



AFRICAN DAWN CAPITAL LIMITED

Unaudited Condensed Consolidated Statements
for the six months ended 31 August 2013

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

Condensed Consolidated Statements of Financial Position for the six months ended 31 August 2013

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(Incorporated in the Republic of South Africa)
(Registration number 1998/020520/06)
JSE code: ADW
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Condensed Consolidated Statements of Financial Position for the six months ended 31 August 2013

	Six months year ended 31-Aug-13 R` 000 (Unaudited)	Six months year ended 31-Aug-12 R` 000 (Reviewed) (Restated)	Year ended 28-Feb-13 R` 000 (Audited) (Restated)
Non-current assets	4,193	2,327	3,329
Property, plant and equipment	1,145	979	899
Intangible assets	2,410	729	1,792
Other financial assets	638	619	638
Current assets	111,946	120,160	114,084
Property in possession	21,327	25,560	21,335
Other financial assets	300	300	300
Current tax receivable	95	1,639	95
Trade and other receivables	207,078	247,256	208,815
Impairment on trade receivables	(125,462)	(174,362)	(125,475)
Net trade and other receivables	81,616	72,894	83,340
Cash and cash equivalents	8,608	19,767	9,014
Non-current assets held for sale	3,840	-	4,129
Total assets	119,979	122,487	121,542
Capital and reserves	59,172	65,609	63,251
Share capital	284,634	284,634	284,634
Accumulated (loss)	(225,462)	(219,025)	(221,383)
Non-current liabilities	25,635	24,862	22,682
Borrowings	25,338	24,443	22,366
Finance lease obligation	297	419	316
Current liabilities	35,172	32,016	35,609
Finance lease obligation	83	111	77
Operating lease obligation	195	-	195
Borrowings	8,872	4,544	7,292
Current tax payable	18,468	18,148	18,709
Trade and other payables	7,554	9,213	9,336
Total liabilities	60,807	56,878	58,291
Total equity and liabilities	119,979	122,487	121,542
Ordinary shares in issue (` 000)	508,184	508,184	508,184
Treasury shares held ('000)	3,268	3,268	3,268
Net number of ordinary shares ('000)	504,916	504,916	504,916
Net asset value per share (cents)	11.7	12.9	12.5
Net tangible asset value per share	11.2	12.8	12.2

Condensed Consolidated Statements of Comprehensive Income for the six months ended 31 August 2013

	Six months year ended 31-Aug-13 R` 000 (Unaudited)	Six months year ended 31-Aug-12 R` 000 (Reviewed) (Restated)	Year ended 28-Feb-13 R` 000 (Audited) (Restated)
Revenue	18,795	16,342	33,105
Cost of sales	(590)	(464)	(399)
Gross profit	18,205	15,878	32,706
Other income	1,275	1,557	2,770
Operating and other expenses	(20,257)	(14,838)	(32,455)
Operating (loss)/profit	(777)	2,597	3,021
Investment revenue	80	348	620
Finance cost	(2,230)	(990)	(2,286)
(Loss)/profit before taxation	(2,927)	1,955	1,355
Taxation	(268)	(55)	(627)
(Loss)/profit for the period from continuing operations	(3,195)	1,900	728
(Loss) for the period from discontinued operations	(884)	(1,652)	(2,838)
(Loss)/profit for the period	(4,079)	248	(2,110)
Weighted number of shares	508,184	508,184	508,184
Treasury shares	3,268	3,268	3,268
Net weighted number of shares	504,916	504,916	504,916
Total Basic earnings/(loss) per share	(0.81)	0.05	(0.42)
Basic (loss)/earnings per share from continuing operations	(0.63)	0.38	0.14
Basic (loss) per share from discontinuing operations	(0.18)	(0.33)	(0.56)
Total Diluted earnings/(loss) per share	(0.56)	0.10	(0.24)
Diluted (loss)/earnings per share from continuing operations	(0.41)	0.43	0.32
Diluted (loss) per share from discontinuing operations	(0.15)	(0.33)	(0.56)
Total Headline (loss)/earnings per share	(0.75)	0.05	(0.40)
Headline (loss)/earnings per share from continuing operations	(0.57)	0.10	(0.24)
Headline (loss) per share from discontinuing operations	(0.18)	(0.05)	(0.16)
Total Diluted headline (loss)/earnings per share	(0.52)	0.11	(0.26)
Diluted headline (loss)/earnings per share from continuing operations	(0.37)	0.10	(0.24)
Diluted headline (loss)/earnings per share from discontinuing operations	(0.15)	0.01	(0.02)
Reconciliation of headline earnings			
Basic (loss)/earnings	(4,079)	248	(2,110)
Non-recurring adjustments			
Loss on disposal of property, plant and equipment	-	16	(24)
Impairment of non-current asset held for sale	289	-	110
Headline (loss)/earnings	(3,790)	264	(2,024)

Condensed Consolidated Statements of other Comprehensive Income for the six months ended 31 August 2013

	Six months year ended 31-Aug-13 R` 000 (Unaudited)	Six months year ended 31-Aug-12 R` 000 (Reviewed) (Restated)	year ended 28-Feb-13 R` 000 (Audited) (Restated)
(Loss)/profit for the year	(4,079)	248	(2,110)
Other comprehensive income:	-	-	-
Total comprehensive (loss)/income	(4,079)	248	(2,110)
Attributable to			
Profit from continuing operations	(3,195)	1,900	728
Profit from discontinued operation	(884)	(1,652)	(2,838)
Owners of the parent	(4,079)	248	(2,110)

Condensed Consolidated Statements of Changes in Equity for the six months ended 31 August 2013

	Share Capital	Share Premium	Reserves+ Other NDR	Retained Earnings	Ordinary Shareholders Equity
Balance at 29 Feb 2012	5,074	279,560	97	(219,370)	65,361
Total comprehensive income for the six months	-	-	-	248	248
Transfer from insurance reserves	-	-	(97)	97	-
Balance at 31 Aug 2012	5,074	279,560	-	(219,025)	65,609
Total comprehensive income for the six months	-	-	-	(2,358)	(2,358)
Balance at 28 Feb 2013	5,074	279,560	-	(221,383)	63,251
Total comprehensive income For the six months	-	-	-	(4,079)	(4,079)
Balance at 31 Aug 2013	5,074	279,560	-	(225,462)	59,172

Condensed Consolidated Statements of Cash Flow for the six months ended 31 August 2012

	Six months year ended 31-Aug-13 R` 000 (Unaudited)	Six months year ended 31-Aug-12 R` 000 (Reviewed) (Restated)	Year ended 28-Feb-13 R` 000 (Audited) (Restated)
Cash (outflow)/inflow from operating activities in continuing operations	(2,245)	5,763	(3,137)
Cash (outflow) from operating activities in discontinuing operations	(614)	(1,480)	(2,883)
Cash (outflow) from investing activities in continuing operations	(895)	(826)	(2,443)
Cash inflow from financing activities in continuing operations	3,348	859	2,026
Net cash (outflow)/inflow for period	(406)	4,316	(6,437)
Cash and cash equivalents at beginning of period	9,014	15,451	15,451
Cash and cash equivalents at end of period	8,608	19,767	9,014

Basis of preparation

The condensed interim financial statements are prepared in South African Rands thousands ('000) on the historical-cost basis, except for certain assets and liabilities which are carried at amortised cost, and derivative financial instruments which are stated at their fair value. The financial statements have been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS), IAS 34 as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the requirements of the South African Companies Act (Act No 71 of 2008), as amended, and the JSE Listings Requirements.

The group has adopted the following new standards: Amendment to IFRS 7 - Disclosures - Offsetting Financial Assets and Financial Liabilities, IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 - Disclosure of Interests in Other Entities, IFRS 13 - Fair Value Measurement, Amendments to IAS 1 - Presentation of Items of Other Comprehensive Income, Amendments to IAS 16- Property, Plant and Equipment, Amendment to IAS 19- Employee benefits, Revised IAS 27 and 28 - Investments in Associates and Joint Ventures, Amendments to IAS 32- Financial Instrument Presentation, Amendments to IAS 34- Interim Financial Reporting. There was no material impact on the interim financial statements identified based on management's assessment of these standards.

In accordance with IFRS 5(Non-current Assets Held for Sale and Discontinued Operations) the comparative figures have as indicated been restated to account for the discontinued operations.

The condensed interim financial information for the six-month period ended 31 August 2013 were not reviewed or audited by the Group's auditors, Grant Thornton. The condensed consolidated interim financial statements were prepared by E Nel CA(SA) and supervised by the financial director, T Kruger CA(SA).

Notes to the condensed consolidated financial statements

REPORTING ENTITY

African Dawn Capital Limited is a Company domiciled in the Republic of South Africa. The reviewed condensed consolidated financial statements of the Company for the six months ended 31 August 2013 comprise the Company and its subsidiaries and the Group's interests in associates and jointly controlled entities.

STATEMENT OF COMPLIANCE

The consolidated interim financial information for the six months ended 31 August 2013, has been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of the South African Companies Act. These condensed interim financial statements are presented in compliance with IAS 34 - Interim Financial Reporting as well as SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and should be read in conjunction with the annual financial statements for the year ended 28 February 2013. The results were approved by the Board on 26 November 2013.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those of the annual financial statements for the year ended 28 February 2013, other than those mentioned in the basis of preparation above. For a full list of standards and interpretations which have been adopted we refer you to the 28 February 2013 annual financial statements.

ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Except as described below, in preparing these condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the six months ended 31 August 2012 and year ended 28 February 2013. During the six months ended 31 August 2013 management reassessed its estimates in respect of the recoverable amount of investments in subsidiaries, the recoverable amount of trade and other receivables (in conjunction with the current economic climate) and deferred tax assets.

IMPAIRMENTS OF TRADE AND OTHER RECEIVABLES

The majority of the impairment of trade receivables is based on the underlying security value at the time of reporting. The security values were reassessed at 31 August 2013 and provisions were adjusted accordingly.

Impairment

	31-Aug-13 R`000	31-Aug-12 R`000	28-Feb-13 R`000
Movement in impairment provision	(13)	(2,817)	(23,486)

PROPERTY IN POSSESSION

The Company perfected its security over properties in order to protect its capital advances in terms of its loans, by taking transfer of ownership. The properties will be developed, where it is considered economically viable, and sold when favourable market conditions exist in order to realise the carrying value thereof.

SEGMENTAL INFORMATION

Figures in ZAR thousands

31 Aug 2013	Bridging Finance	Personal & Short Term	Other	Total
Revenue from continued operations	321	16,037	2,437	18,795
Revenue from discontinued operations	571	-	-	571
Net (loss) from continuing operations	(313)	(122)	(2,760)	(3,195)
Net (loss) from discontinued operations	(884)	-	-	(884)
Net asset value	(35,575)	(1,642)	96,389	59,172

31 Aug 2012	Bridging Finance	Personal & Short Term	Other	Total
Revenue from continued operations	1,291	12,738	2,313	16,342
Net profit/(loss) from continuing operations	(8,690)	2,217	8,372	(1,899)
Net (loss) from discontinued operations	(1,652)	-	-	(1,652)
Net asset value	(33,178)	(3,687)	102,474	65,609

DISCONTINUED OPERATION

Management took the decision to close down a subsidiary African Dawn Debt Management (Pty) Ltd. This was decided to curtail costs as this unit was unable to secure viable mandates to generate income.

African Dawn Debt Management Proprietary Limited

Statement of comprehensive income

	year ended 31-Aug-13 R`000 (Unaudited)	year ended 31-Aug-12 R`000 (Reviewed) (Restated)	Year ended 28-Feb-13 R`000 (Audited) (Restated)
Revenue	571	-	428
Employee Costs	(1,209)	(1,443)	(2,847)
Other Operational costs	(246)	(209)	(419)
(Loss) for the period	(884)	(1,652)	(2,838)

Statement of financial position

Non-current assets	-	-	-
Current assets	1,087	107	1,000
Trade and other receivables	469	19	487
Group loan receivable	502	-	513
Cash and equivalents	116	88	-
Total assets	1,087	107	1,000
Non-current liabilities	-	-	-
Current liabilities	13,864	11,446	12,894
Group loan payable	13,803	11,396	12,715
Trade and other payables	61	50	179
Total liabilities	13,864	11,446	12,894
Total equity	(12,777)	(11,339)	(11,894)
Total equity and liabilities	1,087	107	1,000

COMMENTS FROM THE BOARD

THE NEW STRATEGY

The past period concentrated effort on transforming and preparing the company to enable it to execute on the announced change in strategy to become an active investment holding company, without the legacy of the past history. The company will focus on acquiring shareholdings in entrepreneurial companies, with strong innovation drive, which are in proven growth phases by enhancing the capabilities of these entities to accelerate long term sustainable growth.

The execution of the said strategy will require the support of our major stakeholders together with various regulatory approvals. In meeting with various large shareholders, it was evident that the change in vision and related corporate actions that underpinned the new vision would be formally supported. The board of directors of Afdawn will diligently drive certain short-term actions to propel the strategy forward:

1. Further capabilities will be acquired and institutionalised, which will include deal sourcing and structuring capabilities, investee mentorship programmes, the setting up of an investment fund and co-investment alliances. To this end we draw shareholders attention to the cautionary announcement dated 18 November 2013.
2. The disposal of non-core legacy assets and conversion thereof into cash is of paramount importance;
3. The company will disinvest from its exposure to the unsecured lending as per its new business model and will actively pursue appropriate buyers for Elite Group. This decision was made by the board subsequent to 31 August 2013;
4. New permanent capital is a prerequisite in fulfilling our new vision. Exciting new alliances will drive the investment pipeline. Shareholders will have the opportunity to participate in the new strategy through a proposed rights offer; and
5. Afdawn will be rebranded to articulate the vision and strategy in a visual manner.

During the period the property transfer collection business ("Debt Management") was discontinued and outsourced to a third party which includes management of the discontinued business on a success fee basis. This initiative will see an estimated net cost savings of R1,7m per annum. The present cost curtailing programmes will be extended with the company establishing a very small head office structure.

It is imperative that we unlock shareholder wealth for all stakeholders through the successful execution of the new vision. We are excited in the strides we have made thus far.

CHANGES TO THE BOARD OF DIRECTORS

The composition of the board has changed significantly since the last year end as the company embarked on sourcing the appropriate capabilities at board level to execute the new vision. On 10 April 2013 TF Kruger stepped down as Chief Executive Officer and was appointed as Financial Director and on the same date, Mr JS van der Merwe was appointed as executive chairman. Further changes occurred to the board with the appointments of Ms WN Luhabe, V Lessing, and JK van Zyl on 29 May 2013. The Board accepted the resignations of L Taylor (29 May 2013), and CF Wiese (10 June 2013). Subsequent to the reporting period Ms WN Luhabe (30 September 2013) and Dr GE Stoop (5 November 2013) resigned.

SOUTH AFRICAN REVENUE SERVICES ("SARS")

Afdawn continued to work closely with SARS on all aspects relating to our tax position in terms of the agreed action plan with SARS. Documentation as set out in Section 200 of the Income Tax Act, which enables corporate companies to settle their tax obligations with SARS, has been submitted and queries raised by SARS answered. We have vigorously explored and consulted with various independent tax experts to ensure that a beneficial outcome for Afdawn could be achieved. The SARS liability has been fully provided for in our accounts with regards to returns that have been assessed, disagreements were provided for to the extent of the most likely outcome.

ALLEGRO HOLDINGS PROPRIETARY LIMITED ("ALLEGRO") STATUS

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

NATIONAL HOUSING FINANCING CORPORATION ("NHFC")

In terms of the settlement agreement with the NHFC that was signed on 30 May 2011, Nexus Personnel Finance's ("Nexus") (a wholly owned subsidiary of Afdawn) facility of R5 million became payable in October 2013 subsequent to reporting date of 31 August 2013. Nexus is currently negotiating extending the terms with the NHFC.

DIVIDENDS

No dividends are contemplated for the 2013 financial year.

PROSPECTS

The company has embarked on its journey to execute its new vision with passion and anticipation that this will create appeal to the investing community. We remain cognisant of the remaining challenges and believe that prudently constructed plans will prove sustainable.

ADMINISTRATION**African Dawn Capital Limited**

("African Dawn" or "the Company" or "the Group")

Registration number: 1998/020520/06

(Incorporated in the Republic of South Africa)

JSE share code: ADW ISIN code: ZAE000060703

Registered office:

1st Floor, Quadrum 4, Quadrum Office Park,
50 Constantia Boulevard, Constantia Kloof Ext 28, 1709
Tel: +27 (11) 475 7465 Fax: +27 (11) 475 7413

Directors:

JS van der Merwe (executive chairman)(appointed 10 April 2013),

Vanya Lessing (lead independent non-executive)

TF Kruger (previous chief executive officer, appointed financial director on 10 April 2013)

HH Hickey (independent non-executive)

WJ Groenewald (non-executive)

Keet van Zyl (independent non-executive)

Company secretary:

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

Auditors:

Grant Thornton

Designated Advisor:

Sasfin Capital, a division of Sasfin Bank Limited

Transfer secretaries:

Computershare Investor Services Proprietary Limited

70 Marshall Street, Johannesburg, 2001

Date: 29 November 2013