. For further information on loans to/from inter related companies refer to page 62 of the integrated report.

Percentage of voting rights required to pass this resolution: 75% (seventy five percent) .

Special Resolution 3 – Adoption of new memorandum of incorporation

"Resolved in terms of section 60(1)(c)(ii) of the Companies Act , that the company hereby approves and adopts in terms of section 60(5)(a) of the Companies Act, a new memorandum of incorporation (MOI), a copy of which has been tabled at this Annual General Meeting and initialled by the chairman of the Annual General Meeting for identification purposes, in substitution for the existing memorandum of incorporation.

The date on which the MOI becomes effective will be the date that this special resolution approving the MOI is adopted, irrespective of the date of filing thereof with the Companies and Intellectual Properties Commission."

Reason for and effect of special resolution 3

The reason for special resolution 3 is to obtain the approval of the shareholders of the company to replace the existing memorandum of incorporation (previously known as the memorandum and articles of association) with a new memorandum of incorporation which is aligned to the requirements of the Companies Act. In terms of Schedule 5 of the Companies Act every pre-existing company has until 1 May 2013 to amend its memorandum of incorporation in harmony with the Companies Act. A copy of the memorandum of incorporation proposed for adoption, in terms of special resolution 3, is available for inspection from 31 August 2012 at the registered office of the company at 1 st floor, Quadrum 4, Quadrum Office Park, 50 Constantia Boulevard, Constantia Kloof Ext 28.

The effect of this special resolution will be that the company will adopt a new memorandum of incorporation in compliance with the Companies Act.

The Salient points of the new memorandum of incorporation appears on Page 101. The detailed memorandum of incorporation is available at Afdawn's registered office and downloadable from Afdawn's Website - www.afdawn.co.za

Percentage of voting rights required to pass this resolution: 75%.

Special resolution 4: General authority to acquire shares

"RESOLVED THAT the company and/or a subsidiary of the company, is authorised to repurchase or purchase, as the case may be, shares issued by the company, from any person, upon such terms and conditions and in such number as the directors of the company or the subsidiary may from time to time determine, including that such securities be repurchased or purchased from the reserve fund, but subject to the applicable requirements of the company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time."

It is recorded that in terms of the JSE Listings Requirements and the Companies Act, the company or its subsidiaries may only make a general acquisition if the following requirements are met:

1. any such repurchase of shares is effected through the order book operated by the JSE's trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
2. authorisation thereto is given by the company's memorandum of incorporation;
3. at any point in time, the company may only appoint one agent to effect any repurchase(s) on its behalf;
4. the general authority shall be valid only until the company's next annual general meeting or 15 months from the date of passing of this special resolution, whichever is earlier;
5. a resolution by the board of directors that it authorises the repurchase, that the company passes the solvency and liquidity test in terms of section 48 read with section 46 of the Companies Act, and that from the time that the test was performed there were no material changes to the financial position of the company's group;
6. general repurchase(s) shall in any one financial year be limited to a maximum of 5% (five percent) of the company's issued share capital of that class at the time the authority is granted, and the number of shares in the company held by a subsidiary (ies) of the company shall not exceed 10% (ten percent) in the aggregate of the number of issued shares of the company at the relevant time;
7. when the company or a subsidiary of the company has cumulatively repurchased 3% (three percent) or more of any class of the company's shares in issue on the date of passing of this special resolution (the initial number), and for each 3% (three percent) in aggregate of that class of shares acquired thereafter, in each case in terms of this resolution an announcement shall be published on SENS and in the press as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement shall comply with the requirements of the JSE Listings Requirements in this regard;
8. that the company or its subsidiaries may not repurchase any of the company's shares during a prohibited period as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
9. no repurchases may be made at a price which is greater than 10% (ten percent) above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected (the maximum price). The JSE will be consulted for a ruling if the company's securities have not traded in such 5 (five) day period and
10. in the case of a derivative, (as contemplated in the JSE Listings Requirements) the price of the derivative shall be subject to the limitations set out in paragraph 5.84(a) of the JSE Listings Requirements.

Reason for and effect of special resolution 4

The reason for and effect of this special resolution 4 is to obtain an authority for, and to authorise, the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares.

It is the intention of the directors of the company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it but at the present time, the directors have no specific intention with regard to the utilisation of this authority.

The directors undertake that the company will not acquire ordinary shares as contemplated above unless the following can be met:

- The company and the group will be able to repay its debts in the ordinary course of business for a period of 12 (twelve) months following the date of the repurchase.
- The company and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of the acquisition. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual group financial statements which comply with the Companies Act.
- The share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the repurchase.
- The working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the repurchase.
- Upon entering the market to proceed with the acquisition, the company's sponsor has confirmed the adequacy of the company's and the group's working capital for the purposes of undertaking a general repurchase of shares, in writing, to the JSE.

For the purpose of considering special resolution 4 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in this Integrated Report, in which this notice of Annual General Meeting is incorporated, at the places indicated:

- directors and management – refer to pages 12, 13, 78 and 80 of this Integrated Report;
- major shareholders – refer to page 92 of this Integrated Report;
- directors' interests in securities – refer to page 39 of this Integrated Report;
- share capital of the company – refer to page 65 of this Integrated Report.

The directors, whose names are set out on pages 12, 13 and 80 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and certify that to the best of their knowledge and belief, there are no other facts, the omission of which, would make any statement false or misleading and that they have made all reasonable enquiries in this regard.

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the company is aware), which may have or have had a material effect on the company's financial position over the last 12 (twelve) months.

Other than the facts and developments reported in this Integrated Report, there have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred since 23 May 2012, of which the company is aware as at the date of completing this notice, being 28 August 2012.

This authority includes an authority, by special resolution, to repurchase, through the JSE's order book, as contemplated in section 48(8)(a) of the Companies Act, shares disposed of by a director or prescribed officer of the company.

Any matters raised by shareholders, with or without advance notice to the company

To deal, at the Annual General Meeting, with any matters raised by shareholders, with or without advance notice to the company.

Voting and proxies

A shareholder of the company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead. On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

Dematerialised shareholders who have elected own-name registration in the sub-register through a Central Securities Depository Participant ("CSDP") and who are unable to attend but wish to vote at the Annual General Meeting, should complete and return the attached form of proxy and lodge it with the transfer secretaries of the company.

Shareholders who have dematerialised their shares through a CSDP or broker rather than through own-name registration and who wish to attend the Annual General Meeting must instruct their CSDP or broker to issue them with the necessary authority to attend.

If such shareholders are unable to attend, but wish to vote at the Annual General Meeting, they should timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and his/her CSDP or broker.

Forms of proxy may also be obtained on request from the company's registered office. Shareholders are requested to lodge the completed forms of proxy forms, or have them posted or faxed to the transfer secretaries at the address below, to be received by at least Wednesday 26 September 2012 at 09:00.

Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting should the member subsequently decide to do so.

Summary of applicable rights established in section 58 of the Companies Act, 2008 as amended ("Companies Act")
For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at a shareholders meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise –
   - 3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder; and
   - 3.2. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy –
   - 4.1. the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
   - 4.2. should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date –
   - 5.1. stated in the revocation instrument, if any; or
   - 5.2. upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to –
   - 6.1. the shareholder, or
   - 6.2. the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provide otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy –
   - 8.1. such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
   - 8.2. the company must not require that the proxy appointment be made irrevocable; and
   - 8.3. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

Notice of Annual General Meeting *continued*

(Please also see the notes to the form of proxy included with this AGM notice)

By order of the board

W Somerville
(on behalf of Corporate Statutory Services)
Company Secretary
16 August 2012

Registered Office

First Floor
Quadrum 4
Quadrum Office Park
50 Constantia Boulevard
Constantia Kloof Ext 28
1709

Transfer secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)
Telephone: +27 11 370 5000
Fax: +27 11 688 5238

Memorandum of Incorporation of African Dawn Capital Limited-Salient Points

A new Memorandum of Incorporation ("MOI") for African Dawn Capital Limited ("the Company") will be presented to Shareholders for approval at the Annual General Meeting to be held on 26 September 2012. The MOI has been prepared in accordance with the provisions of the Companies Act, Act 71 of 2008 ("the Act"), and the JSE Listings Requirements, including the specific requirements for the MOI of a listed company as set out in Schedule 10 of the Listings Requirements.

Shareholders may obtain a full copy of the MOI from the registered office of the Company, 1 st Floor, Quadrum Office Park, 50 Constantia Boulevard, Constantia Kloof Extension 29. The salient points of the MOI are, however, as follows:

1. The Company is a public company listed on the JSE, there is no restriction on the transferability of its securities and the Company may offer any of its securities to the public.
2. The Company is prohibited from claiming a lien on fully paid securities.
3. The Board of the Company does not have the authority to make, amend or appeal any rules relating to the governance of the Company.
4. The authorised share capital of the Company is R 50 000 000 (fifty million rand) divided into 5 000 000 000 (five billion) ordinary shares with a par value of R 0.01 each. All shares in a class rank pari passu.
5. The Shareholders may authorise the directors of the Company ("the Directors") to issue or grant options to subscribe for shares as the Directors deem fit, provided that the transaction has been approved by the JSE and complies with the Listings Requirements. Unissued shares must, unless issued for the purpose of acquiring assets, first be offered to existing shareholders in proportion to their shareholding,
6. The Board may authorise the Company to issue secured or unsecured debt instruments but no special privileges, such as the right to attend or vote at shareholders' meetings, shall attach to such debt instruments.
7. The Board may not resolve to offer a cash payment in lieu of awarding a capitalisation share unless the Board has considered the Solvency and Liquidity Test as prescribed in the Act and is satisfied that, even if all such shareholders elected to receive cash, the Company would satisfy this test immediately upon completion of the distribution.
8. The Company may acquire its own shares and subsidiary companies may acquire up to 10% (ten percent) of the shares of the Company in any class but, unless the acquisition is a pro rata acquisition by the Company from all its shareholders, such acquisition shall require approval by a special resolution of shareholders.
9. The Company shall deliver not less than 15 (fifteen) business days' notice of meetings to each shareholder entitled to vote at such meeting and who has elected to receive such documents.
10. Annual financial statements must be prepared and audited on an annual basis in accordance with the Act and the International Reporting Standards approved for use in South Africa by the Financial Reporting Standards Council. Such financial statements shall be delivered to shareholders at least 15 (fifteen) business days before the date of the Annual General Meeting where they will be considered.
11. A quorum for a shareholders meeting shall be at least 3 shareholders entitled to attend and vote at such meeting and, in addition, shareholders entitled to exercise at least 25% (twenty five percent) of the vote.
12. Ordinary resolutions require the support of at least 50% (fifty percent) of the voting rights exercised in respect of such resolution and a special resolution requires at least 75% (seventy five percent) of the voting rights exercised in respect of such a resolution.
13. Shareholders may appoint a proxy or proxies to attend, speak and vote on their behalf at shareholders' meetings.
14. The MOI provides for dividends to be declared by the Directors and the manner in which same are to be paid.
15. The Company shall have a minimum of four directors. The Directors have the power to appoint or co-opt directors to fill vacancies on the Board, but all appointments have to be confirmed at the next Annual General Meeting of shareholders. Any shareholder may nominate a person to the Board of Directors and all Directors shall be elected by an ordinary vote at an Annual General Meeting or a general meeting of shareholders.
16. No Director shall be appointed for life or for an indefinite period and a third of non-executive Directors retire at each Annual General Meeting but are eligible for re-appointment subject to a recommendation on the Nominations Committee,
17. The Board elects the Chairperson and the Chairperson does not have a casting vote.
18. The MOI does not restrict the authority of the Board to provide financial assistance, as defined in the Act, to a Director or prescribed officer of the Company or a related or inter-related company.
19. The Company may indemnify Directors and purchase insurance for the Company or its Directors as set out in section 78 of the Act.

Form of Proxy

African Dawn Capital Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/020520/06)
JSE code: ADW ISIN: ZAE000060703
("African Dawn" or "the group" or "the company")

For use at the Annual General Meeting of the company to be held at the Sterling Room – Sasfin Head Office, 29 Scott Street, Waverley, Johannesburg on Wednesday 26 September 2012 at 09:00 and at any adjournment thereof.

For use by the holders of the company's certificated ordinary shares and/or dematerialised ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration ("own-name dematerialised shareholders"). Additional forms of proxy are available from the transfer secretaries of the company.

Not for the use by holders of the company's dematerialised ordinary shares who are not own-name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary letter of representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (Full name in block letters) ____
of (address) ____
being a member(s) of African Dawn and holding ordinary shares in the company, hereby appoint ____________________
of ____________________ failing him/her ____________________ of ____________________ failing him/her the chairman of the Annual General Meeting, as my/our proxy to act for me/us and on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the special and ordinary resolutions and/or abstain from voting in respect of the African Dawn ordinary shares registered in my/our name(s), in accordance with the following instructions:

	Number of votes		
	For	Against	Abstain
Ordinary resolutions			
1. To adopt the annual financial statements of the company for the year ended 29 February 2012, including the directors' report and the report of the Audit Committee.			
2. To re-elect CF Wiese as a director of the company			
3. To re-elect L Taylor as a director of the company			
4. To confirm the appointment of WJ Groenewald as a director of the company			
5. To confirm the appointment of GE Stoop as a director of the company			
6. To re-appoint the auditors			
7. To appoint a member of the Audit Committee: CF Wiese			
8. To appoint a member of the Audit Committee: HH Hickey			
9. To appoint a member of the Audit Committee: L Taylor			
10. Placing unissued shares under the control of the directors			
11. Issue of ordinary shares for cash			
Special resolutions			
1. Approval of the fees of non-executive directors			
2. Approval of financial assistance			
3. Adoption of a new memorandum of incorporation			
4. General authority to repurchase of shares			

*Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ____________________ (place) on ____________________ date 2012

Member's signature ____________________ assisted by ____________________ (if applicable)

Notes to the Form of Proxy

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the spaces provided, with or without deleting "the chairman of the meeting", but the member must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy for the exclusion of those whose names follows.

2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However if you wish to cast your votes in respect of a lesser number of shares than the total number of shares that you own in the company, insert the number of ordinary shares in respect of which you wish to vote. Failure to complete the above will be deemed to authorise the proxy to vote or abstain from voting at the Annual General Meeting as he/she deems fit in respect of the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.

3. Holders of dematerialised shares must inform their CSDP or broker of whether or not they intend to attend the Annual General Meeting and obtain the necessary authorisation from their CSDP or broker to attend the Annual General Meeting or provide their CSDP or broker with the voting instructions should they not be able to attend the Annual General Meeting in person.

4. Shareholders are requested to lodge forms of proxy with the transfer secretaries at the address given below by not later than Friday, 21 September 2012 at 09:00.

5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the Annual General Meeting.

7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.

9. The chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these instructions, if the chairman is satisfied as to the manner in which the member wishes to vote.

Transfer Secretaries -
Computershare Investor Services (Pty) Limited
Ground Floor, 70 Marshall Street Johannesburg, 2001
PO Box 61051 Marshalltown, 2107
Telephone: +27 11 370 5000
Fax: +27 11 688 5238

Shareholders' Diary

Financial year-end	29 February 2012
Release of Results	23 May 2012
Dispatch of Integrated Annual Report	28 August 2012
Annual General Meeting	26 September 2012
Release of Interim Statements	November 2012

Corporate information

DIRECTORS

• TF Kruger * • CF Wiese # • L Taylor # • HH Hickey # • WJ Groenewald ^ • GE Stoop *

* Executive # Independent non-executive ^ Non-executive

Please refer to page 12 and 13 for further details on each director.

AUDITORS
Grant Thornton

COMPANY REGISTRATION NUMBER
1998/020520/06

DOMICILE
Republic of South Africa

SECRETARY
W Somerville (on behalf of Corporate Statutory Services Proprietary Limited)

REGISTERED OFFICE
1st Floor, Quadrum 4, Quadrum Office Park
50 Constantia Boulevard
Constantia Kloof, Ext. 28, 1709

POSTAL ADRESS
Postal address:
PO.Box 5455
Weltevreden Park 1715

COUNTRY OF INCORPORATION
Republic of South Africa

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107

BANKERS
Absa Bank Limited

TELEPHONE
(011) 475 7465

DESIGNATED ADVISOR
Sasfin Capital
A division of Sasfin Bank Limited

ENQUIRIES
info@afdawn.co.za