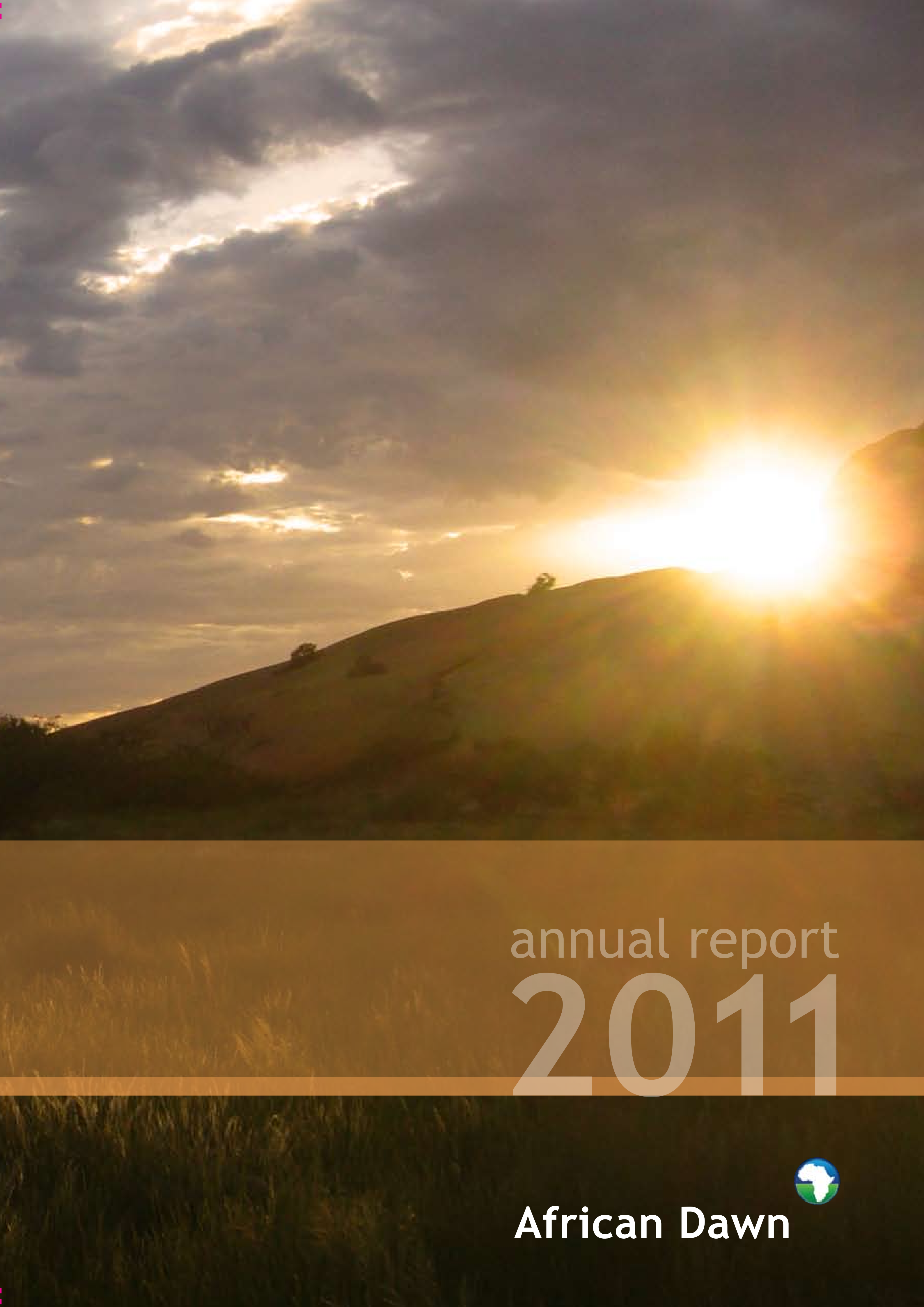
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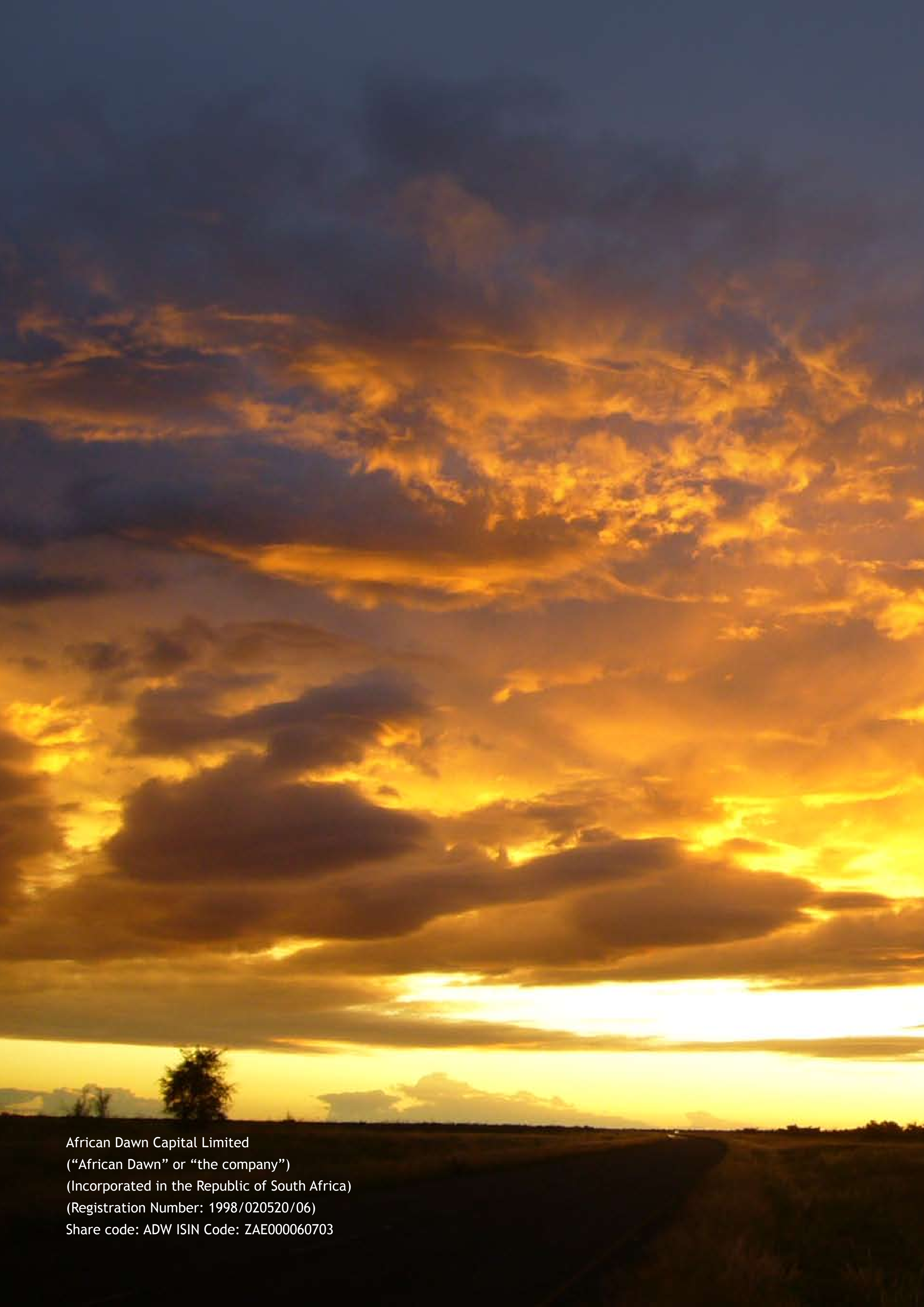

African Dawn Capital Limited
("African Dawn" or "the company")
(Incorporated in the Republic of South Africa)
(Registration Number: 1998/020520/06)
Share code: ADW ISIN Code: ZAE000060703

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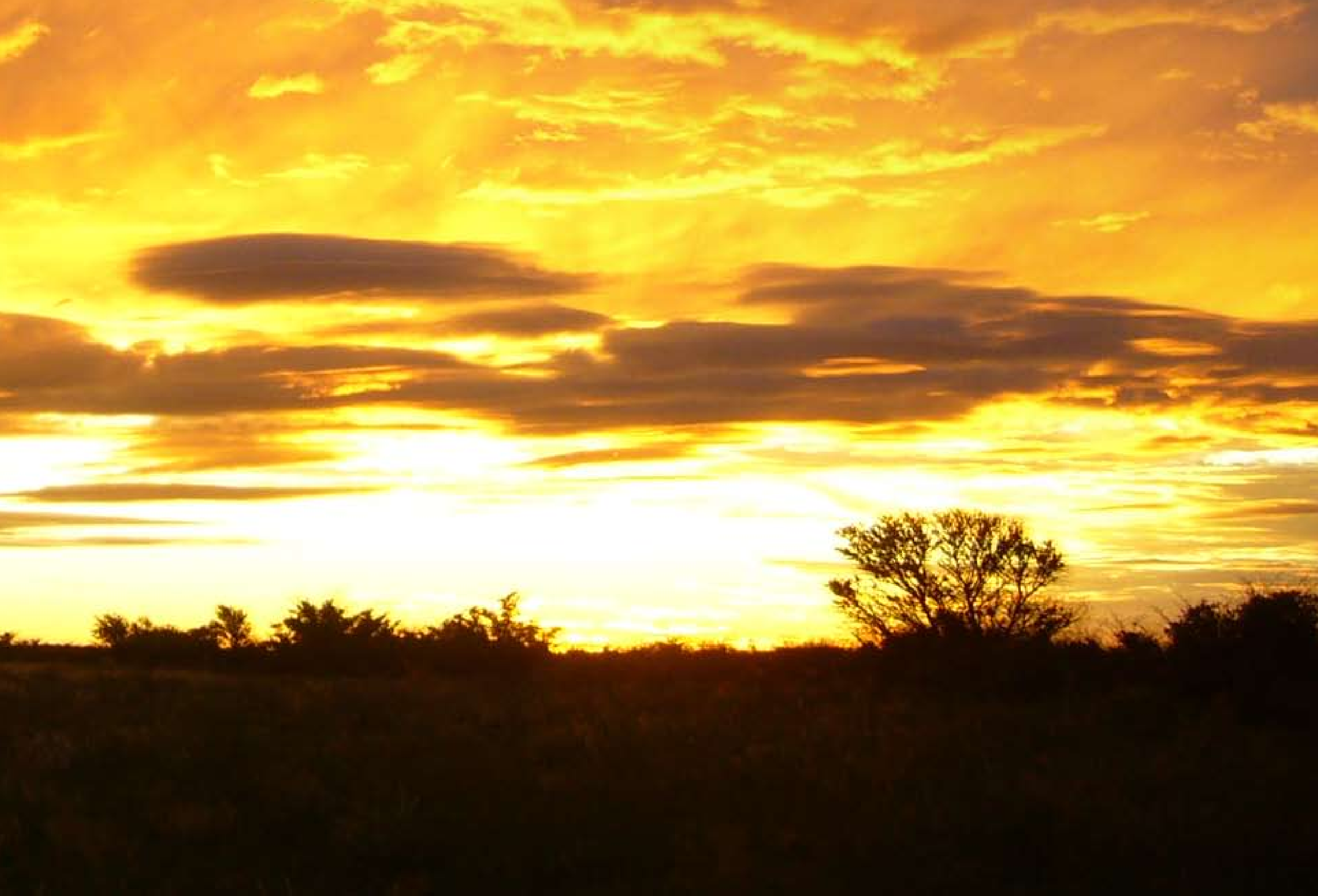


Chairman's review

THE MACRO ECONOMIC ENVIRONMENT

The next 2 years will be challenging times for the financial services industry and in particular the providers of credit. The banks continue to be extremely cautious and credit remains a scarce commodity across many market segments and in particular in the lower income households. The cautious approach to lending comes from the excesses of the latter part of the last decade, where over extension of credit was prevalent, as well as the raft of legislation that has impacted on the financial markets in general, and the banks in particular.

The National Credit Act ("NCA"), which requires credit providers to assess the affordability of repayments for loan applicants, is limiting access to credit facilities to, specifically lower income households. The National Credit Regulator is still trying to resolve the practical implementation of the NCA with the main stream banks, the micro finance industry ("MFI") and the recently formed debt counselling industry.

The introduction of the Consumer Protection Act and the new Companies Act has added further challenges for those extending lines of credit. Added to this, the planned implementation of Basel III capital standards and the impact it will have on bank's cost of capital, and notwithstanding the extended implementation timeline, is forcing regulated financial institutions to relook at their risk models. "There remains underlying tension between the trade off between safety within the financial system and its ability to support economic growth." (KPMG _ Basel III Pressure is Mounting – December 2010). Whilst the comment refers specifically to Basel III, it is pertinent to the South African market across all the legislative and economic changes experienced in the last three years. Pressure is on the banks to repeat the growth rates seen in the earlier part of the last decade whilst dealing with the debt overhang from the same period. Whilst inroads have been made in managing non performing debt, there is still a significant market for the purchase of distressed debt from the banks and fund investors who were willing lenders during the property boom and we believe this will continue for some time yet.

The South African Reserve Bank ("SARB") noted in its March 2011 Financial Stability Review that "the share of credit extended to private households declined from June to December 2010" whilst "gross loans and advances increased in December 2010 compared to a year ago, albeit at a moderate pace. Banks' lending standards are showing signs of loosening, although it is not expected to have a significant impact on credit extension, given the extent of household debt".

The sobering fact is that any wish by politicians to see a significant easing in lending standards by commercial banks and, notwithstanding lower interest rates, is unlikely to have a significant impact on credit extension to households in the short term. The SARB advises that of a total of 18,5 million credit active consumers, nearly 50% (8,61 million) have impaired credit records with a deteriorating trend in the last quarter of 2010.

The economic environment and Afdawn

Having regard to the regulatory environment as well as the banks' reluctance to extend credit provides Afdawn ample opportunity to grow its business in personal as well as structured lending. Elite, our micro finance business has, during the period of uncertainty for the group following the removal of the executives in 2009, tightened up on systems and, in particular, it's debt recovery operations. The call centre, which was developed to deliver loans, is also bearing fruit. The traditional delivery channel in the MFI remains front offices which are both costly and can increase the risk of fraud and default. Corporate employers, which Elite targets to provide micro loans to the workforce, are happy that employees do not have to leave their place of work in order to apply for a micro loan. This gives Elite a distinct advantage in its target market segment.

The Afdawn property transfer funds ("PTF's") continue to collect the loan books. The legal process is at an advanced stage for the majority of the loans balances. The legal process is long and is exacerbated by the nature of loans that the group undertook prior to 2009 where agreements were sometimes left wanting and security was not always properly taken, if at all. However, progress is being made and we are comfortable that the net book value is recoverable.

The medical aid discounting operation, Dumont Health, has stabilised following internal fraud. We believe that medical loans and medical aid discounting is an attractive and growing market and we will endeavour to grow this business albeit off a low base.

Through the development of well staffed and structured debt recovery departments in both Elite and the PTF's, the group is well placed to assist other institutions with debt management. We currently manage a property book on behalf of a hedge fund and have had a number of approaches to take on additional books for a management fee.

Any growth in Afdawn is dependent on the recapitalisation of the group. In order to achieve this there are ongoing issues that are receiving the board's full attention. We are pleased to advise that, after lengthy and drawn-out negotiations, we signed a settlement agreement with the National Housing Finance Corporation Limited ("NHFC"), the group's largest creditor, on 30 May 2011. This removes the last remaining impediment to the recapitalisation of the group.

We have concluded discussions with various parties regarding the recapitalisation of the group which has resulted in us being able to propose a partially underwritten rights issue of R25 million as well as raising a convertible bond in Elite for R10 million. We shall shortly approach the shareholders with full details of the planned re-capitalisation and to seek approval for the issue of a convertible bond.

Due to the group's recent past including the discovery of fraud and mismanagement, the re-establishment of market credibility remains a high priority for the board. The board and operating executive remain committed to increasing shareholder value. The clean up, which commenced last year, in the operations and financial reporting is now complete. Proper governance is now in place with the formation of board sub-committees and an operating executive committee. This has been undertaken against a background of limited cash reserves. Ms HH Hickey's appointment to the board and chair of the audit committee has added significant weight to the group's risk and control processes. Ms Hickey is well known in corporate South Africa having chaired the South African Institute of Chartered Accountants for a number of years and currently is chair of a number of board audit committees of listed companies.

Strategically we will finalise the recapitalisation of the group as this is essential for growth and sustainability. Strategic emphasis will be placed on our personal finance businesses where the potential to grow and the reward is greatest, subject to the efficient management of the risks; an area in which the group is well versed. We will maximise the use of our skilled personnel and systems in order to leverage our intellectual property in the sector. We will further reduce costs through the divisionalisation of the group into two distinct product groupings; personal finance and secured structured finance and will institute shared services across all business units. We will pursue well structured and secured bridging finance but, we believe, the market potential remains for this product, at best, neutral due to limited access to credit.

Operational overview

The group has performed admirably in spite of the lack of additional capital. The consolidated net profit after tax of R3,6 million is against a significant write off in 2010 where a loss of R306 million was incurred. In addition, in the year ended 28 February 2010 the group wrote off a further R548,5 million in respect of prior years. This resulted in a loss of 214% of the group's paid up capital. The current net asset value is an improvement on that disclosed in the interim results due to the profit earned in the second half as well as an excess provision which was reversed in the period.

Personal finance business has faired well although continues to suffer from the lack of access to new capital. Elite returned an operating profit of R1,2 million (2010: loss of R3,7 million). The level of provisioning has reduced to 18% (2010: 24.9%) and reflects the efforts made in improving collections. The executive believes, however, that as some of the older accounts, inherited through the use of commission agents in placing business in the past, are worked through the provisions level should reduce even further. Dumont returned a loss for the year of R2,0 million (2010: loss of R6,6 million). The business suffered through the actions of a previous employee who, having been dismissed following a fraud, then approached a number of the company's clients to solicit business. A legal claim has been lodged against the individual and the business has been stabilised.

The structured finance business remains as a collection book. No new loans have been advanced and we will continue to pursue defaulters through the courts but only when the expected recoverability outweighs the cost of collection. The PTF's have returned a profit of R2,9 million (2010: loss of R23,8 million) for the year based pre-dominantly on the success of over recovering on loans previously provided. The group has bought a number of properties and currently holds these as "property in possession". These have been fairly valued at year end which resulted in a downward fair value adjustment of R10,5 million (2010: R–).

Allegro Holdings (Pty) Limited

As mentioned in the 2010 Annual Report, a subsidiary company, Allegro Holdings (Pty) Limited was placed in curatorship in 2009 and was therefore deconsolidated. At that time Allegro was indebted to Afdawn in the amount of R3,8 million.

The curator has repeatedly made verbal satements regarding a possible claim that he claims to have against Afdawn and/or its subsidiaries. This has been ongoing since early 2010 and, notwithstanding written requests to the curator, no formal claim has been forthcoming, nor have we been advised of the basis of any claim. Equally, as an investor in Allegro, we have been unable to obtain any reports from the curator regarding the current financial position of Allegro.

The board continues to be unable to substantiate any possible claims and as a result no provision has been made for any such contingency.

Changes to the board of directors

The composition of the board and its sub committees changed since the last year end. As reported at the interim stage, Mr AJ Potgieter resigned on 7 May 2010 as independent non-executive director. Mr RR Emslie resigned as independent non-executive director and chairman on 22 July 2010. Mr PC Gordon and Ms L Taylor were appointed on the same day as executive chairman and independent non-executive director respectively. Mr TF Kruger was appointed on 2 August 2010 as financial director. Mr MM Patel and Mr SW de Bruyn resigned as non-executive directors on 1 November 2010.

Chairman’s review (continued)

Mrs HH Hickey was appointed as non-executive director and chair of the audit committee on 21 February 2011. Due to the fact that Afdawn has appointed an executive chairman, Mr CF Wiese was appointed as lead independent director on 8 March 2011.

GOING CONCERN

The group has access to funds to ensure its continued trading beyond the current financial year. As was the case last year, the group has not had access to new capital and has been unable to grow the existing businesses. Notwithstanding the shortage of capital we have managed to install austerity measures to ensure that the various business units continued to operate, albeit not at maximum capacity, whilst we dealt with a number of corporate issues which required resolution prior to any recapitalisation.

The final impediment to raising new capital has been resolved with the completion of a settlement agreement with the NHFC regarding the group’s outstanding obligations to this organisation.

This has removed a material uncertainty which has been inherent in the business ever since default occurred on the NHFC facilities and which was triggered when the majority of the executive directors were removed from the board at the Annual General Meeting in October 2009. The group can now proceed with its recapitalisation and, as mentioned previously, Shareholders will be advised of the terms thereof in due course.

UPDATE ON PAST BOARD MEMBERS AND PROFESSIONAL ADVISORS

Following from the forensic audit commissioned in 2010, the board and executive are co operating with the appropriate regulatory authorities and the South African Police Services. Shareholders will be informed on developments relating to this matter.

PC Gordon
Executive chairman
31 May 2011

Corporate governance

INTRODUCTION

The board of directors and senior management are committed to the highest standards of corporate governance including the principles of transparency, integrity, fairness and accountability as advocated in the King Code of Governance Principles ("King III"). King III is effective from 1 March 2010 and hence this is the first year that the company will report under King III. The board is committed to complying, in all material respects, with the principles contained in King III. Due to the size and nature of the group, the board has implemented improvements to the group's governance and management systems to the extent that they are practical and relevant to the group and its stakeholders. Where specific principles have not been applied, explanations for these are contained within the annual report for the year ended 28 February 2011 which will be presented for approval at the next AGM.

The group has considered the impact of the changes brought about by the new Companies Act 71 of 2008 and regulations thereto effective from 1 May 2011. The group is in compliance with the Companies Act and the introduction of the new legislation had no material impact on the group.

ETHICAL LEADERSHIP AND CORPORATE LEADERSHIP

Due to Afdawn's history as regards corporate governance, it was important to appoint directors and executives that would re-establish the group's credibility based on a solid ethical base. This involves careful consideration of the group's short and long term activities and impact thereof on both internal and external stakeholders. With the appointment of a completely new board, which commenced at the time the previous executives were removed at the 2009 AGM, the group continues to strive to regain the credibility that should be inherent in any company and especially one operating in the financial services sector. The board accepts that it takes time to gain the acceptance and respect required to establish a brand in an industry built on trust. With this in mind, Afdawn is rebuilding its corporate ethos with a clear emphasis on good governance and ethical leadership.

The board is of the opinion that the implementation of a measurable corporate citizen program and policy will be implemented in due course.

THE BOARD OF DIRECTORS

Role and function of the board

The board of directors remains responsible for the Afdawn group in its entirety. Strategic guidance, overseeing executive management and monitoring the control environment all form part of the board's responsibility. There is a clear division of responsibility at board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The recently appointed board will perform an annual self-assessment of its performance. The board exercises its responsibility to ensure that internal controls over operations and finance have been implemented, are continuously monitored and are functioning effectively. The board is not aware of and has not been informed of any issue that would suggest that internal controls have materially broken down during the last financial year.

A role of the board is to ensure that there is an effective risk based internal audit division and the implementation of this division is in the process of being completed.

Composition of the board

The board comprises of three non-executive directors and two executive directors, being executive chairman and financial director. It is responsible for approving corporate strategy, monitoring and assessing performance, and acting as a resource for the executive management in matters of planning and policy. The board is responsible for setting the governance policy and practices for the group, and for appointing the executive chairman/CEO. The board is cognisant of the fact and accepts that the role of the chairman and CEO should be separated. However, due to the turnaround exercise currently underway and for which the executive directors have assumed responsibility, it was considered appropriate to accommodate this deviation from King III pending the recapitalisation of the group. In order to mitigate any risk of segregation of responsibilities at board level, the board has appointed a lead independent non-executive director pending the separation of the chairman and CEO roles.

The board meets at least four times a year which number is likely to be greater in the current year due to the significant strategic changes that the board is committed to implementing, including the turnaround of the group. The composition of the board and its sub-committees has changed over the last financial year ended 28 February 2011, which changes are covered comprehensively elsewhere in the annual report. The board has appointed two sub-committees, all the members of which are independent non-executive directors.

Corporate governance (continued)

Committee	Members
Board of directors	PC Gordon (Executive chairman) TF Kruger (Financial director) CF Wiese (Lead independent non-executive) L Taylor (Independent non-executive) HH Hickey (Independent non-executive)
Audit and risk committee	HH Hickey (Chairman) L Taylor CF Wiese
Remuneration committee	CF Wiese (Chairman) L Taylor HH Hickey
Executive committee	PC Gordon (Chairman) TF Kruger (Financial director) Dr. Dr. EG Stoop (CEO of Elite) PJ Bezuidenhout (CEO of the PTF's) C van den Berg (CEO of Dumont) LS Coetzer (the group's in house legal representative as a permanent invitee)
Credit committee	TF Kruger (Financial director) (Chairman) PC Gordon (Executive chairman) L Taylor (Independent non-executive director) PJ Bezuidenhout (CEO PTF's) Dr. Dr. EG Stoop (CEO Elite) C van den Berg (CEO Dumont)

Board appointment process

All appointments to the board are formal and conducted by the entire board. When a temporary vacancy exists or specific skills are required between AGM's, each board member is entitled to identify and introduce a candidate to the board for consideration. The candidate needs to have the ability to lead, requisite knowledge, relevant experience and independence. The human resource department conducts a full background and reference check on each candidate. Once references are obtained and background checks are cleared, the candidate is presented to the board for consideration. A unanimous decision by the board is required to appoint the candidate. All temporary appointments are presented to the AGM for approval.

It is important that the appointment ensures the necessary balance of power such that the majority of directors will be independent non-executives and also introduces new skills and expertise to supplement and/or replace existing skills and experience of board members.

Directors are appointed for three year terms after which they are required to retire at the AGM, but may offer themselves for re-election. At the end of each three year term the director is evaluated by the board and will only be put forward for re-election by mutual consent of the chairman and the respective director. The independence of non-executive directors is declared at each board meeting and is assessed on an annual basis by the chairman.

Due to the relatively small size of the board, albeit appropriate for the size and complexity of the group's business, the full board is involved in nominations and there is, therefore, no separate nomination committee.

Directors' development

Newly appointed board members are formally inducted through a program comprising background reading, interviews with management and exposure to Afdawn's operations. In line with the JSE rules applicable to Alt-X listed companies, all board members are required to attend the Alt-X Directors Induction Program ("DIP") presented by WITS Business School. The performance of each board member is evaluated on an annual basis and if areas of additional development are identified this is managed through either ad hoc internal training or specialised training provided by reputable training institutions. In terms of the JSE Listings Requirements for Alt-X listed companies, the appointment of the finance director is subject to approval by the audit committee and the company's designated advisor. As the group operates over a diverse range of products,

Corporate governance (continued)

requiring different skills relevant to specialised financing, micro loans and discounting, it ensures that each director has sufficient knowledge of the industries in which Afdawn operates and, if required, training is provided to the board to ensure performance benchmarks are reached.

Performance assessment

The board, individual directors and the various board committees are assessed annually. The assessment is conducted internally. The chairman is responsible for assessing the performance of each director individually. The board performs a self-appraisal which includes input from all the directors on the chairman's performance. Sub-committees are equally assessed by the board and the chair of each committee is assessed by the chairman of the board.

In line with King III, an overview of the appraisal process will be disclosed in the integrated report when presented in future reporting periods.

Board attendance

Board members/ meeting date	SW de Bruyn	RR Emslie	MM Patel	AJ Potgieter	CF Wiese	PC Gordon	L Taylor	TF Kruger	HH Hickey
25 March 2010	√	√	√	√	√	n/a	n/a	n/a	n/a
6 May 2010	√	√	√	√	√	n/a	n/a	n/a	n/a
31 May 2010	√	√	√	n/a	x	n/a	n/a	n/a	n/a
10 June 2010	√	√	√	n/a	√	n/a	n/a	n/a	n/a
24 June 2010	√	√	√	n/a	√	n/a	n/a	n/a	n/a
22 July 2010	√	√	√	n/a	√	n/a	n/a	n/a	n/a
22 July 2010	√	n/a	√	n/a	√	√	√	n/a	n/a
19 August 2010	√	n/a	√	n/a	√	√	√	√	n/a
8 October 2010	√	n/a	√	n/a	√	√	√	√	n/a
27 October 2010	√	n/a	√	n/a	√	√	√	√	n/a
4 March 2011	n/a	n/a	n/a	n/a	√	√	√	√	√
20 May 2011	n/a	n/a	n/a	n/a	√	√	√	√	√

√ Present
n/a Not a member at the time
x Absent with apology

AJ Potgieter resigned 7 May 2010
RR Emslie resigned 22 July 2010
PC Gordon appointed 22 July 2010
L Taylor appointed 22 July 2010
TF Kruger appointed 2 August 2010

HH Hickey appointed 21 February 2011 as independent non-executive director and chairperson of the audit committee
L Taylor appointed as audit committee member 8 May 2011
CF Wiese appointed as lead independent director 8 May 2011

Company secretary

The company secretary acts as conduit between the board and the Shareholders and is responsible for the board administration, guidance in the execution of directors' responsibilities and duties, liaison with the Companies and Intellectual Property Commission and the JSE as regards share movements. All board members have access to company secretarial expertise through the company secretary, when required and at the company's cost.

Group boards

The Afdawn group consists of a number of operating subsidiaries, the major trading subsidiaries being the company itself (African Dawn Capital Limited), Elite Group (Pty) Ltd, African Dawn Property Transfer Finance 1 (Pty) Limited, African Dawn Property Transfer Finance 2 (Pty) Limited ("PTF's") and Dumont Healthcare (Pty) Ltd. At a meeting of the board held on the 19 August 2010, the board granted the executive chairman with a mandate to deal with the day to day operations of the group and laid down guidance on the parameters of the mandate. As a result, the executive chairman formed an executive committee ("the Exco") to manage the group's operations comprising

- PC Gordon (Chairman),
- TF Kruger (Financial director),
- Dr. EG Stoop (CEO of Elite),
- PJ Bezuidenhout (CEO of the PTF's),
- C van den Berg (CEO of Dumont) and
- LS Coetzer (the group's in house legal representative as a permanent invitee).

The board membership of all the subsidiary companies comprises a combination of the Exco members plus two additional directors in

Corporate governance (continued)

Elite who are involved in the operations of that company. There is therefore direct Exco representation on all subsidiary boards.

Remuneration of directors and senior executives

The remuneration of directors, senior executives and all other employees is dealt with by the remuneration committee assisted by the human resources department. This committee is chaired by Christo Wiese an independent non-executive director.

The remuneration and human resources committee is responsible for:

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

The philosophy applied in respect of executive and employee remuneration is one of simplicity, practicality and sustainability, that is, a commensurate salary with no or modest short term bonuses. The emphasis remains on creating long term value.

The current executive remuneration consists of:

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

The proposed directors' fees for each financial year will be presented for shareholder approval at the annual general meeting.

Due to the financial position of the group following the significant write off of capital in 2010 and the lack of new funding, no salary increases have been granted in the last two years. The remuneration committee has, therefore, not had any cause to meet independently from the board in the period. The only decision required was the remuneration of the chairman, the finance director and the non-executive fees for the 2010/2011 year. This was discussed by the full board at which the chairman and finance director offered to recuse themselves. This was deemed not necessary and the full board approved the directors' remuneration for the year.

Audit committee

The audit committee has an independent role with accountability to both the shareholders and the board. The committee does not assume the function of management which is vested in the executive directors, officers and members of the executive committee.

Composition

The audit committee comprises three independent non-executive directors (HH Hickey, CF Wiese and L Taylor). During the year the chairman of the audit committee MM Patel resigned and was replaced by HH Hickey. SW de Bruyn resigned and was replaced by L Taylor. HH Hickey is highly skilled with extensive experience as a chartered accountant and a risk background. The chairman of the board and financial director are not members of the audit committee but are permanent invitees along with the auditors (Grant Thornton) and the designated advisor (Sasfin).

Attendance of the audit committee

Board members/ meeting date	SW de Bruyn	MM Patel	CF Wiese	HH Hickey	L Taylor	PC Gordon (invitee)	TF Kruger (invitee)
12 March 2010	√	√	√	n/a	n/a	n/a	n/a
20 April 2010	√	√	X	n/a	n/a	n/a	n/a
28 May 2010	√	√	X	n/a	n/a	n/a	n/a
19 August 2010	√	√	√	n/a	√	√	√
27 October 2010	√	√	√	n/a	√	√	√
16 March 2011	n/a	n/a	X	√	√	√	√
20 May 2011	n/a	n/a	√	√	√	√	√

√ Present
n/a Not a member at the time
x Absent with apology

Corporate governance (continued)

Roles and responsibilities

The audit committee is responsible for all financial disclosure as well as all controls affecting the integrity of such disclosure. Historically the audit committee's focus was directed towards the quantity aspects of financial reporting. This focus has now shifted toward responsibility for all aspects of integrated reporting. The audit committee's annual report is, *inter alia*, the product of a combined assurance model. The implementation of a group wide internal audit and risk function is currently underway.

It is the responsibility of the committee to express an opinion on the expertise, performance and experience of the financial director and financial management department. In all respects the committee expressed its satisfaction during the period under review with emphasis on its satisfaction of the efforts and controls implemented to ensure ethical and transparent controls and performance following a period of internal control failures in Afdawn.

The appointment of external auditors and their fees falls within the ambit of the audit committee and Grant Thornton were duly recommended for reappointment at the AGM. The committee further oversees the results of the external audit process and sets the principles for recommending the use of the external auditors for non-audit services. The audit committee, which is responsible for reviewing the draft annual report, the preliminary profit announcement and interim statements ("financial reports"), conducted the review of the financial reports and found same to be satisfactory. The audit committee undertakes the prescribed functions, in terms of the Companies Act on behalf of the group's subsidiaries.

Independent assurance

The external auditors observe the highest levels of business and professional ethics and independence. The executive directors encourage regular coordination and consultation between the external auditors and management to ensure an efficient audit process and to add value to the financial reporting of the group.

External audit

Grant Thornton, Chartered Accountants SA, are accredited auditors and members of the Grant Thornton international alliance. As external auditors of the Afdawn group we believe that they have observed the highest level of business and professional ethics and have no reason to believe that they have not acted with unimpaired independence at all times.

The annual audit fees and fees for non-audit services proposed by Grant Thornton are tabled and recommended, if appropriate, by the finance director to the audit committee. Proposed fees are aligned with market indicators, expected time cost and expertise required to complete the audit within the required timeframes whilst at no time compromising on the quality of the auditor's opinion. Non-audit services rendered by the external auditors are limited to tax advice, corporate governance advice and corporate finance work. Once satisfied, the external audit fees are tabled by the audit committee chair for approval by the board.

The engagement partner responsible for the audit rotates every five years. The external auditor is invited to attend all audit committee meetings and the Annual General Meeting of shareholders.

RISK AND CAPITAL MANAGEMENT REVIEW

The group views risk management as an essential tool to assess and measure critical areas of operation to ensure a responsible return on shareholders' equity. Ultimately, the board remains responsible for risk management. To assist them in performing this duty, the group is managed through a system of implemented and effective internal controls maintained and constantly improved by competent ethical managers. Due to Afdawn's corporate history, the management and assessment of risks remains a strategic initiative of the board. As a financial services group, Afdawn's most significant risks reside in liquidity, asset management, credit extension and human resources. Emphasis is thus placed on these areas. However, to enhance shareholders' interests, all risks are mitigated, wherever possible, to an acceptable level relative to the risks of and the concomitant return generated by the activity concerned. Risk areas and possible risk events are constantly reviewed to ensure that existing controls are able to mitigate identified risks, both internal and external and, if necessary, adjusted. Risk reports are generated and discussed regularly, at least every month. The board believes this will highlight and identify changes in the levels of risk. These risks are then mitigated through the use of accepted risk mitigants ranging from internal controls, external assurance and insurance, and through professional advice. All identified risks that are assessed as having a high probability of occurrence and a potentially material negative financial impact on the group are addressed with executive action where needed. The concept of day-to-day financial risk management extends beyond the International Financial Reporting Standards ("IFRS") accounting definitions of financial risks and includes daily liquidity and solvency tests paired with ongoing asset valuation. The risk process will be benchmarked to King III requirements in the next financial year.

Key risk areas include:

- Liquidity risk
- Credit risk
- Asset management risk
- Operational risk
- Governance

Corporate governance (continued)

1. **Liquidity risk**

   Liquidity risk is the risk that Afdawn does not have sufficient cash and cash equivalents, or access thereto, to fund operations, increase assets and meet its obligations as they become due, without incurring unacceptable losses.

   Afdawn operates in the financial services sector where sustainable cash reserves are essential for the well being and sustainability of operations. Liquidity is managed cautiously and conservatively. The group operates an uncomplicated liquidity profile with a preference for long term funding against a short to medium term asset book. Liquidity risks are managed and where needed mitigated by stringent daily cash management. Daily liquidity requirements are managed by assessing availability of cash against forecasted weekly funding requirements. In addition, monthly cash requirements are managed through a cashflow forecast; large funding requirements or outflows are matched with periods of high cash inflows. The forecasting model utilises behavioural modeling conducted to determine normal operating cash flow requirements, including cash stress points in any given period. The model is further adjusted for seasonal variations based on historical experience, adjusted for expected growth and current market dynamics.

   In line with the preference for long term fixed-term funding, management actively pursues medium and long term funding opportunities to fund the budgeted growth in the activities of the group.

2. **Credit risk management**

   Credit risk management is overseen by a credit committee. Risk associated with credit (advancing new and managing and recovering advances) is an ongoing process and requires a formal risk assessment process.

   The credit committee members are drawn from the CEO's of each material operating subsidiaries, the executive and the board and comprise:

   - TF Kruger (Financial director) (Chairman),
   - PC Gordon (Executive chairman),
   - L Taylor (Independent non-executive director),
   - P Bezuidenhout (CEO PTF's),
   - E Stoop (CEO Elite), and
   - C van den Berg (CEO Dumont).

   The credit committee meets monthly to evaluate the activities of the credit division and operations, including new business, loan arrears, provisioning levels and policy and regulatory compliance. Credit extension is governed by a formal credit policy that is approved and adopted by the credit committee including any amendments thereto.

3. **Asset management**

   Currently the group holds property that was bought in through the exercise of securities held in respect of loans in default. These assets are separately classified as being properties in possession ("PIP's") in the group financial statements. PIP's are managed in order to recover the value of the loans in default. Larger developments are managed by an outsourced specialised property manager, which reports on a weekly basis to the finance department and monthly to the executive. The value of PIP's is assessed monthly by the credit committee and where needed the carrying values are adjusted to fair value in terms of IFRS. The risk of recovery is mitigated by prompt and decisive action involving the executive.

4. **Operational risk management**

   Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk. Legal risk includes, but is not limited to, the various legal regulations as they apply to the group. It also includes counterparty risks inherent in corporate agreements. Legal risks are managed and mitigated by an in-house legal function, headed by a corporate attorney. A full legal risk register is maintained and updated monthly at Exco meetings. Track is kept of the group's legal obligations to ensure that performance under statutory and civil obligations are met timeously.

5. **Governance**

   To minimise exposure to operational risk that arises as a consequence of the group assuming financial (credit and market) risk and operating activities, the following areas were considered relevant for independent monitoring and assistance with, where necessary, specialist advice:

   - business continuity planning and disaster recovery;
   - forensic services;
   - information security;
   - legal risk management;
   - regulatory risk services (including money-laundering control, financial advice and credit legislation);
   - safety and security services; and
   - an insurance program.

Corporate governance (continued)

The group considers financial crime to be a major operational risk that inevitably leads to financial losses. For this reason a policy has been implemented to mitigate this risk through the following measures:

- zero-tolerance policy in respect of staff dishonesty;
- cooperation with the regulatory authorities and SAPS to ensure the successful apprehension and conviction of the perpetrators of financial crime against the group;
- effective and comprehensive investigation and recovery of losses, and
- proactive identification and prevention of criminal acts against Afdawn

The management of operational risk is inherent in the day-to-day execution of duties by management and is a central element of the management process. A risk task team is responsible for the application of group policies, providing guidance in terms of best practice and for ensuring consistent implementation and reporting of material exposures or trends to the board and, where required, the regulatory authorities. Line management accepts accountability for the identification, management, measurement and reporting of operational risk.

The governance of information technology

Information systems are a critical integrated part of the business and are used to ensure that effective and accurate business is concluded and reported upon. The information systems are maintained by IT managers at group and subsidiary level, with external experts consulting where needed.

The King lll requirements will be reviewed during the year and work will be done to implement these.

Currently there is no Information Technology sub-committee of the board and any material IT risk related event is dealt with by the executive.

Compliance with laws, rules, codes and standards

The group and its business activities are regulated by laws and regulations. The group complies with all known and applicable laws, rules, codes and standards except for the chairman being an executive and the compensating role of the lead independent director, and the new requirements in King III which raise the bar for risk governance, IT governance and sustainability reporting. The planning for the implementation of these will take place in the next financial year. Compliance is closely managed by the group's in house legal department in consultation with the company secretary, utilising external expertise when required.

Sustainability reporting

The group is fully committed with complying to all the ideologies as set out in the Global Reporting Initiative ("GRI") framework. However, as this is the first year of required assessment and implementation and given the size, history and available resources, the group was unable to comply. Once the group has been recapitalised and returns to long term sustainability, the group plans to establish a framework in order to prioritise the GRI framework categories and decide on those that will have the most significant impact on the board's decision making processes in regard to its social, economic and environmental responsibilities. The key challenge for the business is the long term sustainability of the business itself which is a focus area for the board and management.

Related parties transactions

All related party transactions are tabled at or declared to the board for consideration and approval.

Interest in contracts

As required by the Companies Act, all declarations of interest in contacts are tabled and circulated at each board meeting. The onus is on each individual director to declare said interests timeously between board meetings whenever they arise.

Corporate governance (continued)

DIRECTORS AT YEAR END

PC 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.

TF 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.

L 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.

CF Wiese

CA(SA)

Lead independent non-executive director

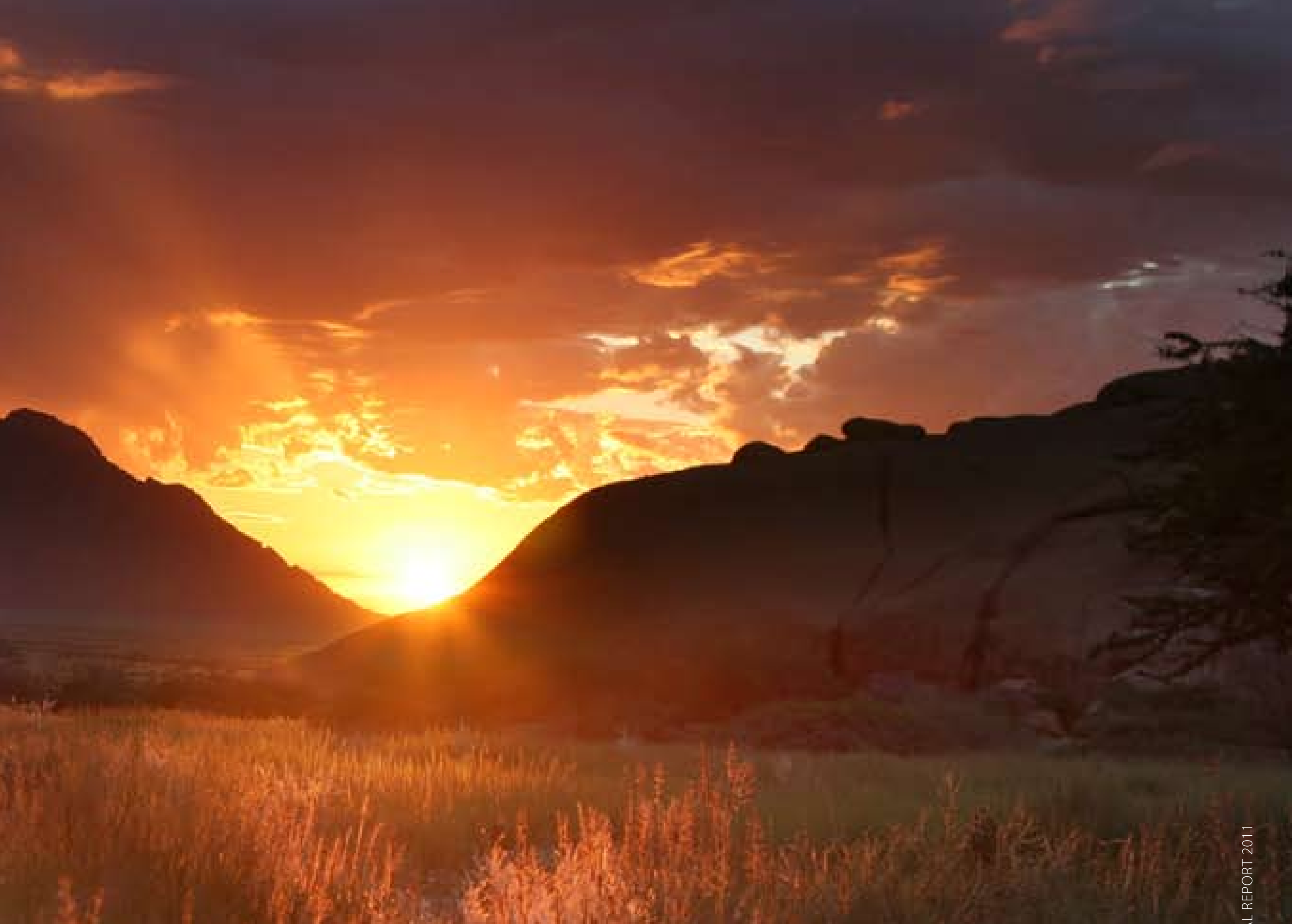
Appointed 14 October 2009. Christo holds a BCom from the University of Cape Town. He retired in 2003 as the Registrar of Banks and currently serves as a director of various companies.

HH Hickey

CA(SA)

Independent non-executive director

Appointed 21 February 2011. Hester consults to various companies specialising in risk. She is currently non-executive director and audit committe chair for Omnia Limited and Metorex Limited. She is a past chairperson of the South African Institute of Chartered Accountants and has worked in senior risk positions for a number of listed companies and serves on several audit committees. Hester lectured auditing at the University of the Witwatersrand and was a member of the King II task team.



Annual financial statements

for the year ended 28 February 2011

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Report of the company secretary

I have conducted the duties of company secretary of African Dawn Capital Limited for the year under review. 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 are required of a public company in terms of the Companies Act, as amended, and all such returns are true, correct and up to date.

LW Viljoen
Company secretary
31 May 2011

Audit committee report

The audit committee presents its report for the financial year ended 28 February 2011 as required by the Companies Act. The audit committee has been constituted in accordance with the applicable legislation and regulations.

INTRODUCTION

The recent global financial crisis and the chequered history of the group stressed the need for sound control and compliance procedures. In addition, King III is fundamentally grounded in the independence of the audit committee. It is imperative that disclosure is accurate and transparent to all stakeholders, instilling trust in the group, its board and management. Sustainability of an organisation is firmly built on strong internal controls and the compliance thereto. The current key focus is the long term funding that would ensure the long term future of the business with the ability to grow.

PURPOSE OF THE AUDIT COMMITTEE

The main purpose of the audit committee is to assist the board in discharging its duties relating to the safeguarding of assets, accounting practices and systems, the integrity of the internal financial control processes and the preparation of accurate financial information and reporting thereof, and compliance with all the relevant legal requirements and accounting conventions. The detailed functions and responsibilities are encapsulated in the corporate governance review. A formal charter has been adopted.

COMPOSITION

At 28 February 2011, the audit committee comprised of three independent non-executive directors, Hester Hickey (Chairman), Christo Wiese and Lyn Taylor. The committee derives its authority and responsibilities from board-approved terms of reference with which it has complied during the year ended 28 February 2011. All members of the committee are financially literate and experienced finance professionals.

MEETING ATTENDANCE

The audit committee held 7 meetings during the period under review. Attendance at these meetings is shown in the table set out in the corporate governance report. The executive directors also attend all meetings by invitation.

THE AUDIT COMMITTEE AND EXTERNAL AUDITORS

The committee undertakes the prescribed functions (in terms of Section 94 of the Companies Act, 2008 (Act 71 of 2008)), of South Africa, as amended ("the Act") on behalf of the subsidiary companies of the group.

Nominate and appoint external auditors and check independency

The committee nominated Grant Thornton for reappointment as external auditors and is satisfied with their independence and objectivity.

Determine fees to be paid to external auditors

The committee has considered and recommended the following fees payable to the external auditors.

Description of fees	Rand	% of Total
Audit services	1 269 000	100
Non audit services	–	–
Total audit fees	1 269 000	100

Determine nature and extent of non-audit services

Non audit services provided by Grant Thornton are limited to tax, corporate governance and corporate finance advice.

Competence of financial director

The committee has assessed and is satisfied that the group financial director, TF Kruger, has the appropriate skill, expertise and experience as required by the JSE Listings Requirement 3.84(h) to continue in this position.

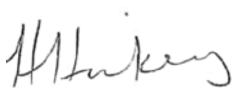
BUSINESS INFORMATION SYSTEMS AND INTERNAL CONTROLS

Based on the information and explanations supplied by management and discussions with the independent external auditor, the committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review and commends the efforts made by the executive and senior management to implement and enhance controls to ensure operating effectiveness. The committee reviewed the auditor's management letter and can report that there were no material issues requiring additional attention. Issues raised in the previous financial period and which are still unresolved, are receiving appropriate attention.

ANNUAL FINANCIAL REPORT

The committee has evaluated the group financial statements and annual report for the year ended 28 February 2011 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Act and International Financial Reporting Standards (IFRS). As noted in the Corporate Governance Statement, the detailed King III requirements will be benchmarked during the year under review and a plan put in place to implement the risk governance measures, IT governance and sustainability reporting. The role of executive chairman as separate from the chief executive will be implemented once the business is able to sustain this position. The current mitigation measure is the appointment of a lead independent director.

On behalf of the audit committee



HH Hickey
Audit committee chairman
31 May 2011

Report of the independent auditors

TO THE MEMBERS OF AFRICAN DAWN CAPITAL LIMITED AND ITS SUBSIDIARIES

We have audited the group annual financial statements and annual financial statements of African Dawn Capital Limited , which comprise the consolidated and separate statements of financial position as at 28 February 2011, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 18 to 54.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and 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 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 financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of African Dawn Capital Limited as at 28 February 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Grant Thornton

Grant Thornton
Chartered accountants (SA)
Registered auditors

Per: EFG Dreyer CA(SA)
Chartered accountant (SA)
Registered auditor
31 May 2011

Grant Thornton Office Park
137 Daisy Street
Sandown
Johannesburg
2196

Directors' responsibilities and approval

for the year ended 28 February 2011

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 it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

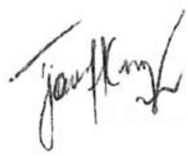
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control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

The directors have reviewed the group's cash flow forecast for the year to 29 February 2012 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 16.

The financial statements set out on pages 18 to 54, which have been prepared on the going concern basis, were approved by the board on 20 May 2011 and were signed on its behalf by:

PC Gordon
Executive chairman
20 May 2011



TF Kruger
Financial director
20 May 2011

Directors' report

for the year ended 28 February 2011

The directors submit their report for the year ended 28 February 2011.

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. However, as limited new business has been transacted since the removal of the executive board in October 2009, it is important that the group raise additional capital. The precursor to the recapitalisation has always been the satisfactorily settlement of the NHFC liability and the release of the accompanying securities.

In respect of liabilities which are in arrears;
Subsequent to year end a settlement agreement was signed with the NHFC which will be funded from a proposed rights issue of R25 million. Management have secured 40% irrevocable undertakings from the major Afdawn shareholders and underwriting commitments from third party investors for the majority of the balance. Hence the risk of a failed rights issue has been mitigated. The terms and conditions of the rights issue will be communicated in a comprehensive circular to shareholders.

Management have met with the South African Revenue Services ("SARS") and agreed on an action plan to resolve all tax issues in arrears.

2. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end some substantial debtors' legal appeals were concluded in favour of African Dawn Capital Limited but no adjustments have been passed as the value of the settlements is unknown.

3. AUTHORISED AND ISSUED SHARE CAPITAL

A Special Resolution was passed during January 2011 at a general meeting that increased the authorised number of shares from 500 000 000 to 500 000 000 000 (increase of 499 500 000 000 shares). Details are set out in the circular dated 15 December 2010. The shares are in the process of being registered at CIPC. Unissued shares are under control of the board of directors per the resolution passed at a general meeting held in January 2011.

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		22 July 2010
AJ Potgieter		7 May 2010
CF Wiese		
SW de Bruyn		1 November 2010
MM Patel		1 November 2010
PC Gordon	22 July 2010	
L Taylor	22 July 2010	
TF Kruger	2 August 2010	
HH Hickey	21 February 2011	

7. SECRETARY

LW Viljoen has continued in his duties as company secretary.

Business address	Postal address
72 Davidson Street	PO Box 3060
Fairland	Wilro Park
2194	1731

8. INTEREST IN SUBSIDIARIES

Details of the company's investment in subsidiaries are set out in note 4.

9. SPECIAL RESOLUTIONS

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

10. AUDITORS

Grant Thornton will continue as auditors of the group for the financial year in accordance with Section 270(2) of the Companies Act.

11. FORENSIC AUDIT INTO CERTAIN MATTERS OF AFRICAN DAWN

In the previous year two forensic investigations were commissioned by the board. Romlab Consultants CC, a firm of specialist forensic accountants, reported on various issues in the group. In addition Pinkerton Consultants CC, investigated a fraud by a senior employee at Dumont. He was subsequently dismissed. A claim has been lodged against the individual, which is proceeding. The business has now stabilised.

The matters raised in respect of the first investigation, have been satisfactorily resolved and Afdawn continues to cooperate with authorities. In respect of the second, the employee was dismissed.

The board has fully provided for all known matters that are the subject of the forensic reports.

12. DIRECTORS INTEREST

As at 28 February 2011, the direct and indirect beneficial interest of the directors in fully paid issued share capital of the company are set out below:

	Direct	Indirect	Total	Percentage
TF Kruger	–	5 541 409	5 541 409	2.49
Total	**–**	**5 541 409**	**5 541 409**	**2.49**

SW de Bruyn resigned on 1 November 2010 and his total shareholding interest at 28 February 2010 was 15 451 834 (6.83%).

Statements of financial position

as at 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Assets					
Non-current assets					
Property, plant and equipment	3	**2 288**	5 859	**544**	727
Investments in subsidiaries	4	**–**	–	**8 601**	8 601
Other financial assets	6	**712**	–	**–**	–
		3 000	5 859	**9 145**	9 328
Current assets					
Property in possession	8	**25 344**	6 997	**–**	–
Loans to group companies	5	**–**	–	**62 404**	76 460
Other financial assets	6	**300**	–	**–**	–
Current tax receivable		**6 961**	6 961	**–**	–
Trade and other receivables	9	**83 481**	95 488	**1 959**	2 212
Cash and cash equivalents	10	**8 155**	15 898	**444**	494
		124 241	125 344	**64 807**	79 166
Non-current assets held for sale	11	**1 200**	12 429	**–**	–
Total assets		**128 441**	143 632	**73 952**	88 494
Equity and liabilities					
Equity attributable to equity holders					
Share capital	12	**256 107**	256 107	**256 107**	256 107
Reserves		**105**	452	**–**	–
Accumulated (Loss)		**(230 133)**	(234 265)	**(217 930)**	(208 062)
		26 079	22 294	**38 177**	48 045
Non-controlling interest		**–**	1 379	**–**	–
		26 079	23 673	**38 177**	48 045
Liabilities					
Non-current liabilities					
Borrowings	14	**11 124**	30 460	**–**	–
Finance lease obligation	15	**51**	1 210	**–**	–
Deferred tax	7	**–**	576	**–**	–
		11 175	32 246	**–**	–
Current liabilities					
Loans from group companies	5	**–**	–	**12 565**	12 581
Borrowings	14	**48 538**	39 287	**–**	–
Current tax payable		**18 045**	17 995	**4 191**	4 191
Finance lease obligation	15	**127**	956	**–**	–
Trade and other payables	17	**11 716**	12 732	**6 535**	7 677
Provisions	16	**12 484**	16 000	**12 484**	16 000
Bank overdraft	10	**277**	743	**–**	–
		91 187	87 713	**35 775**	40 449
Total liabilities		**102 362**	119 959	**35 775**	40 449
Total equity and liabilities		**128 441**	143 632	**73 952**	88 494

Statements of comprehensive income

for the year ended 28 February 2011

		GROUP		COMPANY	
		2011	2010	**2011**	2010
	Notes	**R'000**	R'000	**R'000**	R'000
Revenue	18	**48 235**	105 336	**951**	23 294
Cost of sales	19	**(1 295)**	(1 919)	**–**	–
Gross profit		**46 940**	103 417	**951**	23 294
Other income		**8 603**	1 905	**3 532**	17
Operating expenses		**(33 687)**	(254 643)	**(14 360)**	(82 363)
Operating profit/(loss)	20	**21 856**	(149 321)	**(9 877)**	(59 052)
Investment revenue	21	**256**	72	**9**	–
Fair value adjustments	22	**(10 522)**	(139 192)	**–**	(133 961)
Finance costs	23	**(7 148)**	(10 877)	**–**	–
Profit/(loss) before taxation		**4 442**	(299 318)	**(9 868)**	(193 013)
Taxation	24	**(816)**	(7 179)	**–**	(2 608)
Profit/(loss) for the year		**3 626**	(306 497)	**(9 868)**	(195 621)
Other comprehensive income:					
Losses on property revaluation		**–**	(4 000)	**–**	–
Taxation related to components of other comprehensive income		**(452)**	(1 063)	**–**	–
Other comprehensive loss for the year net of taxation	27	**(452)**	(5 063)	**–**	–
Total comprehensive income/(loss)		**3 174**	(311 560)	**(9 868)**	(195 621)
Profit/(loss) attributable to:					
Owners of the parent		**4 237**	(306 497)	**(9 868)**	(195 621)
Non-controlling interest		**(611)**	–	**–**	–
		3 626	(306 497)	**(9 868)**	(195 621
Total comprehensive income/(loss) attributable to:					
Owners of the parent		**3 785**	(311 560)	**(9 868)**	(195 621)
Non-controlling interest		**(611)**	–	**–**	–
		3 174	(311 560)	**(9 868)**	(195 621)
Basic earnings (loss) per share	37	**1.63**	(139.42)		
Diluted earnings (loss) per share	37	**1.63**	(139.42)		

Statements of changes in equity

for the year ended 28 February 2011

	Share capital R'000	Share premium R'000	Re-valuation reserve R'000	Other NDR R'000
GROUP				
Balance at 1 March 2009	2 169	242 444	5 515	–
Changes in equity				
Total comprehensive loss for the year	–	–	(5 063)	–
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)	–
Balance at 1 March 2010	2 221	253 886	452	–
Changes in equity				
Total comprehensive income for the year	–	–	(452)	–
Transfer to insurance reserve	–	–	–	105
Subsidiary sold	–	–	–	–
Total changes	–	–	(452)	105
Balance at 28 February 2011	**2 221**	**253 886**	**–**	**105**
Note(s)	12	12	27	13
COMPANY				
Balance at 1 March 2009	2 169	242 444	–	–
Changes in equity				
Total comprehensive loss for the year	–	–	–	–
Purchase of own treasury shares	(1)	(1 143)	–	–
Treasury shares issued to Allegro shareholders	53	12 585	–	–
Total changes	52	11 442	–	–
Balance at 1 March 2010	2 221	253 886	–	–
Changes in equity				
Total comprehensive loss for the year	–	–	–	–
Total changes	–	–	–	–
Balance at 28 February 2011	**2 221**	**253 886**	**–**	**–**
Note(s)	12	12	27	13

Accumulated profit/(loss) R'000	Total attributable to equity holders of the group/ company R'000	Non-controlling interest R'000	Total equity R'000	
				GROUP
72 232	322 360	(5 755)	316 605	**Balance at 1 March 2009**
				Changes in equity
(306 497)	(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
(306 497)	(300 066)	7 134	(292 932)	Total changes
(234 265)	22 294	1 379	23 673	**Balance at 1 March 2010**
				Changes in equity
4 237	3 785	(611)	3 174	Total comprehensive income for the year
(105)	–	–	–	Transfer to insurance reserve
–	–	(768)	(768)	Subsidiary sold
4 132	3 785	(1 379)	2 406	Total changes
(230 133)	**26 079**	**–**	**26 079**	**Balance at 28 February 2011**
				Note(s)
				COMPANY
(12 441)	232 172	–	232 172	**Balance at 1 March 2009**
				Changes in equity
(195 621)	(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
(195 621)	(184 127)	–	(184 127)	Total changes
(208 062)	48 045	–	48 045	**Balance at 1 March 2010**
				Changes in equity
(9 868)	(9 868)	–	(9 868)	Total comprehensive loss for the year
(9 868)	(9 868)	–	(9 868)	Total changes
(217 930)	**38 177**	**–**	**38 177**	**Balance at 28 February 2011**
				Note(s)

Statements of cash flows

for the year ended 28 February 2011

	Notes	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
Cash inflows/(outflows) from operating activities					
Cash generated from/(used in) operations	28	**10 762**	(7 192)	**(13 955)**	(12 905)
Interest income		**256**	72	**9**	–
Finance costs		**(7 085)**	(10 877)	**–**	–
Tax paid	29	**(1 342)**	(16 713)	**–**	–
Net cash from operating activities		**2 591**	(34 710)	**(13 946)**	(12 905)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**(479)**	(2 525)	**(144)**	(112)
Sale of property, plant and equipment	3	**3 466**	28 044	**–**	9
Loss of control over business	30	**–**	(6 877)	**–**	–
Loans to group companies repaid		**–**	–	**14 040**	502
Sale of financial assets		**–**	2 015	**–**	–
Net cash from investing activities		**2 987**	20 657	**13 896**	399
Cash inflows/(outflows) from financing activities					
Movement in treasury shares	12	**–**	11 494	**–**	11 494
Repayment of borrowings		**(10 084)**	(3 507)	**–**	–
Finance lease payments		**(2 771)**	(2 662)	**–**	–
Net cash from financing activities		**(12 855)**	5 325	**–**	11 494
Total cash movement for the year		**(7 277)**	(8 728)	**(50)**	(1 012)
Cash at the beginning of the year		**15 155**	23 883	**494**	1 506
Total cash at end of the year	10	**7 878**	15 155	**444**	494

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 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 group's accounting policies.

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

African Dawn Capital Limited is a company domiciled in the Republic of South Africa, the core business of African Dawn Capital is financial services disclosed as bridging finance, short term unsecured finance and other financial services. The financial statements for the year ended 28 February 2011 comprise the company and it's subsidiaries.

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.

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:

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.

Fair value estimation

The carrying values of trade receivables, which are net of impairment allowances 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.

The carrying amount of available for sale financial assets would be an estimated R120 000 lower or R120 000 higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

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

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing (continued)

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 are raised and management determines an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 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.

1.3 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.

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

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

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

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

Depreciation is calculated using the straight line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

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

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

Leased assets are depreciated at the lower of the useful life or the period of the lease.

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

1.4 Investments in subsidiaries

Company financial statements

In the company's separate financial statements, investments in subsidiaries are carried at fair value through profit or loss.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

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 period end date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

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 reporting 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 takes account of the current economic climate in which the borrower operates.

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

Cash and cash equivalents

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

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 profit/(loss) over the period of the borrowings using the effective interest method.

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 period end date.

Borrowings are not limited by the companies' Articles of Association.

Trade and other payables

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

Accounting policies (continued)

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.6 Tax (continued)

1.6 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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 reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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 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

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. 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 Property in possession

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

Accounting policies (continued)

1 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.9 Non-current assets held for sale

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

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

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

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

1.10 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.

1.11 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 likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

1.12 Revenue

Revenue recognition comprises the fair value for the sale of goods and services, net of value added tax, rebates and discounts 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 stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Interest income

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

Dividend income

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

Rental revenue

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

Property in possession

Gains or losses on disposal of reposessed properties are reported in profit/(loss).

1.13 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.

1.14 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 PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.15 Financial risk management

The group's 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.

1.16 Insurance cell captive

Consolidation

The cell captive arrangement with Guardrisk has been created through the acquisition of the share capital of the cell captive from Guardrisk. The group as the cell's shareholder, allocated the economic benefits from the underwriting and investment activities in the cell. Conversely, the group, as the cell's owner, is accountable for any losses to the extent that the cell has funds available for offset against losses. Future profits that arise in the cell or recapitalisation by the cell owner (that is the obligation of the group as the cell's owner) will be utilised to offset losses in excess of the funds available.

The cell arrangement enables the group to provide the opportunity to its own client base to purchase branded life insurance products where an existing life insurance policy cannot be ceded to the group as security for the amount borrowed.

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

Premiums

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

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

Claims

Claims paid are recognised in the statement of comprehensive income and consist of claims and related expenses paid in the year and changes in the provision for outstanding claims together with any other adjustments to claims estimates from previous years.

The provision for outstanding claims comprises the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the statement of financial position date, whether reported or not, and related internal and external claims handling expenses. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of the claims outstanding.

Notes to the financial statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations not yet effective and adopted in the current year

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

IAS 27 (AC132) (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 company has adopted the amendment for the first time in the 2011 financial statements.
The impact of the amendment is not material.

IAS 12 (AC 102) Income taxes - consequential amendments due to IAS 27 (AC 132) (Amended) consolidated and separate financial statements

The amendment is as a result of amendments to IAS 27 (AC 132) consolidate 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 company has adopted the amendment for the first time in the 2011 financial statements.
The impact of the amendment is not material.

2.2 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 01 March 2011 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- under certain circumstances, financial assets may be designated as at fair value.
- for hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.

Notes to the financial statements (continued)

2. NEW STANDARDS AND INTERPRETATIONS (continued)

2.2 Standards and interpretations not yet effective (continued)

IFRS 9 Financial Instruments

- investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 1 January 2013.
The company expects to adopt the standard for the first time in the 2014 financial statements.
The impact of this standard is currently being assessed.

IAS 24 (AC 126) Related party disclosures (revised)

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

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

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

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

The effective date of the amendment is for years beginning on or after 1 January 2011.
The company expects to adopt the amendment for the first time in the 2012 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRIC 19 (AC 452) Extinguishing financial liabilities with equity instruments

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

The effective date of the amendment is for years beginning on or after 1 July 2010.
The company expects to adopt the amendment for the first time in the 2012 financial statements.
It is unlikely that amendment will have a material impact on the company's financial statements.

2010 Annual improvements project: Amendments to IFRS 3 (AC 140) Business combinations

The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.

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

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

The effective date of the amendment is for years beginning on or after 1 July 2010.
The company expects to adopt the amendment for the first time in the 2012 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

2010 Annual improvements project: Amendments to IFRS 7 (AC 144) Financial instruments: disclosures

Additional clarification is provided on the requirements for risk disclosures

The effective date of the amendment is for years beginning on or after 1 January 2011.
The company expects to adopt the amendment for the first time in the 2012 financial statements.
The adoption of this amendment is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the financial statements.

2010 Annual improvements project: Amendments to IAS 1 (AC 101) Presentation of financial statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 1 January 2011.
The company expects to adopt the amendment for the first time in the 2012 financial statements.
The adoption of this amendment is not expected to impact on the results of the company, but may result in more disclosure than is currently provided in the financial statements.

2010 Annual improvements project: Amendments to IAS 34 (AC 127) Interim financial reporting

The amendment provides additional examples of events and transactions which would be considered significant and therefore required to be disclosed in the interim financial report. In addition, the amendment removes references to only reporting certain items when they are material. Therefore, the list of items to be presented in addition to significant transactions and events are required irrespective of whether they are material.

The effective date of the amendment is for years beginning on or after 1 January 2011.
The company expects to adopt the amendment for the first time in the 2012 financial statements.
The impact of this amendment is currently being assessed.

	2011 Cost/ valuation R'000	2011 Accumulated depreciation R'000	2011 Carrying value R'000	2010 Cost/ valuation R'000	2010 Accumulated depreciation R'000	2010 Carrying value R'000
3. PROPERTY, PLANT AND EQUIPMENT						
Group						
Land	–	–	–	1 320	–	1 320
Furniture and fixtures	**1 265**	**(980)**	**285**	1 310	(803)	507
Motor vehicles	**619**	**(406)**	**213**	2 643	(767)	1 876
Office equipment	**898**	**(639)**	**259**	928	(527)	401
IT equipment	**2 600**	**(1 765)**	**835**	2 607	(1 642)	965
Computer software	**86**	**(74)**	**12**	83	(63)	20
Medical equipment	**882**	**(198)**	**684**	882	(112)	770
Total	**6 350**	**(4 062)**	**2 288**	9 773	(3 914)	5 859
Company						
Furniture and fixtures	**887**	**(703)**	**184**	862	(507)	355
Office equipment	**129**	**(61)**	**68**	103	(43)	60
IT equipment	**671**	**(379)**	**292**	579	(267)	312
Total	**1 687**	**(1 143)**	**544**	1 544	(817)	727

During the current financial year Erf 2126 Douglasdale Ext 149 valued at R1 320 000 disclosed as Land was sold and the bond and related costs were settled to realise a profit of R11 293.

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

Notes to the financial statements (continued)

	Opening balance	Additions	Loss of control of subsidiary	Disposals	Classified as held for sale	Transfers	Revaluations	Depreciation	Total
3. PROPERTY, PLANT AND EQUIPMENT (continued)									
Reconciliation of property, plant and equipment Group 2010									
Land	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	Transfers R'000	Depreciation R'000	Total R'000
Reconciliation of property, plant and equipment Company 2011					
Furniture and fixtures	**355**	**25**	**1**	**(197)**	**184**
Office equipment	**60**	**26**	**1**	**(19)**	**68**
IT equipment	**312**	**93**	**(2)**	**(111)**	**292**
	727	**144**	**-**	**(327)**	**544**

	Opening balance	Additions R'000	Disposals R'000	Transfers R'000	Depreciation R'000	Total R'000
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

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'00
Assets subject to finance lease (Net carrying amount)				
Motor vehicle	192	1 849	-	-

The motor vehicles are pledged as security under finance leases in terms of note 15.

Notes to the financial statements (continued)

		Held by	Holding 2011 %	Holding 2010 %	Carrying amount 2011 R'000	Carrying amount 2010 R'000
4.	**INVESTMENTS IN SUBSIDIARIES**					
	ABC Cashplus Financial Services (Pty) Ltd		**100%**	100%	**–**	–
	ABC Cashplus Randburg (Pty) Ltd	*	**100%**	100%	**–**	–
	African Dawn KwaZulu-Natal (Pty) Ltd	**	**100%**	100%	**–**	–
	African Dawn Property Transfer Finance 1 (Pty) Ltd		**100%**	100%	**–**	–
	African Dawn Property Transfer Finance 2 (Pty) Ltd		**100%**	100%	**–**	–
	African Dawn Property Transfer Finance 4 (Pty) Ltd		**100%**	100%	**–**	–
	African Dawn Property Transfer Finance 5 (Pty) Ltd		**100%**	100%	**–**	–
	African Dawn Social Education (Pty) Ltd		**100%**	100%	**–**	–
	African Dawn Wheels (Pty) Ltd		**100%**	100%	**–**	–
	African Dawn Wheels Operations (Pty) Ltd		**100%**	100%	**–**	–
	Albistar Investments (Pty) Ltd	***	**100%**	100%	**–**	–
	Almika Properties 81 (Pty) Ltd		**100%**	100%	**–**	–
	Elite Rustenburg Mines (Pty) Ltd	*	**–**	53%	**–**	–
	Amalgum Investments 138 (Pty) Ltd	***	**100%**	100%	**–**	–
	Bhenka Financial Services (Pty) Ltd		**100%**	100%	**–**	–
	Candlestick Park Investments (Pty) Ltd		**100%**	100%	**5 279**	5 279
	Dumont Health (Pty) Ltd		**100%**	100%	**–**	–
	Elatiflash (Pty) Ltd	***	**100%**	–	**–**	
	Elite Group (Pty) Ltd		**100%**	100%	**3 322**	3 322
	Elite Group 1 (Pty) Ltd		**100%**	100%	**–**	–
	Elite Group Cell No. 00181 (Pty) Ltd	*	**100%**	100%	**–**	–
	Nexus Personnel Finance (Pty) Ltd		**100%**	100%	**–**	–
	Nexus Personnel Finance 2 (Pty) Ltd		**100%**	100%	**–**	–
					8 601	8 601

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

*   Elite Group (Proprietary) Limited incorporated in the Republic of South Africa

**   Bhenka Financial Services (Proprietary) Limited incorporated in the Republic of South Africa

***   African Dawn Property Transfer Finance 2 (Proprietary) Limited incorporated in the Republic of South Africa

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

Subsidiaries for which control was lost

Current year

The group lost control of subsidiary Elite Group Rustenburg (Pty) Ltd on 1 September 2010 as the company was sold.

Prior 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.

Notes to the financial statements (continued)

	COMPANY	
	2011	2010
	R'000	R'000
5. LOANS TO/(FROM) GROUP COMPANIES		
Loans with holding company		
Nexus Personnel Finance (Proprietary) Limited		
The loan is unsecured interest free and has no fixed terms of repayment.	**(4 318)**	(4 516)
African Dawn Social Education (Proprietary) Limited		
The loan is unsecured interest free and has no fixed terms of repayment.	**(77)**	15
Bhenka Financial Services (Proprietary) Limited		
The loan is unsecured interest free and has no fixed terms of repayment.	**(7 290)**	(5 950)
African Dawn Property Transfer Finance 2 (Proprietary) Limited		
The loan is unsecured bears no interest and has no fixed terms of repayment.	**52 253**	61 441
African Dawn Property Transfer Finance 1 (Proprietary) Limited		
The loan is unsecured bears no interest and has no fixed terms of repayment.	**10 435**	7 687
African Dawn Wheels (Proprietary) Limited		
The loan is unsecured bears no interest and has no fixed terms of repayment.	**831**	2 279
African Dawn KwaZulu-Natal (Proprietary) Limited		
The loan is unsecured bears no interest and has no fixed terms of repayment.	**3 557**	2 032
African Dawn Property Transfer Finance 4 (Proprietary) Limited		
The loan is unsecured interest free and has no fixed terms of repayment.	**9 772**	10 524
Candlestick Park Investments (Proprietary) Limited		
The loan is unsecured interest free and has no fixed terms of repayment.	**(880)**	(2 115)
Elite Group (Proprietary) Limited		
The loan is unsecured bears no interest and has no fixed terms of repayment.	**12 596**	12 579
Dumont Health (Proprietary) Limited		
The loan is unsecured bears no interest and has no fixed terms of repayment.	**13 562**	14 092
	90 441	98 068
Impairment of loans from holding company to group companies	**(40 602)**	(34 189)
	49 839	63 879
Non-current assets	**–**	–
Current assets	**62 404**	76 460
Current liabilities	**(12 565)**	(12 581)
	49 839	63 879

Loans to group companies impaired

As of 28 February 2011, loans to group companies totalling R103 006 000 (2010: R110 649 000) were assessed for impairments and impaired. The amount of the impairment was R40 601 738 as of 28 February 2011 (2010: R34 189 000).

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

All group company loans are unsecured with no fixed terms of repayment. The loan balances have been assessed for recoverability and impairment allowances were made accordingly. The impairment allowances were raised to the extent that the loan value exceeded the net asset value of the underlying company. The R62 404 577 indicates the fair value of the intercompany loans.

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

Notes to the financial statements (continued)

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
6. OTHER FINANCIAL ASSETS				
Receivables				
Elite Rustenburg Shareholders				
The business was sold for a total of R1 223 000 repayable at R25 000 per month. The amount does not attract interest.	**712**	–	**–**	–
Elite Rustenburg shareholders current portion				
Elite Rustenburg Shareholders				
The business was sold for a total of R1 223 000 repayable at R25 000 per month. The amount does not attract interest.	**300**	–	**–**	–
Total other financial assets	**1 012**	–	**–**	–
Non-current assets				
Receivables	**712**	–	**–**	–
Current assets				
Loans and receivables	**300**	–	**–**	–
	1 012	–	**–**	–
7. DEFERRED TAX				
Deferred tax asset/(liability)				
Revaluation, net of related depreciation	**–**	(576)	**–**	–
Reconciliation of deferred tax asset (liability)				
At beginning of the year	**(576)**	4 844	**–**	–
(Decrease) in tax losses available for set off against future taxable income	**–**	(4 844)	**–**	–
Originating temporary difference on revaluation of property	**576**	(576)	**–**	–
	–	(576)	**–**	–
8. PROPERTY IN POSSESSION				
Almika Properties 81 (Pty) Ltd – Benoni, Gauteng	**7 029**	6 997	**–**	–
Greenoaks – Centurion, Gauteng	**44 372**	–	**–**	–
Greenoaks – Praesidium share of property	**(15 535)**	–	**–**	–
Castle Gardens – Tshwane, Gauteng	**490**	–	**–**	–
Castle Gardens – Praesidium bond over property	**(490)**	–	**–**	–
	35 866	6 997		
Impairment allowance	**(10 522)**	–	**–**	–
	25 344	6 997	**–**	–

During the year properties held as security over debtors were perfected. During the financial year the fair value of the properties were tested and adjusted accordingly. Management and third party valuers assess the value of the properties half yearly and adjust the property to fair value based on the assessments.

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**82 590**	93 181	**–**	–
VAT	**260**	135	**–**	–
Other receivables	**631**	2 172	**1 959**	2 212
	83 481	95 488	**1 959**	2 212

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for loan facilities of R46 517 011 (2010: R56 103 047) of the group.

Trade and other receivables are classified as loans and receivables.

Fair value of trade and other receivables

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
Short term secured finance				
Current financial receivables			**120 876**	139 491
Specific allowance for impairment			**(87 823)**	(108 242)
Specific allowance for impairment as a percentage of book (%)			**72.6**	77.6
Security held, ceded by debtors, that is saleable in the event of default			**27 949**	41 097

The 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 monitor the status of all advances and evaluate the security values.

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
Home improvement finance and other				
Current financial receivables			**162 379**	180 272
Specific allowance for impairment			**(112 842)**	(118 340)
Specific allowance for impairment as a percentage of book (%)			**69.5**	65.6

The Home Improvement Finance is advanced at a rate between 32% and 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 have been increased appropriately. Further growth in the receivables is being hampered by funding limitations.

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
Total				
Current financial receivables			**283 255**	319 763
Specific allowance for impairment			**(200 665)**	(226 582)
Specific allowance for impairment as a percentage of book (%)			**70.8**	70.9

The significant increase in the risk carried by the group in respect of trade and other financial receivables is largely due to securities held on receivables decreasing in value. A more stringent security rating policy has been implemented by management.

	GROUP 2011 R'000	GROUP 2010 R'00
9. TRADE AND OTHER RECEIVABLES (continued)		
Credit risk		
Credit quality of trade and other receivables		
Counterparties without external credit rating		
Both past due and current		
New customer (less than 6 months)	**2 255**	4 310
Customer (more than 6 months) with no defaults in past	**13 295**	14 967
Customer (more than 6 months) with some defaults in past. All defaults were fully recovered	**14 107**	7 869
Customer (more than 6 months) with defaults in past. Not all defaults were recovered	**252 053**	292 752
Other	**2 436**	2 172
Total	**284 146**	322 070
Loans and receivables past due but not impaired		
Loans and receivables which are still within repayment terms and where consistent repayments are made or terms are renegotiated are not considered impaired. At 28 February 2011 R22 314 768 (2010: R36 147 507) were past due but not impaired. Ageing of past due but not impaired:		
1 months past due	**3 688**	5 106
2 months past due	**1 621**	5 493
3 months past due	**4 318**	11 575
4 months and more past due	**11 143**	14 107
Total	**20 770**	36 281
Loans and receivables impaired		
As of 28 February 2011, loans and receivables of R200 664 722 (2010: R226 581 756) were impaired and provided for. The amount of the allowance for the year included a net reversal of R25 917 215 (2010: net addition R95 140 417)		
Ageing impaired value:		
1 month	**872**	255
2 months	**1 708**	824
3 – 6 months	**55 282**	13 491
Over 6 months	**203 078**	269 047
Total	**260 940**	283 617

The group is exposed to a number of guarantees for the overdraft facilities and borrowings of group companies. Refer to note 14 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. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan and receivable mentioned.

COMPANY

Trade receivables for the company relate to loans in normal course of business.

The loans are unsecured and interest is charged between 1% and 5% per month.

Specific allowance for impairment relating to loans amounted to R50 384 839 (2010: R52 253 006).

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
9. TRADE AND OTHER RECEIVABLES (continued)				
Reconciliation of allowance for impairment of trade and other receivables				
Opening balance	**226 582**	131 442	**52 253**	24 062
Provision for impairment	**3 914**	132 160	**(1 868)**	29 917
Amounts written off as uncollectable	**–**	(37 020)	**–**	(1 726)
Unused amounts reversed	**(29 831)**	–	**–**	–
	200 665	226 582	**50 385**	52 253

The creation and release of impairment allowances for receivables have been included in operating expenses in profit or loss . Unwind of discount is included in profit or loss . Amounts charged to the impairment 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.

Trade and other receivables are held as loans and receivables net of impairment

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
10. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	**612**	490	**2**	2
Bank balances	**7 543**	15 408	**442**	492
Bank overdraft	**(277)**	(743)	**–**	–
	7 878	15 155	**444**	494
Current assets	**8 155**	15 898	**444**	494
Current liabilities	**(277)**	(743)	**–**	–
	7 878	15 155	**444**	494

Cash and cash equivalents are classified as loans and receivables. Bank overdraft is classified as financial liabilities at amortised cost.

11. NON-CURRENT ASSETS HELD FOR SALE

During the current financial year, a property held as security over a debtor's balance was perfected and a sales agreement was later entered into for the sale of the property. The sale will be completed when the bond registration for the buyer is registered.

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
Assets and liabilities				
Non-current assets held for sale				
Property, plant and equipment	**1 200**	12 429	**–**	–

The property held for sale consists of a residential premises at Erf 868, Nina Park Ext 27, Tshwane, Gauteng.

The property held for sale in the prior year, Erf 127 Dunkeld West, Johannesburg, Gauteng was sold for R12 500 000 during the current financial year.

Notes to the financial statements (continued)

		GROUP		COMPANY	
		2011	2010	**2011**	2010
		R'000	R'000	**R'000**	R'00
12.	**SHARE CAPITAL**				
	Authorised				
	500 000 000 Ordinary shares of R0,01	**5 000**	5 000	**5 000**	5 000
	Reconciliation of value of shares issued:				
	Reported as at 1 March	**256 107**	244 613	**–**	–
	Treasury shares purchased	**–**	(1 144)	**–**	–
	Treasury shares issued to Allegro shareholders	**–**	12 638	**–**	–
		256 107	256 107	**–**	–
	Issued				
	Ordinary	**2 221**	2 221	**2 221**	2 221
	Share premium	**253 886**	253 886	**253 886**	253 886
		256 107	256 107	**256 107**	256 107
	There were no movements in the number of shares issued during the current year.				
	A Special Resolution was passed on 14 January 2011 at a general meeting that increased the authorised number of shares from 500 000 000 to 500 000 000 000 (increase of 499 500 000 000 shares). Details are set out in the circular dated 15 December 2010. The shares are in the process of being registered at CIPC.				
	At the general meeting held on the 14 January 2011 a resolution was passed authorising the board of directors to issue share capital in terms of the Companies Act and JSE Listings Requirements.				
13.	**INSURANCE RESERVE**				
	Elite Group (Proprietary) Limited is selling short term insurance policies through a Guardrisk cell captive and in terms of the agreement of the cell captive a percentage of all premiums are kept in reserve.				
	Additions to reserve	**105**	–	**–**	–
14.	**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	**–**	–
	Bidvest Bank				
	The loan has no fixed terms of repayment and is secured on the associated debtors. Interest is charged at prime +1%	**–**	442	**–**	–
	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 covenant during the financial year and consequently the entire balance is disclosed as current. African Dawn Capital Limited has provided a guarantee over the loan facility.	**35 075**	36 436	**–**	–

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
14. BORROWINGS (continued)				
Held at amortised cost (continued)				
Rural Housing Finance Corporation				
The loan is repayable between 3 and 5 years and interest is levied at prime. The loan is secured by a cession over the associated debtors. African Dawn Capital Limited has provided a guarantee over the loan facility.	**11 442**	19 667	**–**	–
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	**–**	–
Investec Bank Mortgage Bond				
The loan is secured on fixed property that has been classified as held for sale in note 12. Interest is levied at prime -1%. The loan is repayable in monthly installments of R160 084.	**–**	9 841	**–**	–
Nedbank Mortgage Bond				
The loan is secured on fixed property. Interest is levied at prime -.5% and the loan is repayable in installments of R168 450 per month. The bond arose as part of a property in possession transaction (refer to note 8, Greenoaks).	**13 145**	–	**–**	–
	59 662	69 747	**–**	–
Borrowings are classified as financial liabilities at amortised cost				
Non-current liabilities				
At amortised cost	**11 124**	30 460	**–**	–
Current liabilities				
At amortised cost	**48 538**	39 287	**–**	–
	59 662	69 747	**–**	–

Sensitivity analysis

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

	Balance	Profit effect at repo +1%	Profit effect at repo -1%
Interest bearing borrowings	59 663 259	868 146	(868 146)

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
15. FINANCE LEASE OBLIGATION				
Minimum lease payments due				
– within one year	**141**	1 278	**–**	–
– in second to fifth year inclusive	**56**	1 407	**–**	–
	197	2 685	**–**	–
less: future finance charges	**(19)**	(519)	**–**	–
Present value of minimum lease payments	**178**	2 166	**–**	–
Present value of minimum lease payments due				
– within one year	**127**	956	**–**	–
– in second to fifth year inclusive	**51**	1 210	**–**	–
	178	2 166	**–**	–
Non-current liabilities	**51**	1 210	**–**	–
Current liabilities	**127**	956	**–**	–
	178	2 166	**–**	–

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

The average lease term is 1–5 years and the average effective borrowing rate was 10% (2010: 11%)

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. Refer note 3 .

16. PROVISIONS

	Opening balance R'000	**Reversed during the year R'000**	**Total R'000**
Reconciliation of provisions group and company 2011			
Onerous contract	**16 000**	**(3 516)**	**12 484**
	Opening balance R'000	Additions R'000	Total R'000
Reconciliation of provisions group and company 2010			
Onerous contract	–	16 000	16 000

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

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
17. TRADE AND OTHER PAYABLES				
Trade payables	**2 070**	1 752	**1 021**	764
VAT	**5 896**	6 299	**4 606**	5 000
Accrued leave pay	**1 133**	223	**25**	212
Accrued expenses	**2 401**	4 458	**883**	1 701
Deposits received	**216**	–	**–**	–
	11 716	12 732	**6 535**	7 677
Trade and other payables are classified as liabilities and measured at amortised cost.				
18. REVENUE				
Rendering of services	**9 024**	12 326	**600**	–
Rental income	**3 821**	811	**–**	–
Interest received (trading)	**35 390**	92 199	**351**	23 294
	48 235	105 336	**951**	23 294
19. COST OF SALES				
Rendering of services				
Cost of services	**1 295**	1 919	**–**	–
20. OPERATING PROFIT/(LOSS)				
Operating profit/(loss) for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
– Contractual amounts	**4 067**	2 923	**263**	367
Equipment				
– Contractual amounts	**710**	1 078	**122**	78
	4 777	4 001	**385**	445
Profit/(loss) on sale of property, plant and equipment	**459**	(194)	**–**	(9)
Profit on sale of business	**806**	–	**–**	–
Impairment on business combinations	**–**	198 155	**–**	–
Impairment on trade and other receivables	**(25 917)**	95 140	**(1 868)**	28 191
Impairment on loans to ex-directors	**–**	433	**–**	–
Depreciation on property, plant and equipment	**1 043**	1 412	**327**	335
Employee costs	**23 233**	34 569	**4 693**	9 830
21. INVESTMENT REVENUE				
Interest revenue				
Bank	**256**	72	**9**	**–**
22. IMPAIRMENT ALLOWANCE				
Property in possession	**(10 522)**	–	**–**	–
Goodwill on subsidiaries	–	(134 090)	**–**	(133 961)
Other financial assets	**–**	(5 102)	**–**	–
	(10 522)	(139 192)	**–**	(133 961)

Notes to the financial statements (continued)

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'00
23. FINANCE COSTS				
Non-current borrowings	**6 851**	9 408	**–**	–
Finance leases	**63**	180	**–**	–
Bank	**188**	1 062	**–**	–
Late payment of tax	**6**	–	**–**	–
Interest paid to other 3rd parties	**40**	227	**–**	–
	7 148	10 877	**–**	–
Capitalisation rates used during the period were 10% per annum being the weighted average cost of funds borrowed generally by the group.				
24. TAXATION				
Major components of the tax expense				
Current				
Local income tax current period	**856**	32	**–**	–
Penalties and interest	**536**	6 363	**–**	2 608
	1 392	6 395	**–**	2 608
Deferred				
Originating and reversing temporary differences	**(576)**	1 272	**–**	–
Arising from previously unrecognised tax loss	**–**	(488)	**–**	–
	(576)	784	**–**	–
	816	7 179	**–**	2 608
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense				
Accounting profit/(loss)	**4 442**	(299 318)	**(9 868)**	(193 013)
Tax at the applicable tax rate of 28% (2010: 28%)	**1 244**	32	**–**	–
Tax effect of adjustments on taxable income				
Penalties and interest	**–**	6 363	**–**	2 608
Deferred tax raised	**–**	784	**–**	–
Tax losses carried forward	**(358)**	–	**–**	–
	886	7 179	**–**	2 608
No tax loss is being recognised at year end as final assessments have not been completed however accounting estimate of probable tax loss available in the group is 2011: R159 026 720 (2010: R152 166 697) on which deferred tax assets were not recognised.				
25. AUDITORS' REMUNERATION				
Fees	**568**	2 932	**–**	–
Adjustment for previous period	**701**	–	**–**	–
Tax and secretarial services	**–**	100	**–**	–
	1 269	3 032	**–**	–
Grant Thornton				
Audit services prior year	**701**	–	**–**	–
Audit services current year	**568**	1 000	**589**	2 493
SAB&T				
Audit services	**–**	1 932	**–**	–
Van Dyk & Associates				
Non-audit services	**–**	100	**–**	–
	1 269	3 032	**589**	2 493

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
26. OPERATING LEASE				
The directors have not entered into any material capital commitment agreements during the current year and no contingent rent is payable.				
The groups future minimum operating lease payments are as follows:				
– Within one year	**2 134**	2 499	**–**	–
– In second to fifth year	**162**	1 775	**–**	–
	2 296	4 274	**–**	–

	Gross	Tax	Net
27. OTHER COMPREHENSIVE INCOME			
Components of other comprehensive income group 2011			
Movements on revaluation			
Deferred tax on held for sale asset realised	–	**(452)**	**(452)**
Components of other comprehensive income group 2010			
Movements on revaluation			
Loss on property revaluation	(4 000)	(1 063)	(5 063)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
28. CASH GENERATED FROM/(USED IN) OPERATIONS				
Profit/(loss) before taxation	**4 442**	(299 318)	**(9 868)**	(193 013)
Adjustments for:				
Depreciation and amortisation	**1 043**	1 412	**327**	335
(Profit)/loss on sale of assets	**(459)**	194	**–**	9
Interest received	**(256)**	(72)	**(9)**	–
Finance costs	**7 148**	10 877	**–**	–
Fair value adjustments	**10 522**	134 090	**–**	133 421
Impairment loss	**–**	114 106	**–**	36 197
Movements in provisions	**(3 516)**	16 000	**(3 516)**	16 000
Business combinations	**(806)**	–	**–**	(1 345)
Changes in working capital:				
Property in possession	**(18 347)**	(6 969)	**–**	–
Trade and other receivables	**12 007**	24 980	**253**	26 608
Trade and other payables	**(1 016)**	(2 492)	**(1 142)**	(31 117)
	10 762	(7 192)	**(13 955)**	(12 905)
29. TAX PAID				
Balance at beginning of the year	**(11 034)**	(41 255)	**(4 191)**	(3 085)
Current tax for the year recognised in profit or loss	**(1 392)**	(6 395)	**–**	(2 608)
Adjustment to provide for penalties and interest	**–**	–	**–**	1 502
Adjustment in respect of businesses sold and acquired during the year	**–**	19 903	**–**	–
Balance at end of the year	**11 084**	11 034	**4 191**	4 191
	(1 342)	(16 713)	**–**	–

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
30. DECONSOLIDATION OF BUSINESSES				
Carrying value of assets sold				
Property, plant and equipment	**–**	(26 761)	**–**	–
Deferred tax assets/liabilities	**–**	(3 572)	**–**	–
Goodwill	**–**	(8 122)	**–**	–
Inventories	**–**	(171 656)	**–**	–
Trade and other receivables	**1 120**	(142 798)	**–**	–
Trade and other payables	**(11)**	114 655	**–**	–
Cash	**–**	(6 877)	**–**	–
Non-current liabilities	**–**	175 080	**–**	–
Investments	**–**	(2 066)	**–**	–
Outside shareholders	**(1 526)**	(5 755)	**–**	–
Total net assets sold	**(417)**	(77 872)		
Net assets sold	**(417)**	(77 872)		
Profit/(loss) on disposal	**(806)**	77 872	**–**	–
	(1 223)	–	**–**	–
Consideration received				
Shareholders agreement	**1 223**	–	**–**	–
Net cash outflow on deconsolidation				
Cash sold	**–**	(6 877)	**–**	–

Current Year

Elite Group Rustenburg (Pty) Ltd was acquired in 2009 and sold during the current financial year. The only assets in the subsidiary were the accounts receivable which the outside shareholders have taken control over in return for R1 223 000 payable in installments of R25 000 per month for 48 months.

Prior Year

The Allegro Group is a wholly owned subsidiary of African Dawn. As previously reported, subsequent to February 2009, the largest funder of the Allegro Group, CMM Group was placed under curatorship, effectively ceasing operations in Allegro during the period under review. For all intents and purposes, the curators of the CMM Group took control of Allegro during the previous period, 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 current or previous year.

Notes to the financial statements (continued)

31. RELATED PARTIES

Related part relationships

Subsidiaries	For a list of all subsidiaries refer to note 4
Key management – director and chairman	PC Gordon (Refer to note 32)
Key management – financial director	TF Kruger (Refer to note 32)
Key management	Dr. EG Stoop
Key management	PJ Bezuidenhout
Key management	C Van den Berg

Related party balances

Subsidiaries balances are disclosed in note 5.

No other related parties have outstanding balances.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
Related party transactions				
Interest paid to (received from) related parties				
African Dawn Capital Limited	**–**	–	**(33 681)**	(11 160 741)
African Dawn Wheels (Pty) Ltd	**–**	–	**33 681**	405 847
African Dawn Property Transfer Finance 2 (Pty) Ltd	**–**	–	**–**	6 607 969
African Dawn Property Transfer Finance 1 (Pty) Ltd	**–**	–	**–**	903 098
Bhenka Financial Services (Pty) Ltd	**–**	–	**–**	12 331
African Dawn KwaZulu-Natal (Pty) Ltd	**–**	–	**–**	575 704
Elite Group (Pty) Ltd	**–**	–	**–**	1 597 490
Dumont Health (Pty) Ltd	**–**	–	**–**	1 058 302
African Dawn Wheels (Pty) Ltd	**–**	–	**158 244**	–
African Dawn Wheels Operations (Pty) Ltd	**–**	–	**(158 244)**	–
Rent paid to (received from) related parties				
Candlestick Park Investments (Pty) Ltd	**–**	–	**420 618**	894 447
African Dawn Capital Limited	**–**	–	**(224 020)**	(366 766)
Nexus Personnel Finance (Pty) Ltd	**–**	–	**–**	(238 760)
African Dawn Property Transfer Finance 2 (Pty) Ltd	**–**	–	**(168 179)**	(245 583)
African Dawn Property Transfer Finance 1 (Pty) Ltd	**–**	–	**(28 419)**	(43 338)
Administration fees paid to (received from) related parties				
Candlestick Park Investment (Pty) Limited	**–**	–	**600 000**	–
African Dawn Capital Limited	**–**	–	**(600 000)**	–
Fees paid to related parties				
Imagine Wealth (Pty) Ltd	**–**	–	**–**	1 440
Le Roux Vivier and Associates	**–**	–	**–**	1 475
Commission paid to (received from) related parties				
Elite Group (Pty) Ltd	**–**	–	**(43 946)**	–
African Dawn Wheels (Pty) Ltd	**–**	–	**43 946**	–
Compensation				
Key Management	**5 714**	5 056	**–**	–

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
32. DIRECTORS' EMOLUMENTS	**Basic**	Basic	Basic	Basic
Executive directors				
PC Gordon (Chairman)	**1 167**	–	**1 167**	–
TF Kruger (Financial director)	**992**	–	**992**	–
JM Van Tonder	**–**	2 421	**–**	2 421
CDW Vivier	**–**	2 409	**–**	2 409
CM Van Nieuwkerk	**–**	479	**–**	479
MN Ramasehla	**–**	1 011	**–**	1 011
Non-executive directors				
L Taylor	**147**	–	**147**	–
H Hickey	**–**	–	**–**	–
RR Emslie	**203**	207	**203**	207
A Potgieter	**100**	183	**100**	183
C Wiese	**300**	165	**300**	165
M Ferreira	**–**	120	**–**	120
MM Patel	**220**	306	**220**	306
SW De Bruyn	**280**	960	**280**	960

All directors remuneration was paid by African Dawn Capital Limited. The remuneration consists of basic salary only. No bonuses were paid during the year. There are no post employment provisions or other termination benefits due.

33. 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 to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 14 and 15 cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

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

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

This ratio is calculated as net debt divided by total equity. 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.

33. RISK MANAGEMENT (continued)

Capital risk management (continued)

The debt: equity ratio and totals for 2011 and 2010 respectively were as follows:

		GROUP		COMPANY	
		2011 R'000	2010 R'000	**2011 R'000**	2010 R'00
Total borrowings					
Loans to group companies	5	**–**	–	**12 565**	12 581
Finance lease obligation	15	**178**	2 166	**–**	–
Less than 1 year	14	**48 538**	30 460	**–**	–
Between 1 and 5 years		**11 124**	39 287	**–**	–
		59 840	71 913	**12 565**	12 581
Less: cash and cash equivalents	10	**7 878**	15 155	**444**	494
Net debt		**51 962**	56 758	**12 121**	12 087
Total equity		**26 079**	23 673	**38 177**	48 045
Total capital		**78 041**	80 431	**50 298**	60 132
Gearing ratio		**67%**	71%	**24%**	20%

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 it's obligations. The group manages its liquidity needs by monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Group

	Less than 1 year	Between 1 and 5 years
At 28 February 2011		
Borrowings	**35 075**	**24 588**
At 28 February 2010		
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 linked to prime at a lower rate than debtors interest rates. 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 for the group's cash held 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's borrowings and debtors are subject to similar interest rate risk the effect of interest rate variations is immaterial.

Notes to the financial statements (continued)

33. 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 and investment in bonds. The group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised in the trade and other receivables note.

Financial assets exposed to credit risk at year end were as follows:

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
` Financial instrument				
Trade Receivables	**82 590**	93 181	**1 959**	2 233

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end some substantial debtors legal appeals were concluded in favour of African Dawn Capital Limited but no adjustments have been passed in the current reporting period, as the value of the settlements is unknown.

	Bridging finance R'000	Personal and short term R'000	Other and head office R'000	Total R'000
35. SEGMENTAL REPORT				
28 February 2011				
Revenue	**4 702**	**31 102**	**12 431**	**48 235**
Other income	**210**	**3 416**	**4 977**	**8 603**
Interest paid	**79**	**5 536**	**1 532**	**7 148**
Debtors impairments	**(20 420)**	**(5 456)**	**(41)**	**(25 917)**
Impairment allowance	**–**	**–**	**10 522**	**10 522**
Depreciation	**54**	**481**	**508**	**1 043**
Minority interest	**–**	**(611)**	**–**	**(611)**
Segmental profit/(loss)	**4 122**	**448**	**(333)**	**4 237**
Net asset value	**(28 148)**	**(16 247)**	**70 474**	**26 079**
Gross debtor	**124 456**	**96 233**	**63 757**	**284 446**
Provision	**(91 257)**	**(51 709)**	**(57 699)**	**(200 665)**
Net debtor	**33 199**	**44 524**	**6 058**	**83 781**
Property in possession	**–**	**–**	**25 344**	**25 344**
Cash and cash equivalents	**2 466**	**3 704**	**1 709**	**7 879**
3rd Party assets	**44 041**	**49 638**	**34 762**	**128 441**
Intercompany assets	**3 971**	**4 318**	**114 416**	**122 705**
Total assets	**48 012**	**53 956**	**149 178**	**251 146**
3rd Party liabilities	**(143)**	**(57 608)**	**(44 610)**	**(102 362)**
Intercompany liabilities	**(76 017)**	**(12 596)**	**(34 092)**	**(122 705)**
Total liability	**(76 160)**	**(70 204)**	**(78 702)**	**(225 067)**
28 February 2010				
Revenue	40 602	52 954	12 513	106 070
Segmental (loss)	(264 724)	(31 473)	(10 299)	(306 496)
Net asset value	41 364	(15 316)	(2 362)	(23 686)

35. SEGMENTAL REPORT (continued)

Management currently identifies the group's three service lines as operating segments as described below. These operating segments are monitored and strategic decisions are made on the basis of segment operating results and group strategic focus.

In identifying its operating segments, management generally follows the group's service lines, which represent the main services provided by the group.

The activities undertaken by the bridging includes the Property Transfer Finance companies who concludes short term secured financing to mainly corporate clients and perfects securities held on properties.

Personal Finance includes the Elite and Nexus companies that provide personal finance to individuals.

Other short term and head office includes the head office function servicing the subsidiaries with management, treasury, finance, tax and legal support, it also includes companies perfecting securities formally held by Bridging.

Each of these operating segments is managed separately as each of these service lines require different business models, business systems, technologies and other resources as well as marketing and managing approaches. All inter segment transfers are carried out at arm's length prices.

The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

36. GUARANTEES

The company has provided a guarantee referred to in note 14. In terms of the guarantee African Dawn Capital Limited will assume responsibility for the loan if Nexus Personnel Finance (Pty) Ltd defaults on the loan.

The company has provided a guarantee to RHLF referred to in note 14. In terms of the guarantee African Dawn Capital Limited will assume responsibility for the loan if Elite Group (Pty) Ltd defaults on the loan.

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
37. EARNINGS/(LOSS) PER SHARE				
Reconciliation of headline earnings (loss) per share				
Profit/(loss) per statement of comprehensive income	**3 626**	(311 560)	**–**	–
Impairment of investments and goodwill	**–**	198 155	**–**	–
Loss on property revaluation	**–**	5 063	**–**	–
Sale of subsidiary	**(806)**	–	**–**	–
Sale of properties	**(515)**	–	**–**	–
Headline earnings/(loss)	**2 305**	(108 342)	**–**	–

The weighted average number of shares in issue for 2011: 222 926, 2010: 219 830

The headline earnings (loss) for the year is 2011: 103 cents, (2010: 49.28 cents) per share.

The earnings per share are 2011: 163 cents, (2010: 139.42 cents)

There were no potential ordinary shares to be issued at year end.

a) Basic earnings

Basic earnings per share is calculated dividing net profit for the year by the weighted average number of ordinary shares during the financial year held by the company. In 2011 there was no movement in the number of shares in issue therefore the weighted average number of shares is equal to the actual number of shares in issue.

Notes to the financial statements (continued)

	GROUP		COMPANY	
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'00
37. EARNINGS/(LOSS) PER SHARE (continued)				
b) Diluted earnings				
For the purpose of calculating diluted earnings per share, the profit attributable to equity holders of the parent and the weighted average number of ordinary shares outstanding during the financial year have been adjusted for the dilutive effect of all potential ordinary shares, warrants and share options granted to employees. The dilutive earnings per share calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares that would have been in issue upon full exercise of the remaining warrants, adjusted by the number of such shares that would have been issued. There were no dilutive effects during 2011.				
Share weighting				
Shares in issue at year end	**222 926**	222 926	**–**	–
Treasury share given to Allegro shareholders	**–**	(3 096)	**–**	–
	222 926	219 830	**–**	–

Shareholders' analysis

Register date: 26 February 2011
Issued share capital: 222 926 236 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	413	16.51	256 431	0.12
1 001 – 10 000 shares	1 086	43.41	4 865 496	2.18
10 001 – 100 000 shares	759	30.34	28 569 950	12.82
100 001 – 1 000 000 shares	218	8.71	63 082 189	28.30
1 000 001 shares and over	26	1.03	126 152 170	56.58
Total	**2 502**	**100**	**222 926 236**	**100**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Banks	2	0.08	617 000	0.28
Brokers	11	0.44	4 358 023	1.95
Close corporations	45	1.80	8 008 146	3.59
Endowment funds	2	0.08	19 000	0.01
Individuals	2 262	90.41	104 806 541	47.01
Insurance companies	1	0.04	10 000	0.00
Investment companies	2	0.08	956 499	0.43
Mutual funds	6	0.24	17 242 800	7.73
Nominees and trusts	86	3.44	14 020 739	6.29
Other corporations	37	1.48	16 629 648	7.46
Own holdings	1	0.04	3 268 324	1.47
Private companies	45	1.80	51 787 016	23.23
Public companies	2	0.07	1 202 500	0.55
Total	**2 502**	**100**	**222 926 236**	**100**

DISTRIBUTION OF SHAREHOLDERS	Number of shareholders	%	Number of shares	%
Non-public shareholders	2	0.08	39 211 053	17.59
Strategic holdings (more than 10%)	1	0.04	35 942 729	16.12
Own holdings	1	0.04	3 268 324	1.47
Public shareholders	2 500	99.92	183 715 183	82.41
Total	**2 502**	**100**	**222 926 236**	**100**

Beneficial shareholders holding of 2% or more		Number of shares	%
PCI Fintrade (Pty) Ltd		35 942 729	16.12
Brown, NRO		18 163 587	8.15
	Brown, NRO	12 500 000	5.61
	Brown, NRO	2 000 000	0.90
	Arbores Investments (Pty) Ltd	2 000 000	0.90
	Arbores Investments (Pty) Ltd	1 663 587	0.75
Big Rock Capital Partnership		14 408 744	6.46
Hermes Osborne Flexible Fund		11 000 000	4.93
Osborne Symmetry Satellite Equity Portfolio		4 850 000	2.18
Brait Master Trust Number 106		4 598 482	2.06

Shareholders’ analysis (continued)

BREAKDOWN OF NON-PUBLIC HOLDINGS

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
PCI Fintrade (Pty) Ltd	35 942 729	16.12
Total	**35 942 729**	**16.12**

SHARE PRICE INFORMATION

Share price in Rands	2 March 2010	26 February 2011
High	0.24	0.09
Low	0.22	0.09
Close	0.24	0.09

Other shareholder information	
Shares in issue	222 926 236
Volume traded during the period (2 March 2010 to 26 February 2011)	171 388 874
Volume traded to shares in issue (%)	76.88

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 Afdawn will be held at the Sterling Room – Sasfin Head Office, 29 Scott Street, Waverley, Johannesburg on Friday, 7 October 2011 at 10:00 am to consider the business set out herein and if deemed fit, to pass, with or without modification the ordinary and special resolutions set out below:

Memorandum of incorporation

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

ORDINARY RESOLUTIONS

Ordinary resolutions one to five require the support of a majority for adoption, which is 50% of the voting rights plus one, exercised by those present or represented by proxy at this meeting.

Ordinary resolution no 1: Consideration of annual financial statements

To receive and adopt the annual financial statements for the company and the group for the year ended 28 February 2011, together with the directors' and auditors' reports.

Ordinary reolution no 2: Re-appointment of auditors

To re-appoint Grant Thornton as independent auditors of the company (the designated auditor being Mr EF Dreyer) for the ensuing year, such auditors having been nominated by the company's audit committee.

Ordinary resolution no 3: Election of directors

In terms of the company's MOI, the entire board needs to be re-elected under the new MOI, thereafter they will be up for rotation at the annual general meeting.

PC Gordon
TF Kruger
L Taylor
CF Wiese
HH Hickey

Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the directors named above by way of passing the separate ordinary resolutions set out below:

Ordinary resolution number 3(a)
Appointment of PC Gordon as director
"Resolved that PC Gordon be and is hereby elected as a director of the company"

Ordinary resolution number 3(b)
Appointment of TF Kruger as director
"Resolved that TF Kruger be and is hereby elected as a director of the company"

Ordinary resolution number 3(c)
Appointment of CF Wiese as director
"Resolved that CF Wiese be and is hereby elected as a director of the company"

Ordinary resolution number 3(d)
Appointment of L Taylor as director
"Resolved that L Taylor be and is hereby elected as a director of the company"

Notice of annual general meeting (continued)

ORDINARY RESOLUTIONS (CONTINUED)

Ordinary resolution no 3: Election of directors (continued)

Ordinary resolution number 3(e)

Appointment of HH Hickey as director

"Resolved that HH Hickey be and is hereby elected as a director of the company"

The election of each director who, among other things, retires by rotation is required at the company's annual general meeting. The election will be conducted by a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy as required under Section of 68(2) of the Companies Act.

A brief CV of each director is available on page 12 of this annual report.

Ordinary resolution no 4: Appointment of audit committee

To appoint individually the following independent non-executive directors to the audit committee:

Ordinary resolution no. 4(a)

Appointment of HH Hickey as member of the audit committee

"Resolved that HH Hickey be and is hereby elected as a member of the audit committee"

Ordinary resolution no. 4(b)

Appointment of CF Wiese as a member of the audit committee

"Resolved that CF Wiese be and is hereby elected as a member of the audit committee"

Ordinary resolution no. 4(c)

Appointment of L Taylor as a member of the audit committee

"Resolved that L Taylor be and is hereby elected as a member of the audit committee"

A brief CV of each director is available on page 12 of this annual report.

Ordinary resolution no 5: Remuneration philosophy

To approve, by way of a non-binding advisory vote, the remuneration philosophy of the company as set out on page 8 of this annual report.

Ordinary resolution no 6: General authority to issue shares for cash

Resolved that in terms of the Listings Requirements of the JSE Limited ("JSE"), the mandate given to the directors of the company in terms of a general authority to issue shares for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

1. The general authority be valid until the company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter).
2. The allotment and issue of the shares must be made to public shareholders as defined in the Listings Requirements of the JSE and not to related parties.
3. 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 already in issue.
4. The number of shares issued for cash in aggregate in any one financial year shall not exceed 50% (fifty percent) of the company's issued ordinary share capital. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application.
5. The maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities or any other price agreed to by the JSE.
6. After the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue (including the

number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the shares and the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share), or any other announcements that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time.

In terms of the Listings Requirements of the JSE, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting, excluding the Designated Advisor and the controlling shareholders together with their associates, must be cast in favour of ordinary resolution number 6 for it to be approved.

SPECIAL RESOLUTIONS

The minimum percentage of voting rights that is required for special resolutions 1, 2 and 3 to be adopted is 75% (seventy five percent) of the voting rights to be cast on the resolution.

Special resolution no 1: General authority to repurchase shares

Resolved in terms of the MOI of the company (or one of its wholly-owned subsidiaries) and Section 48 of the Companies Act, No 71 of 2008 that the directors of the company be authorised, by way of a general authority, until this authority lapses at the next annual general meeting of the company provided that it shall not extend beyond fifteen months from the date of passing of this special resolution (whichever period is the shorter), to acquire the company's own shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Listings Requirements of the JSE Limited ("JSE") subject to the following terms and conditions:

1. any repurchase of securities 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 counter party;
2. at any point in time, the company may only appoint one agent to effect any repurchases on its behalf;
3. the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the company's issued share capital as at the date of passing of this general resolution or 20% (twenty 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;
4. repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was effected;
5. repurchases may not be undertaken by the company or any of its wholly owned subsidiaries during a prohibited period as defined in the Listings Requirements of the JSE unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
6. after the company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of securities and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, the company shall publish an announcement containing full details of such repurchase;
7. the company may not enter the market to proceed with the repurchase of its shares until the company's Designated Advisor has confirmed the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE, and;
8. the board of directors have passed a resolution authorising the repurchase and that the company has passed the solvency and liquidity test contained in Section 4 of the Companies Act, and that since the test was done, there have been no material changes to the financial position of the company.

The effect of the general resolution and the reason therefore is to extend the general authority given to the directors of the company or any subsidiary of the company in terms of the Act and the JSE Listings Requirements for the acquisition by the company or its subsidiaries of the company's securities which authority shall be used at the directors' discretion during the course of the period authorised.

In accordance with the Listings Requirements of the JSE, the directors record that:

The directors have no specific intention to repurchase shares, but would utilise the renewed general authority to repurchase securities to serve our shareholders' interests, as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

Notice of annual general meeting (continued)

The directors, after considering the effect of the maximum number of securities which may be repurchased pursuant to the general authority, are of the opinion that for a period of 12 months after the date of the general repurchase:

- the company and the group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the company and of 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 group annual financial statements ;
- the share capital and reserves of the company and of the group are adequate for ordinary purposes; and
- the working capital of the company and the group will be adequate for ordinary business.

Special resolution no 2: Approval of non-executive directors' remuneration

Resolved that in terms of s 66(9) of the Companies Act, the company be authorised to pay remuneration to its non-executive directors for their services as directors as listed below.

	Fees Y/E 28 February 2011	Fees Y/E 29 February 2012
CF Wiese	300 000	240 000
L Taylor	147 000	240 000
HH Hickey	–	240 000

The reason for special resolution 2 is to obtain shareholder approval by special resolution for directors' remuneration for services as directors in compliance with the Companies Act.

It is noted that the maximum remuneration for services as a director for the ensuing financial year is R240 000 per annum, which equates to R20 000 per month, irrespective of the number of committees served on.

Special resolution no 3: Financial assistance to related or inter-related companies within the Afdawn group

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

The reason for special resolution no 3 is to authorise the board of directors in terms of Section 45 of the Companies Act, to allow the company to give financial assistance to a related or inter-related company within the Afdawn group of companies.

The following additional information, some of which may appear elsewhere in this annual report is provided in terms of the JSE Listings Requirements for purposes of the special resolution:

Directors of the company – page 12
Major shareholders – page 55
Directors' interest in the company's shares – page 55
Company's share capital – page 42

Directors' responsibility statement

The directors, whose names are given on page 12 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.

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 company or its subsidiaries since the company's financial year end and the signature date of this annual report.

Litigation statement

Other than as disclosed or accounted for in this annual report, the directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened of which the company is aware which may have or have had in the recent past, being at least the previous 12 months from date of this annual report, a material effect on the financial position of the company and its subsidiaries.

Notice of annual general meeting (continued)

Voting and proxies

A shareholder of the company entitled to attend, speak, and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in his stead. The proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of any certificated shareholder and own name registered dematerialised shareholder who cannot attend the annual general meeting, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 10:00 on Wednesday, 5 October 2011. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

On a show of hands, every shareholder of the company present in person or by proxy shall have 1 (one) vote only, irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of members he represents, have only 1 (one) vote. On a poll, every shareholder of the company who is present in person or represented by proxy, shall have one vote for every share held in the company by such shareholder.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than own name registered dematerialised shareholders, and who wish to attend the annual general meeting must request their CSDP or broker to issue them with a Letter of Representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by the time-frame stipulated.

Any shareholder of the company that is a company may authorise any person to act as its representative at the Annual General Meeting. Please also note that Section 63(1) of the Companies Act 71 of 2008, requires that persons wishing to participate in the Annual General Meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

Voting will be performed by way of a poll so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by them.

Unlisted securities (if applicable) and shares held as treasury shares may not vote.

By order of the board

LW Viljoen
Company secretary
Johannesburg
31 May 2011

Shareholders' diary

Financial year-end	28 February 2011
Release of results	31 May 2011
Dispatch of annual report	30 August 2011
Annual general meeting	7 October 2011
Release of interim statement	November 2011

Corporate information

DIRECTORS (as at 28 February 2011)

PC Gordon *
TF Kruger *
L Taylor #
CF Wiese#
HH Hickey#

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

Please refer to page 12 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 ADVISOR

Sasfin Capital
A division of Sasfin Bank Limited

Form of proxy

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

For use by the holders of the company's certificated ordinary shares ("certificated shareholder") and/or dematerialised ordinary shareholders whose shares are held through a CSDP or broker and who have selected own name registration ("own name dematerialised shareholders") at the Annual General Meeting of the company to be held at Sterling Room – Sasfin Head Office, 29 Scott Street, Waverley, Johannesburg on Friday, 7 October 2011 at 10:00 am and at any adjournment thereof.

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

I/We (Please print full names, BLOCK LETTERS please) ______________________________

Of (address) ______________________________

Telephone work ______________ Telephone home ______________

Being the holder(s) 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 vote for me/us on my/our behalf at the annual general meeting which will be held for the purpose of considering and deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at any adjournment thereof; and to vote for/and or against the special and ordinary resolution and/or abstain from voting in respect of the ordinary share register in my/our name/s, in accordance with the following instruction:

(*Please indicate with an "X" the appropriate space below how you wish your votes to be cast unless otherwise instructed my/our proxy may vote as he/she thinks fit.

		Number of votes		
		In favour	Against	Abstain
	ORDINARY BUSINESS			
1.	To adopt the annual financial statements for the year ended 28 February 2011			
2.	To re-appoint Grant Thornton as independent auditors of the company (the designated Auditor being Mr EFG Dreyer)			
3.	(a) To re-elect PC Gordon as a director			
	(b) To re-elect TF Kruger as a director			
	(c) To re-elect CF Wiese as director			
	(d) To re-elect L Taylor as a director			
	(e) To appoint HH Hickey as a director			
4.	(a) To appoint HH Hickey a member of the audit committee.			
	(b) To appoint CF Wiese as a member of the audit committee			
	(c) To appoint L Taylor as a member of the audit committee			
5.	General authority to issue shares for cash			
6.	Remuneration philosophy			
	SPECIAL BUSINESS			
1.	General authority to repurchase shares			
2.	Approval of non-executive director's remuneration			
3.	Financial assistance to related or inter-related companies within Afdawn Group			

Signed this ______________ day of ______________ 2011

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 Wednesday, 5 October 2011 at 10:00 am.
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.
10. Summary of shareholders' rights in respect of proxy appointments as contained in Section 58 of the Companies Act. Please note that in terms of Section 58 of the Companies Act:
    - this proxy form must be dated and signed by the shareholder appointing the proxy;
    - you may appoint an individual as a proxy, including an individual who is not a shareholder of the company, to participate in and speak and vote at a shareholders' meeting on your behalf and may appoint more than one proxy to exercise voting rights attached to different securities held by you;
    - your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this proxy form;
    - this proxy form must be delivered to the company, or to the transfer secretaries of the company, namely Computershare, before your proxy exercises any of your rights as a shareholder at the annual general meeting;
    - the appointment of your proxy or proxies will be suspended at any time and to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting;
    - the appointment of your proxy is revocable unless you expressly state otherwise in this proxy form;
    - as the appointment of your proxy is revocable, you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivery a copy of the revocation instrument to the proxy, and to the company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the company and the proxy as aforesaid;
    - if this proxy form has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation be delivered by the company to you will be delivered by the company to you or your proxy or proxies, if you have directed the company to do so, in writing and paid any reasonable fee charged by the company for doing so;
    - your proxy is entitled to exercise, or abstain from exercising, any voting right of yours at the annual general meeting, but only as directed by you on this proxy form; and
    - the appointment of your proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of six months, whichever is shortest, unless it is revoked by you before then on the basis set out above.

rifedesigns11009

1st Floor, Dunkeld Place,

12 North Road, Dunkeld West, Johannesburg