African Dawn

ANNUAL REPORT 2010

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

CONTENTS

AFRICAN DAWN 2010

DIRECTORS REVIEW

The year under review has been the most challenging in the company's history. The collapse in world financial markets in 2009 impacted on the South African economic landscape. While interventions appear to have stabilised international financial markets, consumers have felt the effect of retrenchments, a floundering property development market, and a reduced appetite by credit providers for credit extension.

The decline in real gross domestic product growth appears to have been halted and interest rates and inflation are at some of the lowest levels in decades. Lost jobs however continue to affect the domestic landscape and demand for credit.

Macro events were however overshadowed by the company shareholders' decision to remove JM van Tonder (CEO), CM van Nieuwkerk (CFO) and CDW Vivier (COO) from the board at the company's annual general meeting ("AGM") in October 2009.

Over 75% of shareholders voted at the AGM and immediately requested the remaining directors to co-opt additional independent directors with suitable financial markets expertise and experience to guide the company forward.

The newly constituted board commenced a review of all of the activities of the group and requested the auditors to conduct a full audit of the balance sheet and results for the six months to 31 August 2009. The board identified two key material issues for consideration and evaluation in addition to the financial review of the preceding six months. These were the quality of the asset base of the group and the long term viability of the various businesses conducted within the group.

In addressing these issues the board had to consider the following:

- The employment contracts of certain directors removed by the shareholders;
- The financial position of subsidiary Company Allegro Holdings (Pty) Ltd that had been placed into curatorship following the collapse of the Corporate Money Managers (Pty) Ltd ("CMM") money market fund;
- Reportable irregularities raised by the auditor during the audit for the six months ended 31 August 2009; and
- The findings of a forensic audit commissioned as a consequence of information that came to the attention of the board.

THE QUALITY OF THE ASSET BASE OF AFRICAN DAWN

The board announced, on 4 November 2009, a preliminary adjustment of R450 million against the reported financial results of the group, in respect of the 2009 and 2008 financial years. After the completion of the audit of the interim results for the period ended 31 August 2009 the actual adjustment made was R455,8 million of which R72,2 million related to the 2008 financial year, R141,2 million related to the 2009 financial year and R242,3 million related to the current financial year ending 28 February 2010. Further work done at the year-end increased this total amount to R548,5 million as disclosed to Shareholders in an announcement in June 2010. The detailed effect and timing of these adjustments are dealt with in the annual financial statements. Material amounts that require comment are:

INCORRECT ACCOUNTING FOR AFRICAN DAWN PROPERTY TRANSFER FINANCE 3 (PTY) LTD ("PTF3")

PTF3 is a company held by a third party and managed under a management agreement by the company. It carries out short-term secured finance and all funding is provided by the shareholder. This company was incorrectly accounted for as a subsidiary and consolidated. This required an adjustment of R31,2 million in the 2008 financial year.

OVERSTATEMENT OF THE INVESTMENT IN ALLEGRO HOLDINGS (PTY) LTD ("ALLEGRO")

The company acquired Allegro in the 2008 financial year when the purchase consideration was overstated by R41 million. This has been written down in the 2008 restated results and the remaining carrying value has been written off in the current financial year.

NEXUS PERSONNEL FINANCE (PTY) LTD ("NEXUS")

Nexus has been the subject of a detailed forensic audit. Management controls were found to be ineffective and the consequent quality of the financial information produced and audited, was found to be unreliable. Adjustments were made for the duplication and overstatement of the debtor's book of R36,9 million. In addition, no ascertainable accounting basis could be found for certain entries in Nexus which had the effect of overstating debtors and income by a further R62,3 million, and had to be reversed. In addition goodwill arising on the acquisition of Nexus of R20,1 million has been written off in the current financial year.

GOODWILL

All other goodwill arising on the acquisition of subsidiaries has been written off including R20,1 million on Bhenka Financial Services (Pty) Ltd ("Bhenka"), R13,5 million on Elite Group (Pty) Ltd ("Elite") and R11,5 million on Dumont Health (Pty) Ltd ("Dumont").

IMPAIRMENT OF ADVANCES

A detailed review of the collectability of the advances book was conducted across all business units during the period. A number of transactions were identified where it was clear that, had all facts been made available at the time these advances would have been impaired in prior years. The board took a critical view of these assets in the context of declining security values in the property market as well as financial challenges faced by many clients in the current economic climate. As a result impairments were made to the advances book of R18,9 million in the 2008 financial year, R64,6 million in the 2009 financial year and R114,2 million in the current year.

THE LONG TERM VIABILITY OF THE BUSINESS

The board reviewed all the material business units within the group. This comprises short-term secured financing, home improvement financing and the personal and incremental loan financing businesses.

The personal and short-term financing business operates as a stand-alone business under the Elite brand. Elite is self funding, has strong systems, processes and adequate staff in place and the board is of the opinion that Elite is a viable business. Elite will however, require more capital (either equity or debt funding) to ensure future growth at a rate in excess of the reinvestment rate of its earnings. The home improvement financing business, Nexus, is currently funded by the National Housing Finance Corporation ("NHFC"), and has been the subject of a forensic investigation. The board has engaged with the NHFC regarding the restructuring of this facility. These discussions remain ongoing and the Company and the NHFC are working closely to ensure that an optimal, mutually beneficial outcome is achieved. The board concluded that this business could not continue to operate within its previous management framework as a viable standalone business unit and has transferred the operational management of Nexus to Elite.

The bridging finance business is profitable and is funded with group equity. Prudent management remains critical in a declining property and credit environment. The business would benefit from additional funding to ensure sustainable future growth. The board is of the opinion that the short-term secured finance business is viable over the long term and has implemented amendments to the lending policies and procedures, and introduced more prudent accounting policies.

The board implemented an aggressive debt collection and recovery program to enhance the liquidity of the group. In addition to this program, costs were cut with limited staff reductions which were done in such a way as not to impact the current performing business units. The successful implementation of the collection program and staff reductions will improve liquidity in the short-term and further contribute to the longer term viability of the group.

CONTRACTS WITH CERTAIN DIRECTORS

Following the removal of the executive directors as well as the repudiation of their remuneration by shareholders at the AGM, the board reviewed the employment contracts and remuneration of all the directors. The then chairman, RR Emslie, was mandated by the board to investigate and negotiate the exits of the directors concerned. He retained the services of an external human resources expert to advise him in carrying out this mandate. JM van Tonder resigned as CEO effective from 1 October 2009 and CDW Vivier agreed to the immediate termination of his employment contract. In addition the consulting services of Imagine Wealth (Pty) Ltd, a company controlled by CM van Nieuwkerk, who provided certain accounting services to the group, were terminated. Following the transfer of management of Nexus to Elite, MN Ramasehla resigned his positions as deputy CEO of African Dawn and CEO of Nexus.

THE FINANCIAL POSITION ON ALLEGRO HOLDINGS (PTY) LIMITED

The board agreed to write off the investment in Allegro which is in curatorship. The board is aware of a "letter of comfort" addressed by the former CFO of the company to the auditors of Allegro. The letter was subsequently withdrawn and the board has a legal opinion on the risk of any potential third party claims based on this letter of comfort. The board is of the opinion that there is no legal basis for any such claim. In discussions with the curators of Allegro they intimated that they believe they have grounds for claims against the company. The company has not received any claims from the curator. As the board is unable to substantiate any possible claims no provision has been made in the annual financial statements for such a contingency.

ANALYSIS OF EARNINGS

	28 Feb 2010 R'000
Loss attributable to shareholders of the company	**(306 497)**
Impairments on business combinations and trade receivables	**328 261**
Profit before irregular expenses	**21 764**
Restructuring cost	**3 953**
Net profit before irregular expenses	**25 717**

OVERVIEW OF BUSINESS UNIT OPERATIONS

Elite

Elite generated revenue of R40,9 million during the year and made an operating profit of R20 million before impairments and non-recurring expenses at year end. Impairments amounted to R11,6 million leaving a book value of R45 million.

Nexus

The Nexus book has been transferred to Elite following the findings of the forensic auditors. The remaining book is being collected via the Elite collection system and the liability to the NHFC is being serviced from these collections. Nexus generated revenue of R10,6 million during the year and made an operating profit of R3,5 million before impairments and non recurring expenses at year end. Impairments amounted to R29,3 million leaving a book of R7 million.

PTF

The PTF business consists of the African Dawn Property Transfer Finance companies. The short-term secured financing business generated revenue of R25,3 million during the 2010 financial year and made an operating profit of R5,3 million before impairments amounting to R30 million. The book net of impairments at year end amounts to R37,2 million.

Bhenka

This business unit was closed during the year. It generated revenue of R3,9 million putting it in a break even position. The small short-term secured finance book has been transferred to PTF for collection.

Dumont

Dumont produced revenue from its medical aid claim financing operation of R8,6 million for the year. Impairments put through amounted to R4,5 million leaving a book of R4,6 million.

TAXATION

It was stated in the announcement to shareholders, dated 1 December 2009, that the company and certain of its subsidiaries had not rendered income tax returns to the tax authorities ("SARS"). The company has approached SARS and had a number of discussions to regularise the group's tax affairs with specific reference to the timing of the deductions of the restated amounts for the 2008 and 2009 financial years. Discussions are ongoing and no finalisation has been reached. The tax liability as reflected in the financial statements at 28 February 2010 is based on the premise that the restated amounts are deductible in those years and includes an estimate for any penalties and interest.

STAFF RETRENCHMENTS

During the year the company embarked on a program of focused retrenchments to reduce costs. The total staff complement was reduced from 166 to 132 employees. The bulk of these retrenchments have taken place at the head office level.

CAPITAL MANAGEMENT

The group's capital base was written down to R24 million over the 12 month period. While the capital base is adequate for the business to continue to operate as a going concern, additional capital will be required if the company is to grow its operations.

LIQUIDITY

The company has focused on stabilising its funding structures following the events of October 2009 and the issues that emerged from the work done on the quality of the asset base. The NHFC facility is the largest single risk affecting the liquidity and sustainability of the group. This has been addressed in more detail above. Discussions with the NHFC have been positive and the company is of the view that a mutually beneficial solution can be achieved with the NHFC.

The Rural Housing Loan Finance Corporation ("RHLF") facility to Elite has recently been increased by a further R15 million for incremental loans which should provide Elite, along with its own cash generation, with some impetus for growth in the 2011 year. The business units continue to generate sufficient liquidity to meet their obligations.

PROSPECTS

Significant uncertainty remains about a sustained recovery in the markets in which the group operates. Current economic conditions continue to have a negative impact on the business, contributing to difficulty in recovering loans and to deterioration of the loan to value ratio in respect of security held. The board does however not expect any further significant impairment to the asset base of the group. The group's major challenge during the coming year will be managing liquidity. In addition, the board has embarked on preliminary discussions aimed at securing additional funding lines from financial institutions and/or capital from its shareholders to ensure the long-term sustainable growth of the group.

The group is in the process of improving its management and control structures as well as cost efficiencies to ensure that we are well positioned to grow into improving markets.

SW de Bruyn
Non-executive director
19 August 2010

CORPORATE GOVERNANCE

INTRODUCTION

African Dawn is committed to and endorses the application of the principles recommended in the King II Code of Corporate Practice. The board conforms, except where indicated below, with the requirements of King II.

The JSE Limited requires compliance with King III code from 1 March 2010.

The board is of the view that minority shareholders' interests are currently protected by an independent non-executive component on the board.

BOARD OF DIRECTORS

Composition of the board of Directors

The board as at 28 February 2010 comprised four independent non-executive directors and one non-executive director.

At the AGM held on 1 October 2009, JM van Tonder (CEO), CM van Nieuwkerk (CFO) and CDW Vivier (COO) were removed from the board by the shareholders. MN Ramasehla (deputy CEO) subsequently resigned on 23 November 2009. Three new independent non-executive directors were co-opted by the board on 14 October 2009. The company operated without a CEO and financial director from 1 October 2009 to 28 February 2010. Details of the new directors as at 28 February 2010 are detailed below.

Role and function of the board of directors

The board is responsible to shareholders for the proper management and the ultimate control of the company and participates in discussions on, and monitors the progress of, strategic direction and policy, business acquisitions and disposals, approval of major capital expenditure, and significant financial matters of the company. It also monitors the management and administrative activities and any other matters that have a material impact on the company's affairs.

The board determines the strategic direction of the group, and is responsible for the overall direction and control of the group. Major responsibilities of the board include the review of business plans and budgets, monitoring performance, approval of major policy decisions, recommendation to the shareholders for the appointment of the chairman and the chief executive officer as well as the appointment of other board members and agreement of the top management structure and management succession.

The board has established a formal and transparent policy for appointments to the board, which appointments are dealt with by the board as a whole. There is a policy in place to ensure that no one director has unfettered powers of decision making.

Committees of the board

The audit committee comprises MM Patel (independent non-executive director) chairman, SW de Bruyn (non-executive director), M Ferreira (independent non-executive director) who resigned on 9 September 2009 and CF Wiese who was appointed on 14 October 2009. The auditor, chief executive officer and financial director are invited to attend committee meetings. The designated adviser attends such meetings as required in terms of the JSE Listing Requirements.

Audit committee

The audit committee was setup to assist the board to discharge its financial functions and is responsible for assessing the group's financial position and related financial internal controls. The audit committee should meet at least four times a year and has additional meetings if deemed necessary. The meetings have an emphasis on:

- Reviewing the effectiveness of the group's information systems and system of internal control;
- Reviewing the reports of the external auditors;
- Reviewing the annual report and specifically the annual financial statements included therein;
- Reviewing the accounting policies of the group and proposed revision thereto;
- Reviewing the external audit findings, reports, fees and the approval thereof;
- Ensuring that non-audit services are not provided by the external auditors where the provisions of such services could impair audit independence; and
- Compliance with applicable legislation and requirements of regulatory authorities.

The committee comprises directors with the appropriate financial literacy and may include invitees that the committee believes will provide insight into specific aspects of the audit committee mandate.

Remuneration committee

The remuneration committee should meet at least twice a year and is responsible for determining the remuneration and conditions of employment of the executive directors, reviews succession planning within the company and considers the following issues:

- If non-executive directors are paid appropriate fees according to market indicators;
- If the directors' remuneration is reviewed annually for appropriateness and recommendations are made;
- The remuneration policy; and
- The overall remuneration increases.

In total nineteen board meetings and four audit committee meetings were held during the year under review. Details of the attendance at the meetings are provided in the table below.

As required in terms of the JSE Listing Requirements, an approved executive of the company's designated adviser attends all board meetings.

Appointment and re-election of the directors

Shareholders ratify the appointment of board members after recommendations by the board to shareholders. The board ensures that the recommended parties are competent, qualified and have sufficient experience to serve on the board. They furthermore ensure that the appointed people are capable and fit into the company ethos and principles. Directors are subject to retirement by rotation and re-election by shareholders in accordance with the company's articles of association.

Policies, objectives and performance measurement

The philosophy, policies, values and objectives of the group are determined by the board of directors. The board sets the strategic objectives of the group and determines investment and performance criteria. Management is charged with the detailed planning and implementation of that policy in accordance with appropriate risk parameters. The achievement of objectives and compliance with policies by management is monitored by the board.

Risk management

Risk management is central to the group's business. An effective governance structure and an enterprise wide risk management framework is being put in place and reviewed. Risk is managed by the various credit committees in conjunction with the executives who meet regularly.
The processes to manage risk are inter alia the following:

- Establishment of risk policies which reflect risk principles, risk appetite and risk tolerance;
- Creation of risk identification and management processes;
- Monitoring and support of risk management practises; and
- Comprehensive reporting to the executive committee, audit committee and board of directors.

Operational risk is defined as the risk of loss resulting from deficiencies in information systems, internal controls or external events. These risks, if not addressed, may result in potential financial loss, which could have an impact on shareholder value and returns. The executive committee continuously reviews such potential risks as well as the mitigators required. Various credit committees exist within the relevant companies and meet on a more regular basis, as and when required.

Employee empowerment

The group places emphasis on the development and training of its people and endeavours to ensure that it offers staff equal opportunity and appropriate participation in decision making processes.

Attendance at Board and Audit Committee Meetings

Director	Status	Board of directors	Audit Committee
JM van Tonder	Executive	5	2
MN Ramasehla	Executive	9	n/a
CM van Nieuwkerk	Executive	4	2
CDW Vivier	Executive	5	n/a
SW de Bruyn	Non-executive	18	4
LI Mophatlane	Independent non-executive	3	n/a
M Ferreira	Independent non-executive	4	3
MM Patel	Independent non-executive	17	4
RR Emslie	Independent non-executive	10	n/a
CF Wiese	Independent non-executive	10	1
AJ Potgieter	Independent non-executive	9	n/a

CORPORATE GOVERNANCE (continued)

INTERNAL, FINANCIAL AND OPERATING CONTROLS

The board of directors of the company acknowledges its ultimate responsibility for the company's systems of internal, financial and operating controls and the monitoring of their effectiveness. These systems are designed to provide reasonable, but not absolute, assurance against material misstatement and loss. The identification of risks and the detailed design, implementation and monitoring of adequate systems of internal, financial and operating controls to manage such risks are delegated to management. Changes in the business and operating environment could have an impact on the effectiveness of such controls, which, accordingly, will need to be reviewed and reassessed continuously. The company maintains appropriate levels of internal, financial and operating controls that are designed to provide reasonable assurance regarding:

- The safeguarding of assets against unauthorised use or disposition;
- Compliance with statutory laws and regulations; and
- The maintenance of proper accounting records.

The board of directors is currently of the view, that given the nature and history of the company's business it is important to introduce an internal audit function at this time. The board is continuously monitoring this in light of the company's operations.

ACCOUNTING AND AUDITING

The board places strong emphasis on achieving the highest level of financial management and accounting, and reporting to shareholders. The board is committed to compliance with International Financial Reporting Standards. It is the directors' responsibility to prepare and approve financial statements that fairly present:

- State of affairs as at the end of the financial year under review;
- Profit or loss for the year;
- Cash flows for the year; and
- Non-financial information.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors, and committees of the board. The directors are of the opinion that all representations made to the independent auditors during their audit are valid and appropriate. The external auditors provide an independent assessment of systems of internal financial control to the extent necessary for the audit, and express an independent opinion on whether the financial statements are fairly presented.

COMPANY SECRETARIAL FUNCTION

The company secretary is required to provide the directors of the company, collectively and individually, with guidance as to their duties, responsibilities and powers. The company secretary is also required to ensure that the directors are aware of all laws and legislation relevant to, or affecting the company and reporting to any meetings of the shareholders of the company or of the company's directors, including any failure to comply with such law or legislation. The company secretary is also required to ensure that minutes of all shareholders' meetings, directors' meetings and the meetings of any committee of the directors are properly recorded in accordance with section 242 of the Companies Act. All directors have access to the company secretary, who is responsible to the board for ensuring that the board procedures are followed and that the applicable rules and regulations are complied with.

CODE OF ETHICS

The company promotes the highest level of professionalism and integrity in conducting its business and dealings with stakeholders. This approach to business ethics entails the following:

- The company operates and competes in accordance with the principles of free enterprise;
- Free enterprise is constrained by the observance of law and of generally accepted principles governing ethical behaviour in business;
- Ethical behaviour is founded on the concept of utmost good faith and characterised by integrity, reliability and commitment to avoid harm;
- Ethical business activities benefit all participants through a fair exchange of value or satisfaction of need;
- The company expects equivalent standards of ethical behaviour from those individuals and companies with whom it conducts business; and
- It is incumbent upon every commercial enterprise to strive for excellence in its ethical standards, as in any other aspect of its activities.

COMMUNICATION WITH STAKEHOLDERS AND SHAREHOLDERS

The company is committed to a policy of effective communication and engagement with its stakeholders on issues of mutual interest.

The company promotes a healthy, secure and participative working environment for its staff, business associates and the investor community at large.

CORPORATE GOVERNANCE (continued)

DIRECTORS AT YEAR END

Robert Emslie

CA(SA)

Independent non-executive director-chairman

Appointed 14 October 2009, resigned 22 July 2010. Robert holds a BCom from the University of Johannesburg (RAU). He retired in 2008 after 20 years with Absa Bank Limited as the CEO for Absa Corporate and Business Bank. He was also a member of the group executive committee of Absa.

Christo Wiese

CA(SA)

Independent non-executive director

Appointed 14 October 2009. Christo holds a BCom from the University of Cape Town. He retired in 2003 as the Registrar of Banks and currently serves as a director of various companies.

Adolf Potgieter

MCom

Independent non-executive director

Appointed 14 October 2009, resigned 7 May 2010. Adolf obtained his MCom at the University of Pretoria. He has 25 years` experience in the financial services industry. He left Coronation Capital in 2008 where he held various positions and served as CEO from 1999 to 2004.

Steven de Bruyn

BA(Hons) CA(SA)

Non-executive director

Steven was appointed to the board in October 2005. He has a background in auditing and investment banking at UAL, Investec and Gensec Bank.

Mitesh Patel

CA(SA)

Independent non-executive director

Appointed 15 January 2009. Mitesh has extensive experience in the South African auditing environment. He is a partner at Nkonki Inc. He is also chairperson of various audit committees and acts as independent non-executive director on many boards.

DIRECTORS APPOINTED SUBSEQUENT TO YEAR END

Peter Gordon

CA(SA)

Executive chairman

Appointed 22 July 2010. Peter holds a BCompt degree from Unisa and a CTA from Rhodes University. Peter trained with Ernst & Young in Johannesburg and Swaziland. He worked in the United Kingdom for KPMG and Natwest Bank and returned to South Africa in 1995 to join Absa Bank. Peter retired in 2004 as an executive member at Absa Corporate and Merchant Bank responsible for Absa's foreign operations. Peter's experience ranges from project financing, financial structuring, credit and risk evaluation, capital restructuring, mentoring and company turnarounds.

Tjaart Kruger

CA(SA), HDip Tax

Financial director

Appointed 2 August 2010. Tjaart holds a BCom from the University of Johannesburg (RAU). He qualified as a chartered accountant with PWC whereafter he spent 18 years in banking, including finance, structured finance, debt capital markets, and debt review in terms of the National Credit Act ("NCA"). He holds a HDip Advanced Banking and is a qualified debt counsellor (awaiting registration).

Lynette Taylor

BJuris, LLB, LLM, HDip Tax

Independent non-executive director

Appointed 22 July 2010. Lynette completed her LLB at the Nelson Mandela Metropolitan University and holds a masters degree in banking law from the University of Johannesburg. She has 22 years experience within the legal and banking environment.

ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2010

REPORT OF THE COMPANY SECRETARY

As from 28 January 2010, I conducted the duties of company secretary of African Dawn Capital Limited. The secretarial matters are the responsibility of the company's directors. My responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

To the best of my knowledge and belief the company has lodged with the Registrar of Companies all such returns as required of a public company in term of the Companies Act, 1973, as amended, and all such returns are true, correct and up to date.

LW Viljoen
Company secretary
19 August 2010

AUDIT COMMITTEE REPORT

The audit committee is a committee of the board of directors and in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act 61 of 1973, as amended, ("the Act") it assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the group.

TERMS OF REFERENCE

The audit committee has adopted formal terms of reference that have been approved by the board and these terms of reference are regularly reviewed and updated where necessary. The audit committee has executed its duties during the past financial year in accordance with these terms of reference.

COMPOSITION

At 28 February 2010, the audit committee comprised two independent non-executive directors and one non-executive director namely, Messrs Mitesh Patel (Chairman), Christo Wiese and Steven De Bruyn.

MEETINGS

The audit committee held four meetings during the period under review. Attendance at these meetings is shown in the table set out in the corporate governance report.

STATUTORY DUTIES

In execution of its statutory duties, the audit committee:

- Nominated the appointment of Grant Thornton as auditors, after satisfying ourselves through enquiry that Grant Thornton are independent as defined in terms of the Act;
- Determined the fees to be paid to Grant Thornton and the previous auditors SAB&T as disclosed in note 23 to the annual financial statements and their terms of engagement;
- Approved a non-audit services policy which determines the nature and extent of any non-audit services which Grant Thornton may provide to the group;
- Pre-approved any proposed contract with Grant Thornton for the provision of non-audit services to the group;
- Received and dealt with all known complaints relating to the accounting practices of the group, the content of its financial statements, the internal financial controls of the group, and any other related matters;
- Reviewed the draft annual report, the preliminary profit announcement and interim statements;
- Met with the external auditors to discuss the annual financial statements prior to their approval by the board;
- Made submissions to the board on matters concerning the group's accounting policies, financial control, records and reporting; and
- Concurred with directors that the adoption of the going concern premise in the preparation of the annual financial statements is appropriate.

AUDIT COMMITTEE REPORT (continued)

OVERSIGHT OF RISK MANAGEMENT

The audit committee, through its risk committee is currently in the process of ensuring that the following areas have been appropriately addressed:

- Financial reporting risks.
- Internal financial controls.
- Fraud risks as they relate to financial reporting.
- IT risks as they relate to financial reporting.
- Tax and technology risks, in particular how they were managed.

INTERNAL FINANCIAL CONTROLS

The audit committee has:

- Reviewed the effectiveness of the group's system of the internal financial controls including receiving assurance from management and the external auditors.
- Reviewed significant issues raised by the external auditors in their reports.
- Reviewed policies and procedures for preventing and detecting fraud.

We believe that significant processes need to be further addressed within the internal financial controls environment to ensure their effectiveness for the organisation.

REGULATORY COMPLIANCE

The audit committee has complied with all applicable legal and regulatory responsibilities.

EXTERNAL AUDIT

Based on processes followed and assurance received, we have no concerns regarding the external auditors independence.

Description of fees	2010	2009
Grant Thornton		
Audit services	**1 000 000**	–
Non-audit services	**–**	–
	1 000 000	–
SAB&T		
Audit services	**1 932 200**	–
Non-audit services	**–**	–
	1 932 200	–
Van Dyk & Associates		
Audit services	**–**	732 000
Non-audit services	**99 864**	–
	99 864	732 000
Total audit fees	**3 032 064**	732 000

Based on our satisfaction with the results of the activities outlined above, we have recommended the re-appointment of Grant Thornton to the board and the shareholders.

INTERNAL AUDIT

There is no separate internal audit team within the group. The internal audit function will be addressed in the current financial period.

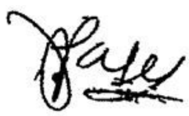
FINANCIAL DIRECTOR

The company's chief financial officer resigned during October 2009 and this position remained vacant for the remainder of the financial year. AP Broodryk was acting chief financial officer from October 2009 to the end May 2010 on a contract basis. The vacancy was filled on 2 August 2010 by TF Kruger and the audit committee has satisfied itself regarding the appropriateness of his expertise and experience.

ANNUAL REPORT

We have evaluated the annual financial statements of African Dawn Capital Limited and the group for the year ended 28 February 2010 and based on the information provided to the audit committee, consider that the group complies, in all material respects, with the requirements of the Companies Act and International Financial Reporting Standards and we recommended the annual report to the board for approval.

On behalf of the audit committee



MM Patel
Audit committee chairman
19 August 2010

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AFRICAN DAWN CAPITAL LIMITED AND ITS SUBSIDIARIES

We have audited the accompanying group annual financial statements and separate annual financial statements of African Dawn Capital Limited, which comprise the directors' report, the consolidated and separate statements of financial position as at 28 February 2010, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flow for the year then ended, and notes which include a summary of significant accounting policies and other explanatory notes, as set out on pages 14 to 52.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual 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 annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

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

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of African Dawn Capital Limited as of 28 February 2010, and of 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 in the manner required by the Companies Act of South Africa.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 1 in the directors report on page 14, which indicates the existence of a material uncertainty. This material uncertainty, as referred to in note 1 in the directors report on page 14, may cast significant doubt on the company's ability to continue as a going concern.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act we report that the previous auditors and we have identified certain unlawful acts or omissions committed by persons responsible for the management of African Dawn Capital Limited which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board of Auditors. The matters pertaining to the reportable irregularities have been described in the directors report note 3, 11 and 12 to the accompanying consolidated financial statements.

GRANT THORNTON

Grant Thornton
Chartered accountants (SA)
Accredited auditors

Per: EFG Dreyer CA(SA)
Chartered accountant (SA)
Accredited auditor
19 August 2010

137 Daisy Street
Sandown
Johannesburg
2196

DIRECTORS' RESPONSIBILITIES AND APPROVAL

for the year ended 28 February 2010

The directors are required in terms of the Companies Act of South Africa 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. The external auditors are engaged to express an independent opinion on the financial statements.

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

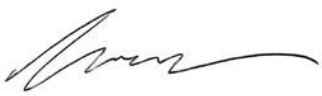
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal 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 such risk 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 only provide 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 2011 and, in the 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 12.

The financial statements set out on pages 14 to 52, which have been prepared on the going concern basis, were approved by the board on 19 August 2010 and were signed on its behalf by:



SW de Bruyn
Non-executive director
19 August 2010

DIRECTORS' REPORT

for the year ended 28 February 2010

The directors submit their report for the year ended 28 February 2010.

1. 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.

The group is in breach of a loan agreement with a material creditor which has resulted in moving a non-current liability to current liabilities to the value of R36 million. The creditor is in discussions with the company and, while reserving its rights has not recalled the facility to date.

Accordingly, whilst negotiations continue, there is a material uncertainty relating to the settlement of this creditor that may cast significant doubt on the group's ability to continue as a going concern and therefore to realise its assets and discharge its liabilities in the normal course of business.

2. Events after the reporting period

Prior to year end, as part of the cost cutting strategy, the directors started to seek potential buyers for the head office building. The asset has been classified as being held for sale and carried at the lower of it's carrying amount and it's fair value less cost to sell. The directors have signed a sales agreement subsequent to year end and are awaiting the transfer of the property to finalise the sale.

3. Authorised and issued share capital

There were no shares issued or changes in the authorised share capital of the group during the year under review.

Shares issued but not paid for

One of the reportable irregularities identified by the auditors relates to 4 910 643 shares in the amount R24 062 150 which were issued but not paid up. The financial effect of not receiving payment for these shares is a write down of this amount in the 2009 financial year. These events and the actions taken by various parties involved in this matter were also highlighted in the forensic audit and the matter is currently being investigated by the appropriate regulatory authorities.

4. Borrowing limitations

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

5. Dividends

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

6. Directors

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

	Appointed	Resigned
RR Emslie	14 October 2009	22 July 2010
LI Mophatlane		17 August 2009
AJ Potgieter	14 October 2009	7 May 2010
CF Wiese	14 October 2009	
JM van Tonder		1 October 2009
MN Ramasehla		23 November 2009
CM van Nieuwkerk		1 October 2009
CDW Vivier		1 October 2009
M Ferreira		9 September 2009
SW de Bruyn		
MM Patel		
PC Gordon	22 July 2010	
L Taylor	22 July 2010	
TF Kruger	2 August 2010	

7. Secretary

CM van Nieuwkerk resigned as secretary of the company on 1 October 2009 and LW Viljoen was appointed in her stead on 28 January 2010.

8. Interest in subsidiaries

Details of the company's investment in subsidiaries are set out in note 5.

9. Special resolutions

No special resolutions were passed by the company's subsidiary companies during the year under review.

10. Auditors

Grant Thornton were appointed as auditors of the group for the financial year in accordance with section 270(2) of the Companies Act. The change in auditors was necessitated by the resignation of SAB&T on 31 March 2010.

11. Reportable irregularities raised by the auditor during the audit for year end 28 February 2010

During the audit process the board was notified by the auditors of the following reportable irregularities:

- Submission of returns and payment of income tax to SARS had either not been done or was incomplete, for further details see directors' review on page 4;
- There were numerous irregularities in the affairs of a subsidiary company Nexus Personnel Finance (Pty) Ltd;
- Misrepresentation in the group financial statements for the years ended February 2008 and February 2009; and
- Shares had been issued in a prior accounting period for which payment had not been received.

12. Forensic audit into certain matters of African Dawn

The board mandated Romlab Consultants CC, a firm of specialist forensic accountants, to conduct a forensic investigation of the African Dawn group of companies. The investigation commenced on 11 November 2009. During the investigation certain issues of concern were identified and have been reported to the commercial branch of the South African Police Service ("SAPS"). The Financial Services Board ("FSB") has advised the company that they have registered an investigation in terms of section 82 of the Securities Services Act, act 36 of 2004. The JSE Limited ("JSE") has opened their own investigation into the restatement of the previously published financial results of the company for 2008. Romlab Consultants CC have undertaken that their future investigations will be performed as far as possible in collaboration with the commercial branch of the SAPS, the JSE,and the FSB.

The board has provided fully for all known matters that are the subject of the forensic investigations. As a result of the forensic report, the auditors reported a reportable irregularity to the Independent Regulatory Board for Auditors.

STATEMENTS OF FINANCIAL POSITION

as at 28 February 2010

		GROUP			COMPANY		
		2010	2009	2008	**2010**	2009	2008
	Notes	**R'000**	R'000	R'000	**R'000**	R'000	R'000
Assets							
Non-current assets							
Property, plant and equipment	3	**5 859**	49 413	13 547	**727**	1 125	2 791
Goodwill	4	**–**	142 212	99 381	**–**	–	–
Investments in subsidiaries	5	**–**	–	–	**8 601**	142 022	95 962
Other financial assets		**–**	2 066	–	**–**	–	–
Deferred tax	7	**–**	4 844	–	**–**	–	–
		5 859	198 535	112 928	**9 328**	143 147	98 753
Current assets							
Inventories	8	**6 997**	171 684	899	**–**	–	–
Loans to group companies	6	**–**	–	–	**76 460**	116 530	44 152
Other financial assets		**–**	2 015	–	**–**	–	–
Current tax receivable		**6 961**	–	–	**–**	–	–
Trade and other receivables	9	**95 488**	344 784	197 546	**2 212**	30 828	3 097
Cash and cash equivalents	10	**15 898**	28 119	55 883	**494**	1 506	11 211
		125 344	546 602	254 328	**79 166**	148 864	58 460
Non-current assets held for sale	11	**12 429**	–	–	**–**	–	–
Total assets		**143 632**	745 137	367 256	**88 494**	292 011	157 213
Equity and liabilities							
Equity attributable to equity holders							
Share capital	12	**256 107**	244 613	158 302	**256 107**	244 613	158 302
Reserves		**452**	5 515	–	**–**	–	–
Accumulated profit/(loss)		**(234 265)**	72 232	18 301	**(208 062)**	(12 441)	(18 659)
		22 294	322 360	176 603	**48 045**	232 172	139 643
Non–controlling interest		**1 379**	(5 755)	–	**–**	–	–
		23 673	316 605	176 603	**48 045**	232 172	139 643
Liabilities							
Non-current liabilities							
Borrowings	13	**30 460**	233 841	39 207	**–**	–	–
Finance lease obligation	14	**1 210**	4 424	601	**–**	–	–
Deferred tax	7	**576**	–	–	**–**	–	–
		32 246	238 265	39 808	**–**	**–**	**–**
Current liabilities							
Loans from group companies	6	**–**	–	–	**12 581**	17 960	6 604
Finance lease obligation	14	**956**	404	430	**–**	–	–
Borrowings	13	**39 287**	14 493	19 013	**–**	–	–
Current tax payable		**17 995**	41 255	25 932	**4 191**	3 085	2 314
Trade and other payables	16	**12 732**	129 879	100 813	**7 677**	38 794	8 652
Provisions	15	**16 000**	–	–	**16 000**	–	–
Bank overdraft	10	**743**	4 236	4 657	**–**	–	–
		87 713	190 267	150 845	**40 449**	59 839	17 570
Total liabilities		**119 959**	428 532	190 653	**40 449**	59 839	17 570
Total equity and liabilities		**143 632**	745 137	367 256	**88 494**	292 011	157 213

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 28 February 2010

		GROUP		COMPANY	
		2010	2009	**2010**	2009
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	17	**105 336**	385 739	**23 294**	50 770
Cost of sales		**(1 919)**	(4 506)	**–**	–
Gross profit		**103 417**	381 233	**23 294**	50 770
Other income		**1 905**	19 425	**17**	6 238
Operating expenses		**(254 643)**	(257 987)	**(82 363)**	(50 444)
Operating (loss)/profit	18	**(149 321)**	142 671	**(59 052)**	6 564
Investment revenue	19	**72**	202	**–**	–
Fair value adjustments	20	**(139 192)**	–	**(133 961)**	–
Finance costs	21	**(10 877)**	(78 701)	**–**	–
(Loss)/profit before taxation		**(299 318)**	64 172	**(193 013)**	6 564
Taxation	22	**(7 179)**	(29 427)	**(2 608)**	(346)
(Loss)/profit for the year		**(306 497)**	34 745	**(195 621)**	6 218
Other comprehensive Income:					
Losses on property revaluation		**(4 000)**	5 515	**–**	–
Taxation related to components of other comprehensive Income		**(1 063)**	–	**–**	–
Other comprehensive loss for the year net of taxation	24	**(5 063)**	5 515	**–**	**–**
Total comprehensive (loss)/income		**(311 560)**	40 260	**(195 621)**	6 218
Total comprehensive (loss)/income attributable to:					
Owners of the parent		**(311 560)**	62 711	**(195 621)**	6 218
Non-controlling interest		**–**	(22 451)	**–**	–
		(311 560)	40 260	**(195 621)**	6 218
Basic (loss)/earnings per share	34	**(139.42)**	27.27		
Diluted (loss)/earnings per share	34	**(139.42)**	27.27		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2010

	Share capital R'000	Share premium R'000	Re-valuation reserve R'000	Accumulated profit/(loss) R'000
GROUP				
Opening balance as previously reported	1 997	156 305	–	131 699
Adjustments				
Prior period error (Note 30)	–	–	–	(113 398)
Balance at 29 February 2008 as restated	**1 997**	**156 305**	**–**	**18 301**
Changes in equity				
Total comprehensive income for the year	–	–	5 515	57 196
Issue of shares	231	110 407	–	–
Purchase of own/treasury shares	(59)	(24 268)	–	–
Business combinations	–	–	–	(3 265)
Total changes	172	86 139	5 515	53 931
Balance at 28 February 2009	**2 169**	**242 444**	**5 515**	**72 232**
Changes in equity				
Total comprehensive loss for the year	–	–	(5 063)	(306 497)
Purchase of own/treasury shares	(1)	(1 143)	–	–
Treasury shares issued to Allegro shareholders	53	12 585	–	–
Subsidiary acquired	–	–	–	–
Business combinations	–	–	–	–
Total changes	52	11 442	(5 063)	(306 497)
Balance at 28 February 2010	**2 221**	**253 886**	**452**	**(234 265)**
Note(s)	12	12	24	
COMPANY				
Opening balance as previously reported	1 997	156 305	–	22 765
Adjustments				
Prior period error (Note 30)	–	–	–	(41 424)
Balance at 29 February 2008 as restated	**1 997**	**156 305**	**–**	**(18 659)**
Changes in equity				
Total comprehensive income for the year	–	–	–	6 218
Issue of shares	231	110 407	–	–
Purchase of own/treasury shares	(59)	(24 268)	–	–
Total changes	172	86 139	–	6 218
Balance at 28 February 2009	**2 169**	**242 444**	**–**	**(12 441)**
Changes in equity				
Total comprehensive loss for the year	–	–	–	(195 621)
Purchase of own/treasury shares	(1)	(1 143)	–	–
Treasury shares issued to Allegro shareholders	53	12 585	–	–
Total changes	52	11 442	–	(195 621)
Balance at 28 February 2010	**2 221**	**253 886**	**–**	**(208 062)**
Note(s)	12	12	24	

Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total equity R'000	
			GROUP
290 001	–	290 001	Opening balance as previously reported
			Adjustments
(113 398)	–	(113 398)	Prior period error (Note 30)
176 603	**–**	**176 603**	**Balance at 29 February 2008 as restated**
			Changes in equity
62 711	(22 451)	40 260	Total comprehensive income for the year
110 638	–	110 638	Issue of shares
(24 327)	–	(24 327)	Purchase of own/treasury shares
(3 265)	16 696	13 431	Business combinations
145 757	(5 755)	140 002	Total changes
322 360	**(5 755)**	**316 605**	**Balance at 28 February 2009**
			Changes in equity
(311 560)	–	(311 560)	Total comprehensive loss for the year
(1 144)	–	(1 144)	Purchase of own/treasury shares
12 638	–	12 638	Treasury shares issued to Allegro shareholders
–	1 379	1 379	Subsidiary acquired
–	5 755	5 755	Business combinations
(300 066)	7 134	(292 932)	Total changes
22 294	**1 379**	**23 673**	**Balance at 28 February 2010**
			Note(s)
			COMPANY
181 067	–	181 067	Opening balance as previously reported
			Adjustments
(41 424)	–	(41 424)	Prior period error (Note 30)
139 643	**–**	**139 643**	**Balance at 29 February 2008 as restated**
			Changes in equity
6 218	–	6 218	Total comprehensive income for the year
110 638	–	110 638	Issue of shares
(24 327)	–	(24 327)	Purchase of own/treasury shares
92 529	–	92 529	Total changes
232 172	**–**	**232 172**	**Balance at 28 February 2009**
			Changes in equity
(195 621)	–	(195 621)	Total comprehensive loss for the year
(1 144)	–	(1 144)	Purchase of own/treasury shares
12 638	–	12 638	Treasury shares issued to Allegro shareholders
(184 127)	–	(184 127)	Total changes
48 045	**–**	**48 045**	**Balance at 28 February 2010**
			Note(s)

STATEMENTS OF CASH FLOWS

for the year ended 28 February 2010

		GROUP		COMPANY	
		2010	2009	**2010**	2009
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flows from operating activities					
Cash generated from/(used in) operations	25	**(7 192)**	(183 122)	**(12 905)**	11 573
Interest income		**72**	202	**–**	–
Finance costs		**(10 877)**	(78 701)	**–**	–
Tax (paid)/received	26	**(16 713)**	(15 376)	**–**	–
Net cash from operating activities		**(34 710)**	(276 997)	**(12 905)**	11 573
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(2 525)**	(38 290)	**(112)**	(516)
Sale of property, plant and equipment	3	**28 044**	11 803	**9**	9
Loss of control over business	27	**(6 877)**	–	**–**	–
Loans to group companies repaid		**–**	–	**–**	–
Loans advanced to group companies		**–**	–	**–**	(61 022)
Repayment of loans from group companies		**–**	–	**502**	–
Sale of financial assets		**2 015**	(4 081)	**–**	–
Net movement in subsidiaries		**–**	–	**–**	(46 060)
Net cash from investing activities		**(20 657)**	(30 568)	**399**	(107 589)
Cash flows from financing activities					
Movement in treasury shares	12	**11 494**	86 311	**11 494**	86 311
Repayment of borrowings		**(3 507)**	190 114	**–**	–
Finance lease payments		**(2 662)**	3 797	**–**	–
Net cash from financing activities		**5 325**	280 222	**11 494**	86 311
Total cash movement for the year		**(8 728)**	(27 343)	**(1 012)**	(9 705)
Cash at the beginning of the year		**23 883**	51 226	**1 506**	11 211
Total cash at end of the year	10	**15 155**	23 883	**494**	1 506

ACCOUNTING POLICIES

1 PRESENTATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, 1973, as amended, and the JSE Listings Requirements.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

All International Financial Reporting Standards, which are applicable and currently in effect, are being complied with.

1.1 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The cost of an acquisition is measured as 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 values at the acquisition date, irrespective of the extent of any minority 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 value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. (Also refer to note 1.2 impairment of assets).

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represent the lowest level within the group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the group's primary or the group's secondary reporting format determined in accordance with IFRS 8 Segment Reporting.

Where goodwill forms part of a cash generating unit (group of cash generating units) and part of the operations within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

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.

1.2 Significant judgements 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 judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

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. It is reasonably possible that the security values assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. In addition, goodwill is tested on an annual basis for impairment. 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. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including property market values, financial market regulations and money market liquidity together with economic factors such as interest rates and markets liquidity.

Provisions

Provisions were raised based on management's estimates according to the information available. Additional disclosure of these estimates is included in note 15 Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.3 Property, plant and equipment

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

All fixed assets are shown at cost, less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity and any gains/ losses on qualifying cash flow hedges of foreign currency purchases of fixed assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

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:

• Furniture and fittings	4 – 6 years
• Motor vehicles	5 years
• Computer equipments & software	3 – 5 years
• Office equipment	3 – 5 years
• Medical Equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

1.4 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities, contingent liabilities and intangible assets.

Subsequently goodwill is carried at cost less any impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.5 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

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. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

Trade and other receivables

Trade receivable, loans and advances are stated at amortised cost net of impairment provisions. The group creates a specific impairment when there is objective evidence that it will not be able to collect all amounts due. The amount of impairment is the difference between the carrying and the recoverable amount.

The group creates a further portfolio impairment where there is objective evidence that the portfolio of loans and advances contain probable losses at balance sheet date, which will only be identified in the future, or where insufficient data exists to reliably measure where such losses exist. The estimated probable losses are based on historical patterns of losses in each component, the credit rating allocated to the borrower and take account of the current economic climate in which the borrower operates.

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.5 Financial instruments (continued)

When an advance is uncollectible, it is written off against the related impairment. Subsequent recoveries are credited thereto.

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet 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 balance sheet.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which are mandatory redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowings are not limited by the company's Articles of Association.

Trade and other payables

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

1.6 Tax

Current tax assets and liabilities

Current tax for the current and prior periods is, to the extent unpaid, recognised as a liability. 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 for the current and prior periods are measured at the amount expected to be paid to the tax authorities, using the tax rates that have been enacted.

Deferred tax assets and liabilities

Deferred income tax is provided in full, using the liability method, 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 affect neither accounting nor taxable profit or 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 balance sheet 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 and associates, 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.

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.7 Leases

The company is the lessee

Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

The company is the lessor

When the assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Share capital and equity

Ordinary shares are classified as equity.

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.

1.10 Provisions and contingencies

Provisions for legal claims are recognised when:

- The group has a present legal or constructive obligation as a result of past events;
- It is more than likely that an outflow of resources will be required to settle the obligation; and
- The amount has been reliably estimated.

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.11 Revenue

Revenue recognition comprises the fair value for the sale of goods and services, net of value added tax, and 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 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.

1.12 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

1.13 Segment reporting

The group has adopted IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are reviewed by management to allocate resources and assess performance.

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.

1.14 Financial risk management

The groups activities expose it to a variety of financial risks:

a) market risk,

b) cash flow and fair value interest rate risk,

c) credit risk, and

d) liquidity risk

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out under policies approved by the board of directors.

1.15 Non-current assets held for sale

Non-current assets 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 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 of the date of classification. Non-current assets held for sale are measured at the lower of its carrying amount and fair value less cost to sell.

NOTES TO THE FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2010:

IFRS 3 (Revised) Business combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be re-measured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 1 July 2009.

The group expects to adopt the standard for the first time in the 2011 financial statements.

It is unlikely that the standard will have a material impact on the group's financial statements.

IAS 27 (Amended) Consolidated and separate financial statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any re-measurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is re-measured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

IAS 7 Statement of cash flows: consequential amendments due to IAS 27 (Amended) consolidated and separate financial statements

Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.1 Standards and interpretations not yet effective (continued)

IAS 12 Income taxes - consequential amendments due to IAS 27 (Amended) consolidated and separate financial statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidated and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

May 2008 annual improvements to IFRS's: amendments to IFRS 5 non-current assets held for sale and discontinued operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IFRS 2 share-based payment

The amendment excludes common control transactions and the formation of joint ventures from the scope of IFRS 2 (AC 139) Share based Payment.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IFRS 5 non-current assets held for sale and discontinued operations

The amendment specifies that disclosures of other Standards do not apply to non-current assets (or disposal groups) held for sale or discontinued operations, unless specifically required by other Standards or for measurement disclosures of assets and liabilities in a disposal group which are outside the measurement requirements of IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IFRS 8 operating segments

Entities are only required to report segment assets if they are regularly reported to the chief operating decision maker.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.1 Standards and interpretations not yet effective (continued)

2009 Annual improvements project: amendments to IAS 1 presentation of financial statements

The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue of equity instruments, does not affect its classification as current or non-current.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IAS 7 statement of cash flows

The amendment provides that expenditure may only be classified as 'cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IAS 17 leases

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IAS 18 revenue

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IAS 36 impairment of assets

The amendment now requires that, for the purpose of goodwill testing, each group of units to which goodwill is allocated shall not be larger than an operating segment as defined in paragraph 5 of IFRS 8 (AC 145) Operating Segments. Thus the determination is now required to be made before operating segments are aggregated.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.1 Standards and interpretations not yet effective (continued)

2009 Annual improvements project: amendments to IAS 38 intangible assets

The amendment provides guidance on the measurement of intangible assets acquired in a business combination.

The effective date of the amendment is for years beginning on or after 1 July 2009.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

2009 Annual improvements project: amendments to IAS 39 financial instruments: recognition and measurement

In terms of the amendment, forward contracts to buy or sell an acquiree that will result in a business combination in the future, are only exempt from the Standard if the term of the contract does not exceed that which is reasonably necessary to obtain the required approval and complete the transaction. The amendment further clarifies that in a cash flow hedge of a forecast transaction, gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment also clarifies that a prepayment option is not closely related to the host contract unless the exercise price is approximately equal to the present value of the lost interest for the remaining term of the host contract.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

Amendment to IFRS 2 – group cash settled share based payment transactions

The amendment incorporates the principles of IFRIC 8 (AC 441) Scope of IFRS 2 and IFRIC 11 (AC 444) IFRS 2 Group and Treasury Share Transactions, which have consequentially been removed. In addition, the amendment provides that for share based payment transactions among group entities, the entity receiving the goods or services shall recognise the transaction as an equity settled share based payment transaction if either the awards granted are its own equity instruments or the entity has no obligation to settle the transaction. In all other circumstances, such transactions shall be accounted for as cash settled share based payment transactions.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements.

It is unlikely that the amendment will have a material impact on the group's financial statements.

	2010 Cost/ valuation R'000	2010 Accu-mulated depreciation R'000	2010 Carrying value R'000	2009 Cost/ valuation R'000	2009 Accu-mulated depreciation R'000	2009 Carrying value R'000	2008 Cost/ valuation R'000	2008 Accu-mulated depreciation R'000	2008 Carrying value R'000
3. PROPERTY, PLANT AND EQUIPMENT									
Group									
Land and buildings	**1 320**	**–**	**1 320**	38 985	–	38 985	8 974	–	8974
Furniture and fixtures	**1 310**	**(803)**	**507**	3 623	(784)	2 839	2 447	(610)	1 837
Motor vehicles	**2 643**	**(767)**	**1 876**	6 294	(1 667)	4 627	2 990	(1 338)	1 652
Office equipment	**928**	**(527)**	**401**	1 076	(525)	551	745	(338)	407
IT equipment	**2 607**	**(1 642)**	**965**	3 001	(1 794)	1 207	2 164	(1 508)	656
Computer software	**83**	**(63)**	**20**	52	(49)	3	202	(181)	21
Medical equipment	**882**	**(112)**	**770**	1 230	(29)	1 201	–	–	–
Total	**9 773**	**(3 914)**	**5 859**	54 261	(4 848)	49 413	17 522	(3 975)	13 547
Company									
Land and buildings	**–**	**–**	**–**	–	–	–	1 876	–	1 876
Furniture and fixtures	**862**	**(507)**	**355**	1 010	(298)	712	805	(195)	610
Office equipment	**103**	**(43)**	**60**	100	(22)	78	63	(18)	45
IT equipment	**579**	**(267)**	**312**	505	(170)	335	429	(169)	260
Total	**1 544**	**(817)**	**727**	1 615	(490)	1 125	3 173	(382)	2 791

	Opening balance R'000	Additions R'000	Loss in control of sub-sidiary R'000	Disposals R'000	Classified as held for sale R'000	Transfers R'000	Re-valuations R'000	Depre-ciation R'000	Total R'000
Reconciliation of property, plant and equipment									
Group - 2010									
Land and buildings	**38 985**	**168**	**(21 133)**	**(1 343)**	**(12 429)**	**1 072**	**(4 000)**	**–**	**1 320**
Furniture and fixtures	**2 839**	**33**	**(2 025)**	**(1)**	**–**	**(47)**	**–**	**(292)**	**507**
Motor vehicles	**4 627**	**1 425**	**(3 166)**	**(77)**	**–**	**(347)**	**–**	**(586)**	**1 876**
Office equipment	**551**	**46**	**(42)**	**–**	**–**	**(21)**	**–**	**(133)**	**401**
IT equipment	**1 207**	**560**	**(395)**	**(26)**	**–**	**(79)**	**–**	**(302)**	**965**
Computer software	**3**	**30**	**–**	**–**	**–**	**3**	**–**	**(16)**	**20**
Medical equipment	**1 201**	**263**	**–**	**(30)**	**–**	**(581)**	**–**	**(83)**	**770**
	49 413	**2 525**	**(26 761)**	**(1 477)**	**(12 429)**	**–**	**(4 000)**	**(1 412)**	**5 859**

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
3. PROPERTY, PLANT AND EQUIPMENT					
Reconciliation of property, plant and equipment					
Group - 2009					
Land and buildings	8 974	30 011	–	–	38 985
Furniture and fixtures	1 837	1 543	(57)	(484)	2 839
Motor vehicles	1 652	4 192	(476)	(741)	4 627
Office equipment	407	320	(59)	(117)	551
IT equipment	656	957	(20)	(386)	1 207
Computer software	21	4	–	(22)	3
Medical equipment	–	1 263	–	(62)	1 201
	13 547	38 290	(612)	(1 812)	49 413
Reconciliation of property, plant and equipment					
Group - 2008					
Land and buildings	2 086	6 888	–	–	8 974
Furniture and fixtures	601	1 421	(6)	(179)	1 837
Motor vehicles	1 208	1 204	(426)	(334)	1 652
Office equipment	31	447	(7)	(64)	407
IT equipment	293	582	–	(219)	656
Computer software	6	30	–	(15)	21
	4 225	10 572	(439)	(811)	13 547

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
3. PROPERTY, PLANT AND EQUIPMENT (continued)						
Reconciliation of property, plant and equipment						
Company - 2010						
Furniture and fixtures	**712**	**8**	**–**	**(157)**	**(208)**	**355**
Office equipment	**78**	**3**	**–**	**–**	**(21)**	**60**
IT equipment	**335**	**101**	**(18)**	**–**	**(106)**	**312**
	1 125	**112**	**(18)**	**(157)**	**(335)**	**727**

	Opening balance R'000	Additions R'000	Transfers R'000	Depreciation R'000	Total R'000
Reconciliation of property, plant and equipment					
Company - 2009					
Land and buildings	1 876	–	(1 876)	–	–
Furniture and fixtures	610	314	–	(212)	712
Office equipment	45	46	–	(13)	78
IT equipment	260	156	–	(81)	335
	2 791	516	(1 876)	(306)	1 125

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Reconciliation of property, plant and equipment				
Company - 2008				
Land and buildings	253	1 623	–	1 876
Furniture and fixtures	368	328	(86)	610
Office equipment	14	40	(9)	45
IT equipment	45	304	(89)	260
	680	2 295	(184)	2 791

Details of properties

Erf 127 Dunkeld West, Johannesburg, Gauteng

Commercial property housing the registered office of African Dawn Capital Limited. The property is bonded with Investec Bank. The property has been reclassified to held for sale at year end.

Erf 2126 Douglasdale Ext 149

A residential property in Johannesburg that is bonded with Absa Bank.

	2010 Cost R'000	2010 Accu–mulated impairment R'000	2010 Carrying value R'000	2009 Cost R'000	2009 Accu–mulated impairment R'000	2009 Carrying value R'000	2008 Cost R'000	2008 Accu–mulated impairment R'000	2008 Carrying value R'000
4. GOODWILL									
Goodwill	**134 090**	**134 090**	**–**	142 212	–	142 212	99 381	–	99 381

	Opening balance R'000	Loss in control of sub-sidiary R'000	Impairment loss R'000	Total R'000
Reconciliation of goodwill				
Group - 2010				
Goodwill	**142 212**	**(8 122)**	**(134 090)**	**–**

	Opening balance R'000	Additions through business combinations R'000	Prior period error (note 30) R'000	Total R'000
Reconciliation of goodwill				
Group - 2009				
Goodwill	99 381	47 890	(5 059)	142 212

	Opening balance R'000	Additions through business combinations R'000	Prior period error (note 30) R'000	Total R'000
Reconciliation of goodwill				
Group - 2008				
Goodwill	10 896	129 485	(41 000)	99 381

Assessment of goodwill

Based on the financial information regarding the various group investments and considering the irregularities disclosed in the directors' review, the directors consider that goodwill on the acquisition of subsidiaries should be written down to nil.

	Holding 2010 %	Holding 2009 %	Holding 2008 %	Carrying amount 2010 R'000	Carrying amount 2009 R'000	Carrying amount 2008 R'000
5. INVESTMENTS IN SUBSIDIARIES						
African Dawn Kwazulu-Natal (Pty) Ltd	**100**	100	100	**–**	–	–
African Dawn Pam Golding Properties Pretoria West (Pty) Ltd	**–**	100	100	**–**	–	–
African Dawn Renovations (Pty) Ltd	**–**	100	100	**–**	–	–
African Dawn Property Transfer Finance 1 (Pty) Ltd	**100**	100	100	**–**	–	–
African Dawn Property Transfer Finance 2 (Pty) Ltd	**100**	100	100	**–**	–	–
African Dawn Social Education (Pty) Ltd	**100**	100	100	**–**	–	–
Nexus Personnel Finance (Pty) Ltd	**100**	100	100	**–**	21 672	21 672
African Dawn Property Transfer Finance 4 (Pty) Ltd	**100**	100	100	**–**	–	–
ABC Cashplus Randburg (Pty) Ltd	**100**	100	100	**–**	–	–
ABC Cashplus Financial Services (Pty) Ltd	**100**	100	100	**–**	–	–
African Dawn Wheels (Pty) Ltd	**100**	100	100	**–**	–	–
Bhenka Community Marketing (Pty) Ltd	**100**	100	100	**–**	20 197	20 197
Allegro Holdings (Pty) Ltd	**–**	100	100	**–**	53 913	16 000
Dumont Health (Pty) Ltd	**100**	100	100	**–**	11 500	11 500
Elite Group (Pty) Ltd	**100**	100	100	**3 322**	21 822	18 706
Candlestick Park Investments (Pty) Ltd	**100**	100	50	**5 279**	12 918	7 887
Elite Group 1 (Pty) Ltd	**100**	100	100	**–**	–	–
African Dawn Property Transfer Finance 5 (Pty) Ltd	**100**	–	–	**–**	–	–
African Dawn Wheels Operations (Pty) Ltd	**100**	100	100	**–**	–	–
Nexus Personnel Finance 2 (Pty) Ltd	**100**	–	–	**–**	–	–
Albistar Investments (Pty) Ltd	**100**	–	–	**–**	–	–
Almika Properties 81 (Pty) Ltd	**100**	–	–	**–**	–	–
Amalgum Investment 138 (Pty) Ltd	**100**	100	–	**–**	–	–
				8 601	142 022	95 962

The carrying amounts of subsidiaries are shown net of impairment losses.

Subsidiaries for which control was lost during the year

The group lost control of subsidiary Allegro Holdings (Pty) Ltd on 1 March 2009 when the company was put under curatorship by the board of directors.

The gain (loss) has been included in fair value adjustments in comprehensive income.

	COMPANY		
	2010	2009	2008
	R'000	R'000	R'000
6. LOANS TO (FROM) GROUP COMPANIES			
Loans with holding company			
Nexus Personnel Finance (Pty) Ltd			
The loan is interest free	**(4 516)**	(8 186)	8 226
African Dawn Social Education (Pty) Ltd			
The loan is interest free	**15**	6	6
African Dawn Pam Golding Properties Pretoria West (Pty) Ltd			
The loan is interest free	**–**	1 202	1 031
Bhenka Financial Services (Pty) Ltd			
The loan is interest free	**(5 950)**	(6 204)	(6 604)
African Dawn Property Transfer Finance 2 (Pty) Ltd			
The loan bears simple interest of 1% per month	**61 441**	74 592	23 285
African Dawn Renovations (Pty) Ltd			
The loan is interest free	**–**	2 814	1 803
African Dawn Property Transfer Finance 1 (Pty) Ltd			
The loan bears simple interest of 1% per month	**7 687**	7 763	6 001
African Dawn Wheels (Pty) Ltd			
The loan bears simple interest of 1.5% per month	**2 279**	2 245	5
African Dawn Kwazulu-Natal (Pty) Ltd			
The loan bears simple interest of 1.5% per month	**2 032**	453	–
African Dawn Property Transfer Finance 4 (Pty) Ltd			
The loan is interest free	**10 524**	8 145	–
Candlestickpark Investments (Pty) Ltd			
The loan is interest free	**(2 115)**	(3 570)	700
Elite Group (Pty) Ltd			
The loan bears simple interest of 1.5% per month	**12 579**	9 008	1 865
Dumont Health (Pty) Ltd			
The loan bears simple interest of 1.5% per month	**14 092**	10 302	1 230
	98 068	98 570	37 548
Impairment of loans to group companies	**(34 189)**	–	–
	63 879	98 570	37 548
Current assets	**76 460**	116 530	44 152
Current liabilities	**(12 581)**	(17 960)	(6 604)
	63 879	98 570	37 548

All group company loans are unsecured with no fixed terms of repayment. Management has made provision on group loans where the loan balances exceed the net asset value of the company. The R63 879 000 indicates the fair value of the intercompany loans. Intercompany loans have been ceded to Absa Bank as security on the facility to African Dawn Property Transfer Finance 1 (Pty) Ltd.

Intercompany loans receivable is classified as loans and receivables.

Intercompany loans payable is classified as liabilities at amortised cost.

6. LOANS TO/(FROM) GROUP COMPANIES (continued)

As inter-group loans have no fixed terms of repayment each loan is tested for impairment at each reporting period and impaired as necessary.

Loans to group companies impaired

As of 28 February 2010, loans to group companies of R93 759 256 (2009: R– ; 2008: R–) were impaired and provided for.

The amount of the impairment was R34 188 953 as of 28 February 2010 (2009: R–; 2008: R–).

The creation and release of impairment for loans to group companies have been included in operating expenses in the statement of comprehensive income .

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	R'000	R'000	R'000	**R'000**	R'000	R'000
7. DEFERRED TAX						
Deferred tax asset/(liability)						
Revaluation, net of related depreciation	**(576)**	–	–	**–**	–	–
Tax losses available for set off against future taxable income	**–**	4 844	–	**–**	–	–
	(576)	4 844	–	**–**	–	–
Reconciliation of deferred tax asset/(liability)						
At beginning of the year	**4 844**	–	–	**–**	–	–
Increase/(decrease) in tax losses available for set off against future taxable income	**(4 844)**	4 844	–	**–**	–	–
Originating temporary difference on revaluation of property	**(576)**	–	–	**–**	–	–
	(576)	4 844	–	**–**	–	–
8. INVENTORIES						
Work in progress	**6 997**	171 656	705	**–**	–	–
Finished goods	**–**	28	194	**–**	–	–
	6 997	171 684	899	**–**	–	–

In the prior year inventories that related to a property development held by Allegro Holdings (Pty) Ltd were reversed, due to loss of control of the company (refer to note 27)

	GROUP 2010 R'000	GROUP 2009 R'000	GROUP 2008 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000	COMPANY 2008 R'000
9. TRADE AND OTHER RECEIVABLES						
Trade receivables	**93 181**	338 866	197 668	**–**	9 360	–
VAT	**135**	–	–	**–**	–	–
Other receivables	**2 172**	5 918	(122)	**2 212**	21 468	3 097
	95 488	344 784	197 546	**2 212**	30 828	3 097

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for loan facilities of R56 103 047 (2009: R50 290 575) of the group.

Trade and other receivables are classified as loans and receivables.

Fair value of trade and other receivables

GROUP	2010 R'000	2009 R'000	2008 R'000
Short-term secured finance			
Current financial receivables	**139 491**	370 912	193 688
Specific allowance for impairment	**(108 242)**	(106 558)	(30 549)
Specific allowance for impairment as percentage of book	**77.6%**	28.7%	15.8%
Security held, ceded by debtors, that is saleable in the event of default	**41 097**	255 007	1 236 556
Receivables past due but not impaired	**41 128**	264 354	168 448
Short-term secured finance is advanced at interest rates between 3% and 5% per month and is secured with a minimum of 2.5 times the advance value of assets. The advance books are monitored by a credit committee to assess the status of all advances and evaluate their security values.			
Home improvement finance and other			
Current financial receivables	**180 272**	99 395	48 713
Specific allowance for impairment	**(118 340)**	(24 884)	(14 184)
Specific allowance for impairment as percentage of book	**65.6%**	25.0%	29.1%
Home improvement finance is advanced at a rate of 36% per annum and is in compliance with the National Credit Act ("NCA"). An affordability profile is completed as part of the NCA requirements. The advance book is regularly reviewed and monitored for increased risk of non payment and provisions increased accordingly. Further growth in the receivables is being hampered by funding limitations.			
Total			
Current financial receivables	**319 763**	470 307	242 401
Specific allowance for impairment	**(226 582)**	(131 442)	(44 733)
Specific allowance for impairment as percentage of book	**70.9%**	28.0%	18.5%

The significant increase in the impairments in respect of trade and other financial receivables is largely due to the decrease in value of securities held as well as more stringent security rating policy implemented by management.

COMPANY

Trade receivables for the company (2010: –; 2009: 9 359 644; 2008: –), relates to loans in normal trade of business. The loans are unsecured and interests is charged between 1% and 5% per month. Specific allowance for impairment relating to loans (2010: 9 359 644; 2009: –; 2008: –).

NOTES TO THE FINANCIAL STATEMENTS (continued)

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	R'000	R'000	R'000	**R'000**	R'000	R'000
9. TRADE AND OTHER RECEIVABLES (continued)						
Reconciliation of provision for impairment of trade and other receivables						
Opening balance	**131 442**	44 733	7 585	**24 062**	–	–
Increase in provision for impairment	**132 160**	144 775	39 315	**29 917**	24 062	–
Amounts written off as uncollectable	**(37 020)**	(58 066)	(2 167)	**(1 726)**	–	–
	226 582	131 442	44 733	**52 253**	24 062	–
The creation and release of provision for impaired receivables has been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.						
The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.						
10. CASH AND CASH EQUIVALENTS						
Cash and cash equivalents consist of:						
Cash on hand	**490**	444	794	**2**	2	–
Bank balances	**15 408**	27 675	55 089	**492**	1 504	11 211
Bank overdraft	**(743)**	(4 236)	(4 657)	**–**	–	–
	15 155	23 883	51 226	**494**	1 506	11 211
Current assets	**15 898**	28 119	55 883	**494**	1 506	11 211
Current liabilities	**(743)**	(4 236)	(4 657)	**–**	–	–
	15 155	23 883	51 226	**494**	1 506	11 211
Cash and cash equivalents are classified as loans and receivables.						
11. NON-CURRENT ASSETS HELD FOR SALE						
Prior to year end the directors placed the head office building on the market. The asset was classified as being held for sale and carried at the lower of its carrying amount and its fair value less costs to sell. The directors have signed a sales agreement subsequent to year end and are awaiting the transfer of the property.						
Assets and liabilities						
Non-current assets held for sale						
Property, plant and equipment	**12 429**	–	–	**–**	–	–

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	R'000	R'000	R'000	**R'000**	R'000	R'000
12. SHARE CAPITAL						
Authorised						
500 000 000 ordinary shares of R0,01 each	**5 000**	5 000	5 000	**5 000**	5 000	5 000
Reconciliation of value of shares issued:						
Opening balance	**244 613**	158 302	74 261	**244 613**	158 302	74 261
Treasury shares purchased	**(1 144)**	(24 325)	–	**(1 144)**	(24 325)	–
Treasury shares issued to Allegro Shareholders	**12 638**	–	–	**12 638**	–	–
Issue of ordinary shares	**–**	110 636	84 041	**–**	110 636	84 041
	256 107	244 613	158 302	**256 107**	244 613	158 302
Issued						
Ordinary	**2 221**	2 228	1 997	**2 221**	2 228	1 997
Treasury shares	**–**	(59)	–	**–**	(59)	–
Share premium	**253 886**	242 444	156 305	**253 886**	242 444	156 305
	256 107	244 613	158 302	**256 107**	244 613	158 302

	2010	2009	2008
Reconciliation of number of shares issued			
Opening balance	**222 926 236**	199 851 387	145 997 815
Issued 31 May 2007	**–**	–	28 853 572
Issued 8 August 2007	**–**	–	25 000 000
Issued 28 March 2007	**–**	3 074 849	–
Issued 30 May 2008	**–**	20 000 000	–
Balance	**222 926 236**	222 926 236	199 851 387

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	R'000	R'000	R'000	**R'000**	R'000	R'000
13. BORROWINGS						
Held at amortised cost						
Absa Bank Overdraft						
The overdraft facility of R10 000 000 is secured on associated debtors. Interest is levied at Prime +.25%.	**2 409**	6 418	6 320	**–**	–	–
National Housing Finance Corporation						
The loan is repayable over 5 years and interest is levied at prime -1%. The loan is secured by a cession of the associated debtors. Repayments are monthly. The loan was in breach of covenance during the financial year and consequently the entire balance is disclosed as current. (Refer to directors report page 14, note 1).	**36 436**	34 540	23 163	**–**	–	–
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.	**19 667**	23 825	15 073	**–**	–	

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	R'000	R'000	R'000	**R'000**	R'000	R'000
13. BORROWINGS (continued)						
Held at amortised cost (continued)						
Bidvest Bank						
The loan has no fixed terms of repayment and is secured on the associated debtors. Interest is charged at prime +1%.	**442**	–	–	**–**	–	–
Absa Bank Mortgage Bond						
The loan is secured on fixed property held by the company. Interest is levied at prime +2 % and the loan is repayable in monthly installments of R10 342.	**952**	973	1 176	**–**	–	–
Investec Bank Mortgage Bond						
The loan is secured on fixed property that has been classified as held for sale in note 3. Interest is levied at prime +1%. The loan is repayable in monthly installments of R160 084.	**9 841**	10 819	12 006	**–**	–	–
Four Rivers Trading 307 (Pty) Ltd						
Secured loan bare interest at 32.76% per annum with no fixed terms of repayment. Inventory valued at R164 147 721 was pledged as security on the loan.	**–**	171 372	–	**–**	–	–
Standard Bank Mortgage Bond						
The loan was secured on fixed property. Interest was levied at prime and the loan was repayable in installments of R10 000.	**–**	387	482	**–**	–	–
	69 747	248 334	58 220	**–**	–	–
Non-current liabilities						
At amortised cost	**30 460**	233 841	39 207	**–**	–	–
Current liabilities						
At amortised cost	**39 287**	14 493	19 013	**–**	–	–
	69 747	248 334	58 220	**–**	–	–
14. FINANCE LEASE OBLIGATION						
Minimum lease payments due						
– within one year	**1 278**	1 413	555	**–**	–	–
– in second to fifth year inclusive	**1 407**	4 592	753	**–**	–	–
Less: interest	**(519)**	(1 177)	(277)			
Present value of minimum lease payments	**2 166**	4 828	1 031	**–**	–	–
Present value of minimum lease payments due						
– within one year	**956**	404	430	**–**	–	–
– in second to fifth year inclusive	**1 210**	4 424	601	**–**	–	–
	2 166	4 828	1 031	**–**	–	–

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

The lease term ranges from 1-5 years and the average effective borrowing rate was 11% (2009: 12%; 2008: 14%)

Interest rates are linked to prime at the contract date.

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

	Opening balance R'000	Additions R'000	Total R'000
15. PROVISIONS			
Reconciliation of provisions			
Group and company – 2010			
Other	**–**	**16 000**	**16 000**

The provision represents management's best estimate of the group's liability under a management contract, based on possible losses under the contract.

	GROUP			COMPANY		
	2010 R'000	2009 R'000	2008 R'000	**2010 R'000**	2009 R'000	2008 R'000
16. TRADE AND OTHER PAYABLES						
Trade payables	**1 752**	82 557	98 588	**764**	187	8 652
VAT	**6 299**	160	–	**5 000**	–	–
Accrued leave pay	**223**	531	–	**212**	20	–
Accrued expenses	**4 458**	21 356	2 225	**1 701**	13 312	–
Allegro shareholders liability	**–**	25 275	–	**–**	25 275	–
	12 732	129 879	100 813	**7 677**	38 794	8 652

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

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
17. REVENUE				
Sale of goods	**–**	28	**–**	–
Rendering of services	**12 326**	23 996	**–**	–
Rental income	**811**	728	**–**	–
Trading interest received	**92 199**	360 987	**23 294**	50 770
	105 336	385 739	**23 294**	50 770
18. OPERATING (LOSS)/PROFIT				
Operating (loss)/profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	**2 923**	3 311	**367**	280
Equipment				
• Contractual amounts	**1 040**	736	**78**	83
• Contingent amounts	**38**	35	**–**	–
	4 001	4 082	**445**	363
(Loss) profit on sale of property, plant and equipment	**(194)**	11 191	**(9)**	9
Impairment on businesses combinations	**198 155**	–	**–**	–
Impairment on trade and other receivables	**130 106**	144 775	**52 197**	24 062
Impairment on loans to directors	**433**	–	**–**	–
Depreciation on property, plant and equipment	**1 412**	1 812	**335**	306
Employee costs	**34 569**	51 919	**9 830**	12 383

NOTES TO THE FINANCIAL STATEMENTS (continued)

		GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
19.	**INVESTMENT REVENUE**				
	Interest revenue				
	Bank	**72**	202	**–**	–
20.	**FAIR VALUE ADJUSTMENTS**				
	Goodwill on subsidiaries/investments in subsidiaries	**(134 090)**	–	**(133 961)**	–
	Other financial assets	**(5 102)**	–	**–**	–
		(139 192)	–	**(133 961)**	–
21.	**FINANCE COSTS**				
	Non-current borrowings	**9 408**	76 309	**–**	–
	Finance leases	**180**	116	**–**	–
	Bank	**1 062**	2 154	**–**	–
	Interest paid other 3rd parties	**227**	122	**–**	–
		10 877	78 701	**–**	–
	Capitalisation rates used during the period were 10% per annum being the weighted average cost of funds of group borrowings.				
22.	**TAXATION**				
	Major components of the tax expense				
	Current				
	Local income tax – current period	**32**	28 331	**–**	–
	Penalties and interest accrual	**6 363**	2 368	**2 608**	346
		6 395	30 699	**2 608**	346
	Deferred				
	Originating and reversing temporary differences	**1 272**	(1 272)	**–**	–
	Arising from previously unrecognised tax loss	**(488)**	–	**–**	–
		784	(1 272)	**–**	–
		7 179	29 427	**2 608**	346
	Reconciliation of the tax expense				
	Reconciliation between accounting profit and tax expense.				
	Accounting (loss)/profit	**(299 318)**	64 172	**(193 013)**	6 564
	Tax at the applicable tax rate of 28% (2009: 28%)	**32**	17 968	**–**	1 838
	Tax effect of adjustments on taxable income				
	Penalties and interest	**6 363**	2 368	**2 608**	346
	Permanent differences	**–**	10 363	**–**	–
	Tax losses carried forward	**–**	–	**–**	(1 838)
	Reversal/raising of prior year deferred tax	**784**	(1 272)		
		7 179	29 427	**2 608**	346

Unused tax loss available in the group 2010: R152 166 697 (2009: R64 235 870) on which deferred tax assets were not recognised.

	2010 R'000	2009 R'000
23. AUDITORS' REMUNERATION		
Grant Thornton		
Audit services	**1 000**	–
Non-audit services	**–**	–
	1 000	–
SAB&T		
Audit services	**1 932**	–
Non-audit services	**–**	–
	1 932	–
Van Dyk & Associates		
Audit services	**–**	732
Non-audit services	**100**	–
	100	732
Total audit fees	**3 032**	732

	GROUP		COMPANY	
	2010 R'000	2009 R'000	**2010 R'000**	2009 R'000
24. OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income				
Group - 2010				
Movements on revaluation				
Net (losses)/gains on property revaluation	**(5 063)**	5 515	**–**	**–**
25. CASH GENERATED FROM/(USED IN) OPERATIONS				
(Loss)/profit before taxation	**(299 318)**	64 172	**(193 013)**	6 564
Adjustments for:				
Depreciation	**1 412**	1 812	**335**	306
Loss/(profit) on sale of property, plant and equipment	**194**	(11 191)	**9**	(9)
Business combinations	**–**	(42 831)	**–**	–
Interest received	**(72)**	(202)	**–**	–
Finance costs	**10 877**	78 701	**–**	–
Fair value adjustments – goodwill	**134 090**	–	**–**	–
Fair value adjustments – investment in subsidiaries	**–**	–	**133 421**	–
Impairment loss	**114 106**	144 775	**36 197**	24 062
Movements in provisions	**16 000**	–	**16 000**	–
Other non-cash items	**–**	–	**(1 345)**	2 301
Changes in working capital:				
Inventories	**(6 969)**	(170 785)	**–**	–
Trade and other receivables	**24 980**	(276 639)	**26 608**	(51 793)
Trade and other payables	**(2 492)**	29 066	**(31 117)**	30 142
	(7 192)	(183 122)	**(12 905)**	11 573

		GROUP		COMPANY	
		2010	2009	**2010**	2009
		R'000	R'000	**R'000**	R'000
26.	**TAX (PAID) REFUNDED**				
	Balance at beginning of the year	**(41 255)**	(25 932)	**(3 085)**	(2 314)
	Current tax for the year recognised in profit or loss	**(6 395)**	(30 699)	**(2 608)**	(346)
	Adjustment to provide for penalties and interest	**–**	–	**1 502**	(425)
	Adjustment in respect of businesses no longer consolidated	**19 903**	–	**–**	–
	Balance at end of the year	**11 034**	41 255	**4 191**	3 085
		(16 713)	(15 376)	**–**	–
27.	**DECONSOLIDATION OF BUSINESSES**				
	Carrying value of assets deconsolidated				
	Property, plant and equipment	**(26 761)**	–	**–**	–
	Deferred tax assets/liabilities	**(3 572)**	–	**–**	–
	Goodwill	**(8 122)**	–	**–**	–
	Inventories	**(171 656)**	–	**–**	–
	Trade and other receivables	**(142 798)**	–	**–**	–
	Trade and other payables	**114 655**	–	**–**	–
	Cash	**(6 877)**	–	**–**	–
	Non-current liabilities	**175 080**	–	**–**	–
	Investments	**(2 066)**	–	**–**	–
	Outside shareholders	**(5 755)**	–	**–**	–
	Total net assets sold	**(77 872)**	–	**–**	–
	Net assets sold	**(77 872)**	–	**–**	–
	Loss on disposal	**77 872**	–	**–**	–
	Net cash outflow on acquisition	**(6 877)**	–	**–**	–

The Allegro Holdings (Pty) Ltd was a wholly owned subsidiary of African Dawn Capital Limited. As previously reported, subsequent to February 2009, the largest funder of the Allegro Group was placed under curatorship, effectively ceasing operations in Allegro during the period under review. For all intents and purposes, the curators of the Corporate Money Managers Group took control of Allegro during the period under review, culminating in Allegro itself being placed under curatorship in September 2009. Allegro was consolidated in the group`s results for the period to 28 February 2009, but was impaired in full on 1 March 2009 and is not consolidated in the results of the group for the period to 28 February 2010 as a consequence the assets and liabilities that have been derecognised due to loss of control.

28. RELATED PARTIES

Relationships	**Name of related party**
Members of key management	CM van Nieuwkerk is the owner of Imagine Wealth (Pty) Ltd *
	CDW Vivier was an associate of Le Roux Vivier and Associates *
Subsidiaries	Refer to note 5

* Resigned during the period under review and contracts cancelled

	2010	2009
Related party transactions		
Imagine Wealth (Pty) Ltd	**1 440**	2 203
Le Roux Vivier and Associates	**1 475**	109

	2010 Basic R'000	2010 Bonus R'000	2009 Basic R'000	2009 Bonus R'000
29. DIRECTORS' EMOLUMENTS				
Executive directors				
JM van Tonder	**2 421**	**–**	2 152	4 566
CDW Vivier	**2 409**	**–**	1 985	126
CM van Nieuwkerk	**479**	**–**	720	1 360
MN Ramasehla	**1 011**	**–**	892	–
Non-executive directors				
RR Emslie (Chairman)	**207**	**–**	–	–
AJ Potgieter	**183**	**–**	–	–
CF Wiese	**165**	**–**	–	–
M Ferreira	**120**	**–**	–	–
MM Patel	**306**	**–**	–	–
SW De Bruyn	**960**	**–**	–	–

All directors' remuneration was paid by African Dawn Capital Limited, except for MN Ramasehla who was paid by a subsidiary.

Details of service contracts

The executive directors were removed from their posts at the AGM held on 1 October 2009 but continued in terms of their employment contracts as employees of the company until 31 December 2009. In addition the consulting services of Imagine Wealth (Pty) Ltd a company controlled by CM van Nieuwkerk, who provided certain accounting services to the group, were terminated. The company had not appointed a new CEO as at year end and AP Broodyk CA(SA) acted as CFO on a contract basis until 31 May 2010. RR Emslie acted as non-executive chairman from 14 October 2009 to 22 July 2010.

30. PRIOR PERIOD ERRORS

The correction of the prior period errors results in adjustments in retained earnings as follows:

	GROUP 2008 R'000	COMPANY 2008 R'000
Incorrect recognition of Allegro acquisition	41 000	41 000
Consolidation errors	31 278	424
Tax error	2 851	–
Nexus receivables duplicated	19 382	–
Impairment of receivables	18 887	–
Total for 2008	113 398	41 424

The errors relating to 2008 were adjusted in the statement of changes in equity and the opening retained income for 2009 was restated.

	GROUP 2009 R'000	COMPANY 2009 R'000
Impairment of shares issued but not paid	24 062	24 062
Nexus receivables duplicated	17 932	–
Unexplained accounting entries	65 699	37 006
Consolidation errors	(5 515)	–
Impairment of loans receivable	64 579	–
Taxation	(41 744)	(18 285)
Total for 2009	125 013	42 783
Movement in 2009 profit and loss	130 384	42 783
Movements in 2009 other comprehensive income	(5 515)	

	GROUP			COMPANY		
	Restated 29 February 2008 R'000	Movement	Previously stated year–ended 29 February 2008 R'000	Restated 29 February 2008 R'000	Movement	Previously stated year–ended 29 February 2008 R'000
30. PRIOR PERIOD ERRORS (continued)						
Reconciliation of statement of financial position at 28 February 2008						
The movement between the previous reported balances in the annual financial statements and the restated balances is shown as follows:						
Non-current assets	**112 928**	(41 000)	153 928	**98 753**	(41 423)	140 176
Property, plant and equipment	**13 547**		13 547	**2 791**	–	2 791
Investment in subsidiaries	**–**	–	–	**95 962**	(41 423)	137 385
Goodwill	**99 381**	(41 000)	140 381	**–**	–	–
Current assets	**254 328**	(64 889)	319 217	**58 460**	(10 402)	68 862
Inventories	**899**	–	899	**–**	–	–
Trade and other receivables	**197 546**	(69 546)	267 092	**3 097**	–	3 097
Loans ro group companies	**–**	–	–	**44 152**	(10 402)	54 554
Cash and cash equivalents	**55 883**	4 657	51 226	**11 211**	–	11 211
Total assets	**367 256**	(105 889)	473 145	**157 213**	(51 825)	209 038
Capital and reserves	**176 603**	(113 398)	290 001	**139 643**	(41 424)	181 067
Share capital	**1 997**	–	1 997	**1 997**	–	1 997
Share premium	**156 305**	–	156 305	**156 305**	–	156 305
Accumulated loss/profit – distributable reserves	**18 301**	(113 398)	131 699	**(18 659)**	(41 424)	22 765
Non-current liabilities	**40 238**	–	40 238	**–**	–	–
Borrowings	**39 207**		39 207	**–**	–	–
Lease liabilities	**1 031**		1 031	**–**	–	–
Current liabilities	**150 415**	7 509	142 906	**17 570**	(10 401)	27 971
Short term borrowings	**19 013**		19 013	**–**	–	–
Taxation	**25 932**	2 852	23 080	**2 314**	–	2 314
Trade and other payables	**100 813**	–	100 813	**8 652**	1	8 651
Loan from group companies	**–**	–	–	**6 604**	(10 402)	17 006
Bank overdraft	**4 657**	4 657	–	**–**	–	–
Total liabilities	**190 653**	7 508	183 144	**17 570**	(10 401)	27 971
Total equity and liabilities	**367 256**	(105 889)	473 145	**157 213**	(51 825)	209 038
Ordinary shares in issue ('000)	**199 851**		199 851			
Net asset value per share (cents)	**88.37**	(56.74)	145.11			
Net tangible asset value per share (cents)	**38.64**	(36.22)	74.86			

	GROUP			COMPANY		
	Restated 28 February 2009 R'000	Movement	Previously stated 28 February 2009 R'000	Restated 28 February 2009 R'000	Movement	Previously stated 28 February 2009 R'000
30. PRIOR PERIOD ERRORS (continued)						
Reconciliation of statement of financial position at 28 February 2009						
Non-current assets	**198 535**	(45 263)	243 798	**143 147**	(49 309)	192 456
Property, plant and equipment	**49 413**	(2)	49 415	**1 125**	–	1 125
Investments in subsidiaries	**–**	–	–	**142 022**	(49 309)	191 331
Goodwill	**142 212**	(46 059)	188 271	**–**	–	–
Other financial assets	**2 066**	2 066	–	**–**	–	–
Deferred tax assets	**4 844**	(1 268)	6 112	**–**	–	–
Current assets	**546 602**	(245 650)	792 252	**148 864**	(39 870)	188 734
Inventories	**171 684**	(1)	171 685	**–**	–	–
Other financial assets	**2 015**	2 015	–	**–**	–	–
Trade and other receivables	**344 784**	(247 810)	592 594	**30 828**	10 015	20 813
Loans to group companies	**–**	–	–	**116 530**	(49 885)	166 415
Cash and cash equivalents	**28 119**	146	27 973	**1 506**	–	1 506
Total assets	**745 137**	(290 913)	1 036 050	**292 011**	(89 179)	381 190
Capital and reserves	**316 605**	(238 260)	554 865	**232 172**	(84 207)	316 379
Share capital	**2 170**	–	2 170	**2 170**	–	2 170
Share premium	**242 443**	–	242 443	**242 443**	–	242 443
Accumulated loss/profit – distributable reserves	**72 232**	(243 775)	316 007	**(12 441)**	(84 207)	71 766
Reserves	**5 515**	5 515	–	**–**	–	–
Non-controlling interest	**(5 755)**	–	(5 755)	**–**	–	–
Non-current liabilities	**238 669**	(16 339)	255 008	**–**	(32 913)	32 913
Borrowings	**233 841**	(20 047)	253 888	**–**	(32 913)	32 913
Lease liabilities	**4 828**	3 708	1 120	**–**	–	–
Current liabilities	**189 863**	(36 314)	226 177	**59 839**	27 941	31 898
Short term borrowings	**14 493**	(4 316)	18 809	**–**	–	–
Taxation	**41 255**	(39 030)	80 285	**3 085**	(18 285)	21 370
Trade and other payables	**129 879**	2 796	127 083	**38 794**	38 040	754
Loans from group companies	**–**	–	–	**17 960**	8 186	9 774
Bank overdraft	**4 236**	4 236	–	**–**	–	–
Total liabilities	**428 532**	(52 653)	481 185	**59 839**	(4 972)	64 811
Total equity and liabilities	**745 137**	(290 913)	1 036 050	**292 011**	(89 179)	381 190
Ordinary shares in issue ('000)	**212 129**		212 129			
Net asset value per share (cents)	**149.25**	(112.32)	261.57			
Net tangible asset value per share (cents)	**82.21**	(90.61)	172.82			

	GROUP				COMPANY			
	Share capital R'000	Share premium R'000	Retained earnings R'000	Ordinary share-holders equity R'000	Share capital R'000	Share premium R'000	Retained earnings R'000	Ordinary share-holders equity R'000
30. PRIOR PERIOD ERRORS (continued)								
Reconciliation of statement in changes of equity								
Audited balance at 29 February 2008	1 997	156 305	131 699	290 001	1 997	156 305	22 765	181 067
Accounting error	–	–	(113 398)	(113 398)	–	–	(41 424)	(41 424)
Restated balance at 29 February 2008	1 997	156 305	18 301	176 603	1 997	156 305	(18 659)	139 643

	GROUP			COMPANY		
	Restated 28 February 2009 R'000	Movement	Previously stated 28 February 2009 R'000	Restated 28 February 2009 R'000	Movement	Previously stated 28 February 2009 R'000
Reconciliation of 2009 Statement of comprehensive income						
Revenue	**385 739**	(58 214)	443 953	**50 770**	(42 740)	93 510
Cost of sales/finance cost	**(4 506)**	70 682	(75 188)	**–**	–	–
Gross profit	**381 233**	12 468	368 765	**50 770**	(42 740)	93 510
Other income	**19 425**	(2 424)	21 849	**6 238**	5 302	936
Operating and other expenses	**(257 987)**	(103 706)	(154 281)	**(50 444)**	(24 055)	(26 389)
Fair value adjustment	**–**	33	(33)	**–**	–	–
Operating profit/(loss)	**142 671**	(93 629)	236 300	**6 564**	(61 493)	68 057
Investment revenue	**202**	202	–	**–**	–	–
Finance cost	**(78 701)**	(78 701)	–	**–**	–	–
Profit /(loss) from operations before:	**64 172**	(172 128)	236 300	**6 564**	(61 493)	68 057
Taxation	**(29 427)**	41 744	(71 171)	**(346)**	18 710	(19 056)
Net profit/(loss) for the period for continuing operations	**34 745**	(130 384)	165 129	**6 218**	(42 783)	49 001
Other comprehensive income net of tax						
Profit on property revaluation	**5 515**	5 515	–	**–**	–	–
Total comprehensive profit/(loss) attributable to:	**40 260**	(124 869)	165 129	**6 218**	(42 783)	49 001
Owners of the parent	**62 711**	(124 869)	187 580	**6 218**	(42 783)	49 001
Non-controlling interest	**(22 451)**	–	(22 451)	**–**	–	–
Weighted average number of:						
Total weighted average number of shares in issue ('000)	**209 715**	(3 479)	213 194			
Basic earnings/(loss) per share (cents)	**27.27**	(60.63)	87.90			
Headline earnings/(loss) per share (cents)	**27.27**	(60.63)	87.90			

31. RISK MANAGEMENT

Capital risk management

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 in order to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 13, 14, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maximise it's 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 it's debt: equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

There are no externally imposed capital requirements.

The debt equity ratios were as follows:

		GROUP		COMPANY	
	Note	**2010 R'000**	2009 R'000	**2010 R'000**	2009 R'000
Total borrowings		**71 913**	253 162	**12 581**	17 960
Less: cash and cash equivalents	10	**15 155**	23 883	**494**	1 506
Net debt		**56 758**	229 279	**12 087**	16 454
Total equity		**23 674**	316 605	**48 045**	232 173
Total capital		**80 432**	545 884	**60 132**	248 627
Gearing ratio		**71%**	42%	**20%**	7%

Financial risk management

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and finance leases.

The group is exposed to the following risk from financial instruments:

Liquidity risk

Liquidity risk is the risk arising from the group not being able to meet its obligations. The group manages its liquidity needs by monitoring scheduled debt servicing payments for long term financial liabilities as they fall due as well as forecasting cash inflows and outflows from it's business activity. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

	Between 1 and 2 years R'000	Between 2 and 5 years R'000
Group		
Borrowings	40 243	31 670

Interest rate risk

The group's policy is to minimise interest rate cash flow risk exposures on long term financing. Longer term borrowings are therefore usually matched to the rate charged to debtors using bank prime rates as the base. At 28 February 2010, the group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates in respect of cash holdings is considered immaterial.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

As the group matches interest rates on borrowings against debtors subject to similar interest rates, the risk of interest rate variations is not material.

31. RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to 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 etc. 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 assets exposed to credit risk at year end were as follows:

	GROUP			COMPANY		
	2010	2009	2008	**2010**	2009	2008
	R'000	R'000	R'000	**R'000**	R'000	R'000
Financial instrument						
Trade receivables	**93 181**	338 866	197 668	**2 233**	30 168	3 097

The company is exposed to a number of guarantees for the overdraft facilities and borrowings of Group companies. Refer to note 13 for additional details.

The group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates 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.

32. EVENTS AFTER THE REPORTING PERIOD

Prior to the financial year end the directors placed the head office building on the market. The asset was therefore classified as being held for sale and carried at the lower of its carrying amount and its fair value less costs to sell. The directors signed a sales agreement subsequent to year end and are awaiting the transfer of the property.

33. SEGMENTAL REPORT

	Bridging R'000	Personal finance R'000	Other short-term R'000	Total R'000
28 February 2010				
Revenue	**40 654**	**51 677**	**13 005**	**105 336**
Net (loss) by segment	**(264 725)**	**(31 473)**	**(10 299)**	**(306 497)**
Net asset value	**41 449**	**(15 316)**	**(2 460)**	**23 673**
28 February 2009				
Revenue	310 237	61 941	13 561	385 739
Net profit/(loss) by segment	41 750	(7 442)	437	34 745
Net asset value	300 351	14 778	1 476	316 605

34. LOSS/EARNINGS PER SHARE

	GROUP	
	2010	2009
Reconciliation of headline loss/earnings per share		
(Loss)/profit per statement of comprehensive income for owners of parent	**(311 560)**	62 711
Impairment on business combination	**198 155**	–
Profit /(Loss) on property revaluation	**5 063**	(5 515)
	(108 342)	57 196

The weighted average number of shares in issue for 2010: 219 830 000 and 2009: 209 715 000.

The headline (loss)/earnings for the year is (49.28 cents) per share and 2009: 27.27 cents per share.

35. GUARANTEES

The company has provided a guarantee to referred to in note 13. In terms of the guarantee African Dawn Capital Limited will assume responsibility for the loan if Nexus Personal Finance (Pty) Ltd defaults on the loan.

The company has provided a guarantee to RHLF referred to in note 13. In terms of the guarantee African Dawn Capital Limited will assume responsibility for the loan if Elite Group (Pty) Ltd defaults on the loan.

	2010 R '000	2009 R '000
36. OPERATING LEASE COMMITMENT		
The directors have not entered into any material capital commitment agreements during the current year and no contingent rent is payable.		
The group's future minimum operating lease payments are as follows:		
– Within one year	**2 499**	2 166
– In second to fifth year	**1 775**	127
Total	**4 274**	2 293

SHAREHOLDERS' ANALYSIS

Register date: 26 February 2010
Issued share capital: 222 926 236 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	469	16.31	295 135	0.13
1 001 – 10 000 shares	1 332	46.31	6 121 165	2.75
10 001 – 100 000 shares	885	30.77	30 050 458	13.48
100 001 – 1 000 000 shares	164	5.70	50 433 309	22.62
1 000 001 shares and over	26	0.90	136 026 169	61.02
Total	**2 876**	**100**	**222 926 236**	**100**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Banks	8	0.28	3 628 583	1.63
Brokers	12	0.42	5 655 104	2.54
Close corporations	57	1.98	6 757 221	3.03
Endowment funds	3	0.10	39 834	0.02
Individuals	2 574	89.50	76 861 221	34.49
Insurance companies	4	0.14	10 149 534	4.55
Investment companies	2	0.07	926 499	0.42
Mutual funds	9	0.31	26 801 222	12.03
Nominees and trusts	101	3.51	6 333 181	2.84
Other corporations	44	1.53	516 461	0.23
Own holdings	1	0.03	3 268 324	1.47
Private companies	58	2.02	78 979 052	35.44
Public companies	3	0.10	3 010 000	1.35
Total	**2 876**	**100**	**222 926 236**	**100**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	6	0.21	65 640 417	29.44
Directors holdings	4	0.14	15 451 834	6.93
Own holdings	1	0.03	3 268 324	1.47
Strategic holdings (more than 10%)	1	0.03	46 920 259	21.05
Public shareholders	**2 870**	**99.79**	**157 285 819**	**70.56**
Total	**2 876**	**100**	**222 926 236**	**100**

Beneficial shareholders holding of 2% or more	Number of shares	%
Micawber 694 Proprietary Limited	57 471 300	25.78
Osborne Flexible Fund	11 000 000	4.93
Metlife Main Account	10 037 428	4.50
Stanlib Growth Fund	6 397 501	2.87
Osborne Symmetry Satellite Equity Portfolio	4 850 000	2.18
Trillion Capital (Pty) Ltd	4 700 000	2.11

BREAKDOWN OF NON-PUBLIC HOLDINGS

Director	Direct	Indirect	Total	%
JM van Tonder*	1 763 975	20 757 999	22 521 974	10.10
CDW Vivier*	776 180	7 146 324	7 922 504	3.55
CM van Nieuwkerk*	–	10 020 408	10 020 408	4.49
MN Ramasehla*	81 159	611 200	692 359	0.31
SW de Bruyn	125 000	15 326 834	15 451 834	6.93
Total	**2 746 314**	**53 862 765**	**56 609 079**	**25.38**

*The abovementioned directors resigned during the year under review

Own Holdings	Total number of shares	% of shares
African Dawn Capital Ltd	3 268 324	1.47
Total	**3 268 324**	**1.47**

Strategic Holdings (more than 10%)	Total number of shares	% of shares
Micawber 694 Proprietary Limited	57 471 300	25.78
Total	**57 471 300**	**25.78**

SHARE PRICE INFORMATION

Share price in Rands	2 March 2009	26 February 2010
High	1.95	0.24
Low	1.85	0.22
Close	1.95	0.24

Other shareholder Information

Shares in issue	222 926 236
Volume traded during the Period (2 March 2009 to 26 February 2010)	161 271 421
Volume traded to shares in issue (%)	**72.34**

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 that the annual general meeting of members of African Dawn will be held at the JSE, One Exchange Square, Gwen Lane, Sandown on Wednesday, 17 November 2010 at 10:00 for the following purposes:

1. ORDINARY RESOLUTION NUMBER 1 – ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

"Resolved that the annual financial statements for the company and the group for the year ended 28 February 2010, including the directors' Report and the Auditors' Report therein, be and are hereby received and confirmed."

2. ORDINARY RESOLUTION NUMBER 2 – RE-ELECTION OF DIRECTORS

"Resolved that the following directors, who offer themselves for re-election, be and are hereby re-elected as directors of the company:

2.1 SW de Bruyn
2.2 MM Patel"

(Details of these directors are set out on page 8 of this annual report.)

3. ORDINARY RESOLUTION NUMBER 3 – APPOINTMENT OF DIRECTORS

"Resolved that the appointments of PC Gordon as executive chairman, TF Kruger as financial director, L Taylor and CF Wiese as independent non-executives are hereby approved and confirmed."

(Details of these directors are set out on page 8 of this annual report.)

4. ORDINARY RESOLUTION NUMBER 4 – APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES

"Resolved that the following non-executive directors' fees payable for the period 17 November 2010 until the next annual general meeting, be and are hereby approved:

Director	Description	Amount
MM Patel	Chairman of the audit committee	R240 000
S W de Bruyn	Board member	R240 000
L Taylor	Board member	R240 000
CF Wiese	Board member	R240 000"

5. ORDINARY RESOLUTION NUMBER 5 – RE-APPOINTMENT OF AUDITORS

"Resolved that Grant Thornton be re-appointed as auditors of the group, and noted that EFG Dreyer, being a partner of Grant Thornton, will be the individual designated auditor who will undertake the audit of the group, for the ensuing year."

6. ORDINARY RESOLUTION NUMBER 6 – UNISSUED SHARES TO BE PLACED UNDER THE CONTROL OF THE DIRECTORS

"Resolved that, subject to the provisions of section 221 and 222 of the Companies Act 61 of 1973, as amended, the authority given to the directors to allot and issue, at their discretion, the unissued share capital of the company for such purposes as they may determine, be extended until the company's next annual general meeting."

7. ORDINARY RESOLUTION NUMBER 7 – GENERAL AUTHORITY TO ISSUE SHARES, AND TO SELL TREASURY SHARES, FOR CASH

"Resolved that the directors of the company from time to time be and they are hereby authorised, by way of a general authority, to issue shares for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Companies Act 61 of 1973, as amended, the articles of association of the company, the JSE Listings Requirements and the following limitations:

- The shares 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 shares or rights that are convertible into a class of equity securities already in issue;
- Any such issue may only be made to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- The number of shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the company's issued ordinary shares of that class;
- This general authority is valid until the earlier of the company's next annual general meeting or expiry of a period of 15(fifteen) months from the date of the passing of this ordinary resolution;
- An announcement giving full details, including the impact on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share, and, if applicable, diluted earnings per share and diluted headline earnings per share, will be released when the company has issued securities representing, on a cumulative basis within a financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to the issue;
- In determining the price at which an issue of securities 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 those securities over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares.

In term of the JSE Listings Requirements, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of ordinary resolution number 7 for it to be approved, excluding the Designated Adviser and the controlling shareholders together with their associates.

To consider and, if deemed fit, pass the following resolution as a special resolution:

8. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO REPURCHASE SHARES

"Resolved that the mandate given to the company or any of its subsidiaries providing authorisation, by way of a general approval, to acquire the company's own shares, either by the company itself or by any of its subsidiaries, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the company's articles of association, the provisions of the Companies Act, Act 61 of 1973, as amended, ("the Act") and the Listings Requirements of JSE Limited ("JSE") ("the JSE Listings Requirements") be extended, provided that:

- Any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- At any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
- This general authority be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);
- An announcement be published as soon as the company has cumulatively repurchased 3% (three percent) of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of shares and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- Repurchases by the company, in aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued share capital as at the date of passing this special resolution or 10% (ten percent) of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- Repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- Repurchases may not be made by the company and/or its subsidiaries during a prohibited period as defined by the JSE Listings Requirements unless a repurchase program is in place where the dates and quantities of shares to be traded during the relevant period are fixed and full details of the program have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and

8. SPECIAL RESOLUTION NUMBER 1 – GENERAL AUTHORITY TO REPURCHASE SHARES (continued)

- The company may not enter the market to proceed with the repurchase of its ordinary shares until the company's designated adviser has confirmed the adequacy of the company's working capital for the purpose of undertaking a repurchase of shares in writing to the JSE."

  The directors, after considering the effect of the maximum repurchase permitted, must be of the opinion that if such repurchase is implemented:

  – The company and the group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of this notice;

  – The assets of the company and the group will be in excess of the liabilities of the company and the group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements for a period of 12 months after the date of this notice;

  – The share capital and reserves will be adequate for the ordinary business purposes of the company and the group for a period of 12 months after the date of this notice; and

  – The working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of this notice.

Reason for and effect of special resolution number 1

The reason for the passing of the above special resolution is to grant the company a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of securities issued by the company. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire securities issued by the company.

The following information, which is required in terms of the JSE Listing Requirements with regard to the special resolution granting a general authority to the company to its repurchase securities, appears on the pages of the financial statements to which this notice of general meeting is annexed, as indicated below:

Directors	page 15
Major shareholders	page 53
Directors' interests in securities	page 54
Share capital	page 40

Directors' responsibility statement

The directors, whose names are given on page 8 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned special resolution contains all the information required by the JSE Limited.

Material change

Other than the facts and developments reported on in this annual report, there have been no material changes in the financial or trading position of the group since the company's financial year end and the signature date of this annual report.

Litigation

The directors are not aware of any legal or arbitration proceedings, pending or threatened against the group, which may have or have had, in the 12 months preceding the date of this notice, a material effect on the group's financial position.

Directors' statement

The directors of the group hereby state that it is the intention of the directors of the group is to utilise the authority given by the resolutions if, at some future date, the cash resources of the group are in excess of its requirements. In this regard the directors will take account of, *inter alia*, an appropriate capitalisation structure for the group, the long-term cash needs of the group and will ensure that any such utilisation is in the interests of the shareholders.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Voting

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll, every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

Proxies

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and on a poll, to vote in his/her stead.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the annual general meeting in person. Forms of proxy must be completed and received by the transfer secretaries, by no later than 10:00 am on Wednesday, 13 October 2010. Registered certificated shareholders and dematerialised shareholders with own-name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/(ies) should such member wish to do so. Dematerialised shareholders, other than with own-name registration, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary Letter of Representation from their CSDP or broker to attend the annual general meeting in person. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

By order of the board

LW Viljoen
Company secretary
19 August 2010

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")

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the annual general meeting to be held at the JSE, One Exchange Square, Gwen Lane, Sandown Wednesday, 17 November 2010 at 10:00 for the following purposes:

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary letter of representation to attend the annual general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (BLOCK LETTERS please) ____________________

Of (address) ____________________

Telephone work __________ Telephone home __________

Being the holder/custodian of __________ ordinary shares in the company, hereby appoint

1. ____________________ or failing him/her

2. ____________________ or failing him/her

3. The chairman of the meeting
As my/our proxy to attend, speak and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the company to be held for the purpose of considering and, if deemed fit, passing the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against and/or abstain from voting in respect of the ordinary share in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

		Number of votes		
		In favour	**Against**	**Abstain**
1	Ordinary resolution number 1 – Adoption of the annual financial statements			
2	Ordinary resolution number 2 – Re-election of directors			
2.1	SW de Bruyn			
2.2	MM Patel			
3	Ordinary resolution number 3 – Appointment of PC Gordon, TF Kruger, L Taylor and CF Wiese as directors			
4	Ordinary resolution number 4 – Approval of non-executive directors' fees			
5	Ordinary resolution number 5 – Re-appointment of auditors			
6	Ordinary resolution number 6 – To place the unissued shares under the control of the directors			
7	Ordinary resolution number 7 – General authority to issue shares of cash			
8	Special resolution number 1 – General authority to repurchase shares			

(Indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this __________ day of __________ 2010

Signature ____________________

Please read the notes on the reverse side hereof.

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 the proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
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 held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all 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 their voting instructions should they not be able to attend the annual general meeting in person.
4. Forms of proxy must be received at the offices of Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 10:00 on Wednesday, 13 October 2010.
5. The completion and lodging of this form of proxy will not preclude the relevant member from attending the 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 general meeting.
7. Any alteration or correction made to this form of proxy must be initialed 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 notes, if the chairman is satisfied as to the manner in which the member wishes to vote.

SHAREHOLDERS' DIARY

Financial year-end	28 February 2010
Release of results	29 June 2010
Dispatch of annual report	30 August 2010
Annual general meeting	17 November 2010
Release of interim statement	November 2010

CORPORATE INFORMATION

DIRECTORS (as at 19 August 2010)
PC Gordon *
SW de Bruyn **
TF Kruger *
MM Patel#
L Taylor#
CF Wiese#

* *Executive*
** *Non-executive*
\# *Independent non-executive*

Please refer to page 8 for further details on each director.

AUDITORS
Grant Thornton

COMPANY REGISTRATION NUMBER
1998/020520/06

DOMICILE
Republic of South Africa

SECRETARY
LW Viljoen

REGISTERED OFFICE
1st Floor
Dunkeld Place
12 North Road
Dunkeld West
Johannesburg

COUNTRY OF INCORPORATION
Republic of South Africa

TRANSFER SECRETARY
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg
2001
PO Box 61051
Marshalltown
2107

BANKERS
ABSA Bank Limited

TELEPHONE
(011) 341 0860

DESIGNATED ADVISER
Vunani Corporate Finance

1st Floor, Dunkeld Place,
12 North Road, Dunkeld West, Johannesburg