AFRICAN DAWN CAPITAL LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/020520/06)
JSE code: ADW
ISIN: ZAE000223194
("the Company" or "the Group" or "Afdawn")

Summarised results of the audited consolidated annual financial statements for year ended 29 February 2020

Commentary by board

The financial year has been impacted by the following key events

- Elite Group was still negatively affected due to limited new funding while repaying Sandown. This led to decline in advances and revenues. Elite continued to reduce cash operating costs. Elite has excess capacity for growth, but needs funding to leverage its lending platform. The Sandown Debt will be repaid in full by September 2020.
- In terms of the approval at the AGM the directors issued two tranches of shares during the current financial year. The first issue was at 35c per share in June 2019 and the second issue was at 40c per share in July 2019.
- In addition the group has secured long term permanent funding as announced on SENS 9 June 2020. The company has entered into a binding term sheet with Caleo Private Equity Proprietary Limited ("Caleo"), in terms of which Caleo will provide long-term funding to Elite Group Proprietary Limited ("Elite"), Afdawn's subsidiary that provides personal loans to the mass market.
- The capital provided to Afdawn will be used to support operational expenses and, more significantly, provide funding for expansion of the lending book of Elite.
- In terms of the term sheet, Caleo will provide a total of R10 million of long-term loan funding to Elite in three separate tranches. The funding is considered to be permanent capital in that it has no set repayment date or redemption term.

Results of Continued operations

Revenue was down by R1.3 million to R 12.04 million due to lack of growth funding, while operating expenses decreased by R0.2 million to R21.5 million after taking into consideration the following:

- Provision for bad debt increased by R1.052 million
- Salary and Directors' emoluments decreased by R0.388 million
- Rental cost decreased by R0.644 million
- Management and consulting fees increased by R0.488 million
- Audit fees increased by R0.282 million
- Depreciation and amortisation increased by R0.612 million
- Legal fees decreased by R0.209 million
- Circular and JSE costs decreased by R0.118 million
- Other cost increased by R0.209 million
- Finance cost decreased by R0.304 million

The net result was an increase in loss from continuing operations of R0.952 million to R 10.345 million in this period.

The Group liabilities increased by R2.835 million during the period to R14.884 million as result of additional funding raised for Elite and the implementation of IFRS 16.

The Group Net Asset Value decreased by R9.525 million to negative (2.902) million

Statement of Financial Position as at 29 February 2020

	2020	2019

	Notes	R'000	R'000
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,970	343
Intangible assets		440	554
		2,410	897
Current Assets			
Trade and other receivables	3	9,161	15,387
Cash and cash equivalents	4	411	2,388
		9,572	17,775
Total Assets		11,982	18,672
Equity and Liabilities			
Equity			
Share capital and share premium	5	324,143	323,323
Accumulated loss		(327,045)	(316,700)
		(2,902)	6,623
Liabilities			
Non-Current Liabilities			
Borrowings	6	4,600	431
Lease liability	8	1,381	-
		5,981	431
Current Liabilities			
Borrowings	6	5,161	6,774
Lease liability	8	528	-
Loans from directors	7	626	2,820
Operating lease liability		-	2
Trade and other payables	9	2,588	2,022
		8,903	11,618
Total Liabilities		14,884	12,049
Total Equity and Liabilities		11,982	18,672

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2020	2019 Restated
Operations			
Revenue	10	12,035	13,335
Other income		333	638
Investment income		4	4
Loss on sale of subsidiary		-	(181)
Bad debts written off*		(721)	(1,157)
Impairment trade and other receivables*		(2,104)	(1,249)
Impairment trade and other receivables reversed*		1,052	-
Employee costs*		(7,804)	(8,192)
Depreciation*		(727)	(59)
Finance costs		(1,201)	(1,505)
Other operating expenses		(11,212)	(11,017)
Operating loss before taxation		(10,345)	(9,383)
Taxation		-	(10)
Total comprehensive loss for the year		(10,345)	(9,393)
Loss attributable to owners		(10,345)	(9,393)
Basic and diluted loss per share (c)	15	(20.6)	(33.5)
Headline loss per share (c)	15	(20.6)	(32.8)

* These amounts were reclassified from operating expenses as the items are of a material nature. The reallocation did not have an impact on the operating loss as disclosed.

Statement of Changes in Equity

	Share Capital	Total Share Premium	Share Capital	Accumulated loss	Non-controlling interest	Total equity

Group	R'000	R'000	R'000	R'00	R'000	R'000
Balance at 01 March 2018	8,803	305,140	313,943	(306,955)	(114)	6,874
Share issue	10,720	(1,340)	9,380	-	-	9,380
Sale of subsidiary	-	-	-	(352)	114	(238)
Total comprehensive loss for the year	-	-	-	(9,393)	-	(9,393)
Balance at 28 February 2019	19,523	303,800	323,323	(316,700)	-	6,623
Share issue	877	(57)	820	-	-	820
Total comprehensive loss for the year	-	-	-	(10,345)	-	(10,345)
Balance at 29 February 2020	20,400	303,743	324,143	(327,045)	-	(2,902)
Note		5	5			

Statement of Cash flows

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities			
Cash generated used in operations	11	(4,860)	(1,560)
Interest income		4	4
Finance costs		(889)	(1,505)
Tax (paid)		-	(5,662)
Net cash from operating activities		(5,745)	(8,723)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(2)
Purchase of intangible assets		-	(40)
Sale of subsidiary - cash effect		-	(4)
Net cash from investing activities		-	(46)
Cash flows from financing activities - refer note 11			
Share Issue	5	820	9,380
Borrowings repaid	6	(3,311)	(4,628)
Borrowings raised	6	6,226	3,841
Lease payments	8	(670)	-
Directors loans raised	7	1,208	3,102
Directors loans repaid	7	(505)	(967)
Net cash from financing activities		3,768	10,728
Total cash movement for the year		(1,977)	1,959
Cash at the beginning of the year		2,388	429
Total cash at end of the year	4	411	2,388

Basis of preparation

These condensed summarised annual results from the consolidated financial statements contain the information required by IAS 34: Interim Financial Reporting, and have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act. No 71 of 2009, and the JSE Listing Requirements.

The accounting policies and methods of computation applied in the preparation of these summarised consolidated annual financial results are in terms of IFRS. These summarised annual results of the consolidated financial statements were compiled by Dylan Kohler, Professional Accountant (SA), under supervision of financial director, Graham Hope CA(SA).

This summarised report is extracted from audited information, but is not itself audited. The directors take full responsibility for the preparation of the summarised results and that the financial information has been correctly extracted from the underlying annual financial statements.

The consolidated annual financial statements, from which the summarised results have been derived, were audited in accordance with International Standards on Auditing by the Group's external auditors, Mazars, who expressed an unqualified audit opinion which includes a material uncertainty relating to the going concern. This is available for inspection at the company's registered office. The report does not necessarily cover all the information contained in this announcement.

Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' work, they should refer to the report together with the annual consolidated financial statements. A copy of the full consolidated annual financial statements is available for inspection from the company secretary at the registered office of the Group.

The accounting policies and methods of computation applied in the preparation of these summarised consolidated annual financial results are in terms of IFRS and consistent with the prior year except for the changes in accounting policies due to the impact of the new standard that became effective during the current financial reporting period as set out below:

Changes in accounting policies and basis of preparation

The following standards have been adopted during the current year

- IFRS 16 leases

The Group adopted IFRS 16 during the current period and has chosen not to adjust retrospectively. IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

Until the 2019 financial year, the majority of leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 - Leases. On transition to IFRS 16 the lease liability is measured at the date of initial application by discounting future lease payments by the incremental borrowing rate applicable to the lease. The land and buildings were of a similar size and location and for this reason a similar incremental borrowing rate was used.

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 28 February 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. There was no impact on retained earnings on 1 March 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The Group elected to make use of a single discount rate for portfolios of leases with reasonably similar characteristics.
- The Group elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 March 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
- On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining term. Assets with a value below R100,000 are considered to be low value assets.

- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.
- The Group benefited from the use of hindsight for determining lease terms when considering options to extend and terminate leases.

The Group elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying IAS 17 and IFRIC 4.

On transition to IFRS 16 the lease liability is measured at the date of initial application by discounting future lease payments by the incremental borrowing rate applicable to the lease. The land and buildings were of a similar size and location and for this reason a similar incremental borrowing rate was used. A deferred tax asset and liability was raised with the recognition of the right-of-use assets and lease liabilities.

The effect of the adoption of the accounting policies is indicated in the notes to the financial statements as below:

The Group has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases. The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at 1 March 2019:

Account R'000	Carrying amount at 28 February 2019	IFRS 16 lease liability raised on 1 March 2019	Straight lining lease liability derecognised	IFRS 16 carrying amount 1 March 2019
Right-of-use Asset:				
Land and buildings	-	1,799	(2)	1,797
Leases	-	1,799	-	1,799

The following is a reconciliation of total operating lease commitments at 28 February 2019 - as disclosed in the previous Annual Financial Statements to the lease liabilities recognised at 1 March 2019.

	R'000
Operating lease commitments as disclosed at 28 February 2019	1,726
Adjustments related to operating costs included in commitments	(446)
Less short term lease less than 12 months	(177)
Lease renewal option to be exercised	1,224
Lease liability before discounting	2,327
Discounting using incremental borrowing rate	(528)
Leases raised 1 March 2019	1,799

The effect of the adoption of IFRS 16 during the year on profit and loss is indicated below:

Reduction in operating lease expenses	670
Increase in depreciation related to right-of-use assets	(658)
Increase in interest on leases liabilities	(225)
Reduction in net profit after tax	(213)
Increase in loss per share	0.04c

Material uncertainties related to going concern

Without qualifying their opinion, the auditors would like to draw attention to Note 1, Going concern judgement, in these summarised results which indicates the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

Approval by the Board

The summarised consolidated financial statements for the year ended 29 February 2020 (including comparatives) were approved and authorised for issue by the board of directors on 31 August 2020.

The annual general meeting ('AGM') of Afdawn shareholders has been scheduled to take place on Wednesday, 4 November 2020 at 10h00 in Johannesburg. The notice of the AGM will be published on SENS and dispatched to shareholders in due course, accompanied by a summary of the company's consolidated financial statements for the year ended 29 February 2020

Notes to the financial statements

1. Going concern judgement

The consolidated and separate 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.

This judgement is based on a careful consideration of the following:

- Financial statements should be prepared on a going concern basis unless it is intended to liquidate the entity or to cease trading or there is no realistic alternative but to do so.
- In considering whether the going concern assumption is appropriate, all available information is taken into account, including information about the foreseeable future.
- Where there are material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern, those uncertainties should be disclosed.
- The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined in the table below. The table also outlines the actions being taken to manage these uncertainties and also the current status of these uncertainties and actions.

The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined below:

Uncertainty	Status	Action
Operating losses incurred by the group over the last three years and potential future operating losses in the future. Furthermore, the Group's total liabilities exceeded its total assets by R2.902 million resulting in solvency issues.	Additional funding and equity investment to be obtained in the Group.	Post February 2020 year end, Afdawn concluded a long term funding commitment from a private equity firm. These funds will be used predominantly to extend loans through Elites low cost distribution network as well as to fund operating expenses and settle historical creditors and improve the solvency of the group. Refer to note 13.
Afdawn's ability to pay ongoing operational expenses.	Directors and various parties have provided and continue to provide funding and to support other ongoing operational expenses. Management are investigating other opportunities for revenue growth. With additional funding expanding of the Elite debtors book.	With the additional funding as disclosed in note 13, Afdawn's wholly owned subsidiary, Elite, will be able to grow its debtors book that would generate free cash flow to cover the groups operating expenses. Management of Afdawn are still exploring other business activities for further revenue generation.

		The directors are currently also sourcing additional funding for further growth within the group. They have already secured funding. Refer to note 13.
Covid-19 effect on going concern - The expected future credit losses on customers affected by COVID-19 through job losses and salary reductions. Ongoing support from creditors. Resumption of profitable lending operations.	The Afdawn group support all the government lockdown rules and are monitoring the financial impact closely.	The Group operations comply with the government guidelines and the group managed to operate a portion of its operations throughout the lockdown levels and is now fully operational. Management have included the possible impact of these uncertainties into a comprehensive cash flow forecast to take into account the various scenarios of COVID 19- refer to note 13 for the impact of COVID-19 post year end.

We draw attention to the fact that the Group incurred a net loss of R10.35 million (2019: R9.39 million) during the year ended 29 February 2020. As at that date date the Group's total laibilities exceeded its total assets by R2.902 million.

Having regard to the nature of the uncertainties, the actions being taken and also the current status of these uncertainties, the judgment of the management and board as a result the actions of management (as result of the actions taken above) is that it is appropriate that the financial statements be prepared on the going concern basis.

2. Property, plant and equipment

	2020 Cost	2020 Accumulated depreciation and impairment	2020 Carry amount	2019 Cost	2019 Accumulated depreciation and impairment	2019 Carry amount
Land and buildings right-of-use assets*	2,354	(658)	1,696	-	-	-
Furniture and fixtures	354	(334)	20	354	(323)	31
Motor vehicles	642	(422)	220	642	(394)	248
Office equipment	593	(567)	26	593	(542)	51
IT equipment	493	(485)	8	493	(480)	13
Total	4,436	(2,466)	1,970	2,082	(1,739)	343

* The land and buildings consist of several premises that are leased by the Group and were raised in terms of IFRS 16 - refer to lease liability 8. The leases range between 3 to 6 years.

Reconciliation of property, plant and equipment - Group - 2020 R'000

	Opening Balance	Raised in terms of IFRS 16*	Additions	Depreciation	Closing balance
Land and buildings- right-of-use asset	-	1,797	557	(658)	1,696
Furniture and fixtures	31	-	-	(11)	20
Motor vehicles	248	-	-	(28)	220
Office equipment	51	-	-	(25)	26
IT equipment	13	-	-	(5)	8
	343	1,797	557	(727)	1,970

Reconciliation of property, plant and equipment - Group - 2019 R'000

	Opening Balance	Additions	Depreciation	Closing balance
Furniture and fixtures	53	-	(22)	31
Motor vehicles	254	-	(6)	248
Office equipment	76	-	(25)	51
IT equipment	17	2	(6)	13
	400	2	(59)	343

3. Trade and other receivables

	2020 R'000	2019 R'000
Trade receivables	21,458	26,452
Impairment allowance	(12,719)	(11,667)
Deposits	212	236
VAT	33	39
Other receivables	177	327
	9,161	15,387

For the full details on the risk analysis of the trade and other receivables refer to the annual financial statements, below is an extract detailing the credit risk related to trade and other receivables.

Trade and other receivables - loss allowance reconciliation

Opening balance	11,667	10,418
Plus additional impairment allowance	2,104	2,356
Less actual write off of impaired receivables	(1,052)	(1,107)
Closing balance	12,719	11,667

The Estimate Credit Loss ("ECL") has been calculated for each stage in the trade and other receivables as below:

- Current receivables	122	129
- Collection and under-performing receivables	1,069	979
- Legal receivables	11,528	10,559
Total	12,719	11,667

Analysis of financial assets

Trade receivables are grouped in terms of the accounting policy into:
- Current receivables - includes debtors that are paying within their credit terms as well as those that are up to 75 days overdue where after they are transferred to the collections book. A transfer to collection and under-performing receivables also takes place for debtors where a significant increase in credit risk is noted. These are events where a loan did not have a performing status for the last 6 months, at any time during the last 6 months, any one of the debtors' loans were restructured or the debtor was referred to the debt review process; or subsequent to a claim made on the credit life insurance policy, the outstanding balances on the client's loans are not zero.
- Collection and under-performing receivables - debtors remain in collections and will move through the ageing brackets with provisions recognised at varying percentages until they are 180 days overdue at which point they are fully written off unless:
  * The debtor was previously written off because it was sequestrated or deceased; or
  * The debtor was transferred to the legal book.
- Legal receivables - includes debtors transferred from the collections book when the debtors have the following legal status:
  * A debt pack has been signed that would lead to an emolument attachment order; or
  * The debtor is placed under administration; or
  * The debtor is placed under debt review.

The trade receivables constitute short term debt. The advances are for a

3 months to 6 months period and therefore lifetime expected credit losses will always apply.

The Group uses an independent third party to evaluate the ECL, the following was noted in relation to each of the categories of trade and other receivables as explained above.

- On the current book, the ECL's as a percentage of balance declined from 4.5% to 4.1% since the previous year-end. We believe this is a result of data volatility and it is appropriate to maintain this overall provision as a percentage of outstanding balance in line with the previous financial year. This resulted in a small upward adjustment to the overall impairment of R27,559.
- We note a relatively small movement in total balance distribution from the current to the collection book over the last year. This is not large enough to be concerning and may just be due to normal fluctuations. This is also consistent with Management observation relating to financial health statistics of the book that are being monitored. These statistics suggests that the overall default probability on the book has been roughly stable over the last year.
- Within the collections book itself, the model is responding to potentially deteriorating payment experience that may follow in future. This pushes the ECL as a percentage of outstanding balance on the collections category up to 79.3% (2019: 67.7%). This is the main reason for the overall increase in the impairments compared to the previous financial year. We believe this is a strong provision against the collections category, even in the current market conditions. This observation is not contradicting to Management observations around the financial health statistics and it is positive/ prudent to witness the model responding to the updated data in this manner. The impairments model appears to be suggesting that there is a possibility that collections on accounts that are already in the collections book at the moment may decline, even though the probability of default may remain stable.

The forward looking information applied in the ECL determination includes allowances for macro-economic factors and asymmetric risk on the loan book. The group incorporates future changes in the Consumer Price Index, the petrol price, the unemployment rate, the real wage rate and the real credit extension to households to link these scenario's to probability of default and used to derive a forward looking ECL.

Elite has specific percentages that are used to calculate the provision based on the ageing of the debtors. These are outlined below:

Analysis of financial assets trade receivables:

	2020			2019		
	Loss Allowance %	Estimated gross carrying amount at default R'000	Loss Allowance R'000	Loss Allowance %	Estimated gross carrying amount at default R'000	Loss Allowance R'000
Current receivables						
Current	2.2%	5,674	(123)	2.3%	7,027	(165)
30 days	12.2%	148	(18)	10.8%	784	(85)
60 days	53.8%	119	(64)	52.6%	97	(51)
90 days	87.5%	8	(7)	69.4%	49	(34)
Collections and under-performing receivables						
Current	6.0%	588	(35)	6.1%	820	(50)
30 days	29.4%	153	(45)	79.3%	82	(65)

60 days	49.3%	69	(34)	20.5%	180	(37)
90 days	69.9%	143	(100)	69.5%	187	(130)
120 days	94.5%	182	(172)	47.0%	196	(92)
120+ days	92.1%	4,989	(4,593)	43.3%	7,212	(3,122)
Legal receivables						
Current	78.7%	654	(515)	77.0%	1,286	(994)
30 days	78.7%	191	(150)	77.0%	274	(212)
60 days	78.7%	118	(93)	77.0%	100	(77)
90 days	78.7%	142	(112)	77.0%	55	(42)
120 days	78.7%	67	(53)	77.0%	473	(365)
120+ days	78.7%	8,390	(6,605)	77.0%	7,957	(6,146)
		21,635	(12,719)		26,779	(11,667)

Loans with a gross value of R4,418,000 in 2019 were reclassified to Collection and under-performing receivables as this is more reflective of their nature. This accounts for the decrease in the comparative figures for Current 120 days and Current 120+ days and the corresponding increase in Collection and under-performing receivables 120 days and 120+ days.

Loans reflected in Collection and under-performing receivables for 120 days and 120+ days represent specific loans made with counterparties and only to a small degree loans from the group's micro-lending business. Therefore the expected increase in ECL is not noticed in these categories as loan specific ECL's were applied. The 120+ days loan has seen a credit deterioration in the current year and therefore a higher ECL is provided.

The loans classified as Legal receivables are stage 3 ECL loans and therefore share similar characteristics in terms of probability of default, loss given default and time expected to recover the debt. Given that these loans have similar characteristics management have applied a constant ECL provision rate to those loans.

The above loss allowance percentages were calculated based on the last two years credit history in the debtor's book increased for forward looking information. This forward looking information adjustment is based on industry factors for similar short term finance arrangements. There are no concentrations of credit risk during the current year.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	82	94
Bank Balances	329	2,294
	411	2,388

5. Share Capital

Authorised share capital

125,000,000 Ordinary shares of 40c each	50,000,000	50,000,000

The total shares in issue as at 29 February 2020 amounted to 50,917,533 (2019: 48,725,057)
Reconciliation of number of shares in issue

	2020 R'000	2019 R'000
Reported as at 01 March	48,725	21,925
Share issue 7 December 2018	-	26,800
Share issue 14 June 2019*	1,143	-
Share issue 17 July 2019*	1,050	-
Closing balance	50,918	48,725
Reconciliation of share values		
Reported at the beginning of period	323,323	313,943

Share issue 7 December 2018	-	9,380
Share issue 14 June 2019*	400	-
Share issue 17 July 2019*	420	-
Reported at the end of the period	324,143	323,323
Total share premium	303,743	303,800
Ordinary shares @ 40c	20,400	19,523
	324,143	323,323

* In term of the approval at the AGM the directors issued two tranches of shares during the current financial year. The first issue was at 35c per share in June 2019 and the second issue was at 40c per share in July 2019.

6. Borrowings

	2020 R'000	2019 R'000
Peregrine Financial Services Holdings Limited loan (C) Interest is charged at prime +1%, currently 10.75% (2019: 11.25%). The loan terms have been renegotiated to only interest payments from March 2020 to May 2020 and then capital repayments of R100,000 + interest per month, and a final settlement on 30 September 2020. (During 2019 a capital repayments of R2,902,000 were made at an average of R242,000 per month. The loan is unsecured.)	932	3,333
Peregrine Financial Services Holdings Limited loan (A) Interest was charged at prime +1%. Capital repayments of R698,000 were made during the 2020 financial year amounting to an average of R162,500 per month. Interest was paid together with the monthly capital repayments as they fell due. The loan was unsecured.	-	698
Related Parties - Secured The loans bear interest 10.5% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable in 6 months.	630	605
Related Parties - Unsecured These loans bear interest of between 10.5% and 15% per annum. The loans are unsecured and are repayable on demand.	778	-
Related Parties - Secured with Put option The loans bear interest at 15%, is secured with a put option refer to note 7 and is repayable on demand.	-	409
Unrelated Parties - Secured The loans bear interest of 10.5% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable between 0 - 12 months.	2,671	2,160
Unrelated Parties - Unsecured These loans bear interest of between 10.5% and 17% per annum. The loans are unsecured and are repayable between 0 - 36 months.	4,750	
Total	9,761	7,205
Non-current liabilities		
At amortised cost	4,600	431
	4,600	431
Current Liabilities		
At amortised cost	5,161	6,774
	5,161	6,774
	9,761	7,205

7. Loan from directors

	2020 R'000	2019 R'000
WJ Groenewald ** #	-	428
G Hope ** #	626	2,392
	626	2,820

** All loans accrue interest @15% per annum are unsecured and are repaid on demand.

The director's exercised the put option linked to their loans on the 19 February 2020. Trade receivables of R2.3 million from subsidiary African Dawn Property Transfer Finance 2 (Pty) Ltd and R1.3 million from subsidiary African Dawn Property Transfer Finance 1 (Pty) Ltd were transferred to African Dawn Capital via their outstanding group loans and the rights to the Trade receivables were transferred to the directors to offset their loans to the value of R3.3 million being the outstanding balances. The directors have subsequently advanced additional funds which are unsecured and interest free. African Dawn no longer carries any credit risk relating to the debtors transferred to the directors in settlement of the loan and is no longer involved in recovering the debt.

Non-current liabilities	-	-
Current liabilities	(626)	(2,820)
	(626)	(2,820)

8. Lease liability

The Group has leases for several premises in commercial areas. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases of premises the Group must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must incur maintenance costs on certain items in accordance with the lease contracts, in addition some of the leases include a month to month commitment to pay water, electricity and parking.

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned. Refer to note 2.

Reconciliation of lease movement:	2020 R'000
Opening balance	-
Derecognition of the straight lined lease liability on adoption of IFRS16	(2)
Opening balance of lease liability on adoption of IFRS 16	1,799
Additional leases entered into	557
Interest on leases realized 2020	225
Less lease payments capital	(670)
Closing balance	1,909
The lease instalments are payable as indicated below:	
Within 1 year	715
Within 2-5 years	1,616
Total	2,331

Current liability	528
Non-current liability	1,381
	1,909

9. Trade payables

	2020	2019
	R'000	R'000
Trade payables	1,382	707
VAT	74	160
Accrued leave pay	871	933
Accrued expenses	261	222
	2,588	2,022

10. Revenue

	2020	2019
	R'000	R'000
Commissions received	173	185
Administration fee	2,683	3,058
Rendering of service	159	310
Interest received	9,058	9,785
Discount allowed	(38)	(3)
	12,035	13,335

All the revenue streams except commission received is recognised over time.

Below is the disaggregated revenue per segment:

2020 R'000	Investment advisory and investment management	Micro finance	Head office	Total
Commissions received				
- Insurance commission	-	103	-	103
- Other commission	-	70	-	70
Administration fees	-	2,683	-	2,683
Rendering of other services	159	-	-	159
Interest received	-	8,729	329	9,058
Discount allowed - administration fees	-	(38)	-	(38)
	159	11,547	329	12,035

2019 R'000	Investment advisory and investment management	Micro finance	Head office	Total
Commissions received				
- Insurance commission	-	101	-	101
- Other commission	-	84	-	84
Administration fees	-	3,058	-	3,058
Rendering of other services	144	166	-	310
Interest received	-	9,785	-	9,785
Discount allowed - administration fees	-	(3)	-	(3)
	144	13,191	-	13,335

11. Cash generated from operations

Loss before taxation	(10,345)	(9,383)
Adjustments for:		
Depreciation	727	59
Investment income	(4)	(4)
Finance costs	1,201	1,505
Loss on sale of subsidiary	-	181
Non-cash amortisation	114	165

Non-cash deemed interest expense	-	(152)
Non-cash operating lease movement	-	(60)
Non-cash impairment deferred income	196	-
Non-cash impairment of debtors loss allowance	1,052	1,249
Non-cash settlement of debtors	721	1,157
Changes in working capital:		
Trade and other receivables IFRS 9 prior year	-	1,130
Trade and other receivables	912	2,452
Trade and other payables	566	141
Cash flow from operating activties	(4,860)	(1,560)

Cashflow from financing activities

2020 R'000	Borrowings non-current	Borrowings current	Directors loans	Leases	Total
Opening balance	431	6,774	2,820	-	10,025
Cash movements					
Borrowings repaid	-	(3,311)	(505)	(670)	(4,486)
Advances on existing	-	646	1,208	-	1,854
Advances new current	4,600	980	-	-	5,580
Balance after cash movements	5,031	5,089	3,523	(670)	12,973
Non-cash movements					
Transfer of borrowings to current	(431)	431	-	-	-
Implementation of IFRS16	-	-	-	2,354	2,354
Finance costs	-	38	49	225	312
Put option exercised	-	(397)	(2,946)	-	(3,343)
Closing balance	4,600	5,161	626	1,909	12,296

2019 R'000	Borrowings non-current	Borrowings current	Directors loans	Total
Opening balance	4,031	4,259	685	8,975
Cash movements				
Borrowings repaid	-	(4,628)	(967)	(5,595)
Advances on existing	-	3,841	3,102	6,943
Balance after cash movements	4,031	3,472	2,820	10,323
Non-cash movements				
Disposal of subsidiary	-	(298)	-	(298)
Transfer of borrowings to current	(3,600)	3,600	-	-
Closing balance	431	6,774	2,820	10,025

12. Segment Report

The segment information has been prepared in accordance with IFRS 8 - Operating Segments which defines the requirements for the disclosure of financial information of an entity's operating segments. IFRS 8 requires segmentation based on the Group's internal organisation and reporting of revenue and operating income based upon internal accounting methods.

The Group discloses its operating segments according to the components regularly reviewed by the chief operating decision-makers, being the executive directors. These amounts have been reconciled to the consolidated financial statements. The measures reported by the Group are in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment revenue excludes value added taxation and includes inter-segment revenue which is Rnil (2019: Rnil). Net revenue represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis. Segment operating profit before capital items represents segment revenue less segment expenses. Segment expenses consist of operating expenses, depreciation, amortisation and impairments have been allocated to the segments to which they relate.

The segment assets comprise all assets of the different segments that are employed by the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

The Group's reportable segments are based on the following lines of business:

a. Investment advisory and investment management

This segment consists of the YueDiligence. YueDiligence provides investment advisory and investment management services to entrepreneurial and innovative companies.

b. Micro finance

This segment consists of Elite and Elite Two. These companies are involved in micro finance in the unsecured lending industry and have a wide base of customers (mostly individuals).

c. Head office

Head office consists of the head office expenses in the holding company together with other entities that previously operated in the bridging finance and vehicles finance industry. The entities have become dormant and the collection of outstanding balances is managed by head office.

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

2020 Group	Investment advisory and investment management R'000	Micro finance R'000	Other R'000	Total R'000
Revenue	159	11,547	329	12,035
Other income	-	312	21	333
Investment income	-	4	-	4
Finance costs	-	1,075	126	1,201
Impairment trade and other receivables	-	2,104	-	2,104
Impairment trade and other receivables reversed	-	(1,052)	-	(1,052)
Bad debts actually written off	-	392	329	721
Employee costs	-	7,182	622	7,804
Depreciation	-	717	10	727
Operating expenses	177	8,172	2,863	11,212
(Loss) before taxation	(18)	(6,727)	(3,600)	(10,345)
Taxation	-	-	-	-
Total comprehensive loss	(18)	(6,727)	(3,600)	(10,345)
Segment total assets	75	11,830	77	11,982
Segment total liabilities	4	12,667	2,213	14,884
Property, plant and equipment acquired	-	557	-	557

2019 Group	Investment advisory and investment management R'000	Micro finance R'000	Other R'000	Total R'000

Revenue	144	13,191	-	13,335
Other income	-	257	381	638
Investment income	-	3	1	4
Finance costs	-	1,020	485	1,505
Impairment trade and other receivables	-	1,249	-	1,249
Bad debts actually written off	3	1,115	39	1,157
Loss on disposal of subsidiary	-	-	181	181
Employee costs	-	7,569	623	8,192
Depreciation	-	38	21	59
Operating expenses	276	7,334	3,407	11,017
(Loss) before taxation	(135)	(4,874)	(4,374)	(9,383)
Taxation	(27)	-	17	(10)
Total comprehensive loss	(162)	(4,874)	(4,357)	(9,393)
Segment total assets	104	15,095	3,473	18,672
Segment total liabilities	5	8,247	3,797	12,049
Intangible assets acquired	-	40	-	40
Property, plant and equipment acquired	-	2	-	2

The 2019 segment report has been split into more detail to match the income statement changes for material items.

13. Events after the reporting period

- Impact of the spread of COVID-19

The Group notes the announcement made by the World Health Organization (WHO) declaring the COVID-19 a Global Pandemic and the President of South Africa Cyril Ramaphosa on Monday, 23 March 2020 during which it was announced that the South African Government will be implementing a 21-day nationwide lockdown with effect from midnight on Thursday, 26 March 2020 until midnight on Thursday, 16 April 2020 and further extended indefinitely to curb the spread of COVID-19. The lockdown was extended beyond the initial 21 days and a 5 stage approach was implemented. It is noted that as there were no reported infections in South Africa at 29 February 2020 and the likelihood of this evolving into an epidemic in South Africa was considered to be small considering the geographic distance of South Africa to the infections the directors viewed the impacts of Covid-19 as a non-adjusting event.

It is anticipated that the COVID-19 pandemic will affect the Group's profitability for the year ending 28 February 2021 largely in the expected credit loss allowances adjustment to the trade and other receivables, due to the economic impact of the nationwide lockdown. In order to mitigate the effect management has implemented a number of policies the most significant being a reduction in the maximum loan granted and shortening the repayment period.

At the start of the lockdown the Group closed all offices for business and Elite moved all the branches programs to one computer and the division and area manager worked from home. When the lockdown moved to Level 4 on 1 May 2020 only essential offices were opened to serve the clients. President Cyril Ramaphosa then announced a countrywide move from level four to level three lockdown on 1 June 2020. Elite opened all offices and worked in shifts in order to allow for social distancing to limit the disease spread. On the 17 August 2020 the country moved to level 2 and Elite is keeping operations for August as per Level 3.

The directors have evaluated the effect of the COVID-19 pandemic, for which the following impact has been identified:

Going Concern

For details of the evaluation performed on the impact of COVID-19 pandemic on the Groups ability to continue operations for the foreseeable future, refer to note 1.

Collections

Pre Covid-19 Instalments in arrears averaged R318,000 per month. During April this increased to R415,000. This amount almost doubled in May, however since July Elite is almost back to normal at R324,000. The reason for this appears to be that clients accounts had insufficient funds for the debit order instalments to go off against. The more the lockdown was relaxed more clients got back to work and are in the position to come to the branch and make payments on arrears.

Bad Debts

Bad debt handed over to collections pre Covid-19 average at about R107,000 per month and during lockdown this increased to R109,000 per month which is not large considering the economic circumstances. This is due to the loan periods being limited to 3 months and clients frequent contacted by branch personnel.

Staff

Elite applied for the TERS assistance from March to end June 2020, which assisted with the cash flow.

Rent paid

Funding restrictions had the biggest impact and arrangements were made with Landlords for rental to be delayed with a catch up later in the financial year. Arrangements were also made with other suppliers of the company.

Revenue

The impact on revenue is directly related to the ability to lend out money and not necessarily related to COVID.

This can be seen in April when Company was in full lockdown, both total loans advanced and revenue fell sharply but from June as lending increased revenue and loan advances were starting to return to normal with both loans and revenues growing close to pre Covid levels.

Below is an estimation of the effect on Elite revenue during the lockdown:

	March 2020	April 2020	May 2020	June 2020	July 2020
Revenue	R625 110	R391 111	R489 796	R508 421	R579 570

Plans implemented

· Additional funding (see below) was raised and is being lent out in tranches as it becomes available.
· Build a mobile APP for the clients to use so that they can have less exposure to the virus.
· Start a branch call center to service the APP and Popup branches for marketing purposes.
· Get into the Truckstop Environment with the Popup branches, Elite Card and APP.
· Market the Call Centre to the corporate marketplace.

- Additional funding

The Group has secured long term permanent funding as announced on SENS 9 June 2020.

The company has entered into binding term sheet with Caleo, in terms of which Caleo will provide long-term funding to Elite, Afdawn's subsidiary that provides personal loans to the mass market.

The capital provided to Afdawn will be used to support operational expenses and, more significantly, provide funding for expansion of the lending book of Elite.

In terms of the term sheet, Caleo will provide a total of R10 million of long-term loan funding to Elite in three separate tranches. The funding is considered to be permanent capital in that it has no set repayment date or redemption term. The funding will be provided as follows:

- In terms of tranche 1, Caleo will provide a loan of R3.6 million to Elite at an interest rate of 1.5% per month, within 1 (one) month of the Term Sheet becoming binding and unconditional, and Afdawn shall issue 9% of its issued share capital to Caleo, in settlement of capital raising fees due to Caleo in terms of tranche 1 ("Tranche 1 Shares"). The Tranche 1 Shares shall be issued at the 30-day VWAP (Volume Weighted Average Price) of the Afdawn less 10%;
- In terms of tranche 2, Caleo will provide a loan of R1.4 million to Elite at an interest rate of 1.5% per month, immediately after the disbursement of Tranche 1, and Afdawn shall issue an additional 3.5% of its issued share capital to Caleo, in settlement of capital raising fees due to Caleo in terms of tranche 2 ("Tranche 2 Shares"). The Tranche 2 Shares shall be issued at the 30-day VWAP (Volume Weighted Average Price) of the Afdawn less 10%; and
- In terms of tranche 3, Caleo will provide a loan of R5 million to Elite at an interest rate of 1.5% per month, within a 3(three) month period of the disbursement of Tranche 2, and Afdawn shall issue an additional 7.5% of its issued share capital to Caleo, in settlement of capital raising fees due to Caleo in terms of tranche 3 ("Tranche 3 Shares"). The Tranche 3 Shares shall be issued at the 30-day VWAP (Volume Weighted Average Price) of the Afdawn less 10%.

While there is no set repayment date or redemption term for the loan funding, should Afdawn or Elite choose to repay the loan funding, then Caleo shall be entitled to a fee equal to the present value of the expected interest payments for the period starting from the date of repayment and ending on the 20th anniversary of funds having been disbursed in respect of each respective tranche, discounted at a rate of 4.5% per annum.

The provision of the funding is subject to various conditions precedent as stipulated in the Term Sheet including any regulatory and shareholder approvals required for each tranche. The Tranche 1 Shares will be issued in terms of the general authority to issue shares for cash authority obtained by Afdawn at the last annual general meeting. Shareholder approval will be sought to issue the Tranche 2 Shares and the Tranche 3 Shares.

Other than the events disclosed above, the directors are not aware of any material matters or circumstances arising since the end of the financial year, not dealt with in the consolidated and separate financial statements that would significantly affect the operations and results of the Group, or the disclosures included in the consolidated and separate financial statements.

14. Related parties

Relationships

Significant shareholder with borrowings	Peregrine Financial Services Holdings Limited refer note 6
Company controlled by a director providing services to the Group	Shockproof Investments Proprietary Limited Makalu Capital Arvesco 153 Proprietary Limited
Directors' loans	Refer to note 7
Executive and non-executive	Refer to Administration note

directors
Key management DD Breedt - CEO subsidiary
Key management - close relative JC Breedt

Related parties balances	2020 R'000	2019 R'000
Loan accounts - Owing (to) by related parties		
Peregrine Financial Services Holdings Limited	(932)	(4,031)
Makalu Capital Proprietary Limited	-	(397)
Shockproof Investments Proprietary Limited	-	(12)
Arvesco 153 Proprietary Limited	(338)	-
Outstanding loans to directors and key management		
WJ Groenewald	-	(428)
G Hope	(646)	(2,392)
DS Danker	(350)	-
DD Breedt	(70)	-
JC Breedt	(630)	(605)
Related party transactions		
Administration fees (received from) paid to related parties		
Shockproof Investments Proprietary Limited	-	(3)
Makalu Capital Proprietary Limited	360	(1)
Interest (received)/paid from related parties		
G Hope	49	301
WJ Groenewald	-	75
DS Danker	63	-
DD Breedt	10	-
JC Breedt	134	111
Arvesco 153 Proprietary Limited	38	27
Shockproof Investments Proprietary Limited	-	17
Makalu Capital Proprietary Limited	-	51
Compensation to key management including directors		
Compensation	1,265	1,289

15. Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Basic and diluted loss per share	c	c
From operations (c per share)	(20.6)	(33.5)
	(20.6)	(33.5)

Reconciliation of loss for the year to basic loss

	2020 R'000	2019 R'000
Loss from operations	(10,345)	(9,393)
Basic loss	(10,345)	(9,393)

Reconciliation of weighted average number of ordinary shares used for basic loss per share and headline and diluted headline loss per share

	2020 '000	2019 '000
Number of ordinary shares in issue opening	48,725	21,925
Ordinary share issue on 7 December 2018	-	6,094
Ordinary share issue on 14 June 2019	817	-
Ordinary share issue on 17 July 2019	656	-
Weighted average number of shares used for loss and headline loss per share	50,198	28,019

	2020	2019
Headline loss per share	c	c
From operations (c per share)	(20.6)	(32.8)
	(20.6)	(32.8)

Reconciliation of loss basic loss for the year to headline loss

Headline loss from operations 2020	Gross	Tax	Net
R'000			
Loss from operations	(10,345)	-	(10,345)
Headline loss from operations	(10,345)	-	(10,345)

Headline loss from operations 2019			
R'000	Gross	Tax	Net
Loss from operations	(9,383)	(10)	(9,393)
Loss on sale of subsidiary	181	-	181
Headline loss from operations	(9,202)	(10)	(9,212)

Administration

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

Directors	Office	Designation
J Slabbert ^	Chairperson	Non - executive
WJ Groenewald *	Chief Executive Officer (CEO)	Executive
DS Danker #	Chief Executive Officer (CEO)	Executive
G Hope	Chief Financial Officer (CFO)	Executive
V Lessing	Chair remuneration committee	Independent non-executive
SM Roper	Chair audit committee	Independent non-executive
HH Hickey *	Chair audit committee	Independent non-executive
B Stagman @		Independent non-executive

^ J Slabbert took up the role of Executive Chairman and CEO with effect from 1 September 2019 with a special dispensation from the JSE ("Johannesburg Stock Exchange"), on 10 October 2019 resigned as CEO and became Non-executive Chairman.
* WJ Groenewald and HH Hickey both resigned as directors on 31 August 2019.
# DS Danker joined as director and CEO on 10 October 2019.
@ B Stagman was appointed a Non-executive director on 30 October 2019.

Company secretary
A Rich(on behalf of Statucor Proprietary Limited)

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Date 31 August 2020