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")

Provisional condensed consolidated financial statements for the year ended 28 February 2021

The financial year has been impacted by the following key events

- During the year the company entered into a binding term sheet with Caleo Afdawn Limited Liability Partnership ("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. Subsequent to year end Elite has secured another R5m borrowings facility from Caleo to help continue with the growth of their lending books and meet the demand.

- Covid: The Group managed to keep some of its operations open during the lockdown levels and is now fully operational since level 3. Management assessed and controlled the rollout of new funds to predominantly essential worker clients in order to reduce the potential credit loss risk.

Results from operations

Revenue was down by R3,71 million to R 8,32 million due to lack of growth funding, the impact of Covid and Caleo money only coming in half way during the year, while operating expenses decreased by R2,68 million to R18,83 million after taking into consideration the following:

- Provision for bad debt decreased by R0,1 million
- Salary and Directors emoluments cost decreased by R1,06 million
- Rental cost decreased by R0,29 million
- Management and consulting fees increased by R0,24 million
- Audit fees decreased by R0,39 million
- Depreciation and amortisation decreased by R0,11 million
- Legal fees decreased by R0,02 million
- Other cost decreased by R0,76 million
- Finance cost increased by R1,50 million

The net result was an increase in loss from continuing operations of R 2,41 million to R 12,75 million in this period.

The Group Liabilities increased by R9,97 million during the period to R24,86 million mainly due to Caleo funding received during the period. This was required to grow the lending book and ultimately increase revenues.

The Group Net Liability Value increased by R10,97 million to R13,87 million.

Independent Auditor's Review Report on the Condensed Consolidated Financial Statements
28 February 2021

To the Shareholders of African Dawn Capital Limited

We have reviewed the condensed consolidated financial statements of African Dawn Capital Limited, contained in the accompanying provisional report, which comprise the condensed consolidated statement of financial position as at 28 February 2021 and the condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of preparation to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of the condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of African Dawn Capital Limited for the year ended 28 February 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of preparation paragraph to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.

Material uncertainty related to going concern

We draw your attention to note 1 to the condensed consolidated financial statements, which indicates that the group incurred a loss from continuing operations of R12,75 million (2020: R10,35 million) during the year ended 28 February 2021. As at that date, the group had an accumulated loss of R339,796 million (2020: R327,045 million) and the group's total liabilities exceeded its total assets by R13,87 million (2020: R2,90 million).

As stated in note 1, these events or conditions, along with the other matters listed in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Emphasis of matter - Contingent liabilities

We draw further attention to note 15 in the condensed consolidated financial statements, which indicate contingent liabilities for African Dawn Capital Limited relating to an open SARS investigation which has not been concluded on at the date of signing this review report on the condensed consolidated financial statements. If the outcome of the final appeal is unfavourable to African Dawn Capital Limited, there will be further pressure on the group's ability to continue as a going concern as presented in note 1 to the condensed consolidated financial statements. Our conclusion is not modified in respect of this matter.

Emphasis of Matter - Impact of the outbreak of COVID-19

During the reporting period, the World Health Organisation declared COVID-19 as a pandemic. In forming our conclusion on the condensed consolidated financial statements, which is not modified in respect of this matter, we draw your attention to the group directors' view on the impact of COVID-19 as disclosed in the commentary to the condensed consolidated financial statements, the application of the going concern basis of preparation in note 1 and the events after the reporting period in note 13 to the condensed consolidated financial statements. The group has assessed the impact of COVID-19 on the condensed consolidated financial statements, and considered the potential impact on the business. Since COVID-19 is highly contagious there is a realistic possibility that the group will be negatively influenced.

Management will continue to assess the financial impact of COVID-19 and its impact on the group's financial condition, liquidity, operations, suppliers, industry and workforce.

Mazars
Partner: FJ Cronje
Registered Auditor
Date: 18 June 2021
Cape Town

Statement of Financial Position as at 28 February 2021

	Notes	Reviewed 2021 R'000	Audited 2020 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,333	1,970
Intangible assets		406	440
Investment in associate		19	-
		1,758	2,410
Current Assets			
Trade and other receivables	3	8,547	9,161
Cash and cash equivalents	4	682	411
		9,229	9,572
Total Assets		10,987	11,982
Equity and Liabilities			
Equity			
Share capital and share premium	5	325,925	324,143
Accumulated loss		(339,796)	(327,045)
		(13,871)	(2,902)
Liabilities			
Non-Current Liabilities			
Borrowings	6	15,029	4,600
Lease liability	8	912	1,381
		15,941	5,981
Current Liabilities			
Borrowings	6	5,227	5,161
Lease liability	8	469	528
Loans from directors	7	312	626
Bank overdraft	4	3	-
Trade and other payables	9	2,906	2,588
		8,917	8,903
Total Liabilities		24,858	14,884
Total Equity and Liabilities		10,987	11,982

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 28 February 2021

	Notes	Reviewed 2021 R'000	Audited 2020 R'000
Operations			
Revenue	10	8,324	12,035
Other income		219	333
Investment income		1	4
Profit on sale of subsidiaries	16	200	-
Share of profit from associate		19	-
Bad debts written off		(1,687)	(721)
Impairment trade and other receivables		(1,583)	(2,104)

Impairment trade and other receivables reversed		1,687	1,052
Employee costs including none-executive directors fees		(6,746)	(7,804)
Depreciation on property, plant and equipment		(651)	(727)
Finance costs		(2,687)	(1,201)
Other operating expenses		(9,847)	(11,212)
Operating loss before taxation		(12,751)	(10,345)
Taxation		-	-
Total comprehensive loss for the year		(12,751)	(10,345)
Loss attributable to owners		(12,751)	(10,345)
Basic and diluted loss per share (c)	18	(22.8)	(20.6)

Statement of Changes in Equity
For the year ended 28 February 2021

Group	Share Capital R'000	Share Premium R'000	Total Share Capital R'000	Accumulated loss R'000	Total equity R'000
Balance at 01 March 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)
Share Issue	5,092	(3,310)	1,782	-	1,782
Total comprehensive loss for the year	-	-	-	(12,751)	(12,751)
Balance at 28 February 2021	25,492	300,433	325,925	(339,796)	(13,871)
Note	5	5	5		

Statement of Cash flows
For the year ended 28 February 2021

	Notes	Review 2021 R'000	Audited 2020 R'000
Cash flows from operating activities			
Cash used in operations	11	(8,653)	(4,860)
Interest income		1	4
Finance costs		(2,448)	(889)
Net cash from operating activities		(11,100)	(5,745)
Cash flows from investing activities			
Purchase of property, plant and equipment		(14)	-
Proceeds from sale of property, plant and equipment		32	-
Purchase of intangible assets		(46)	-
Sale of subsidiaries - cash effect		200	-
Net cash from investing activities		172	-
Cash flows from financing activities - refer note 11			
Share Issue	5	-	820
Borrowings repaid	11	(2,128)	(3,311)
Borrowings raised	11	14,353	6,226
Lease payments	8	(715)	(670)
Directors loans raised	11	393	1,208
Directors loans repaid	11	(707)	(505)
Net cash from financing activities		11,196	3,768
Total cash movement for the year		268	(1,977)
Cash at the beginning of the year		411	2,388
Total cash at end of the year	4	679	411

Basis of preparation

These condensed 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 SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 condensed provisional results are in terms of IFRS. These provisional condensed results of the consolidated financial statements were compiled by Dylan Kohler, Professional Accountant (SA), under supervision from financial director, Graham Hope CA(SA).

The financial statements were reviewed in accordance with International Standards on Auditing by the group's external auditors, Mazars, who expressed an unqualified review conclusion which includes a material uncertainty relating to the group's ability to continue as a going concern, and emphasis of matter paragraphs on the contingent liabilities and the impact COVID-19 has had on the Group's business.

The accounting policies and methods of computation applied in the preparation of these financial statements are in terms of IFRS and consistent with the prior year.

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:

The accounting policies used are consistent with those of the previous annual financial statements, except for the below adoption.

Changes in accounting policies and basis of preparation

The following standards have been adopted during the current year. There were numerous other new standards and amendments that became effective in the current period, of which none had a material impact.

- IFRS 16 leases Covid 19 Amendment early adopted -
  The subsidiary Elite Group had a reduction in the lease instalments and used the allowance to not re-measure the lease which was of an immaterial amount.

Approval by the Board

The reviewed condensed consolidated financial statements for the year ended 28 February 2021 (including comparatives) were approved and authorised for issue by the board of directors on 18 June 2021.

Notes to the financial statements

1. Going concern judgement

The consolidated statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The group incurred a loss from continuing operations of R12,75 million (2020: R10,35 million) during the year ended 28 February 2021 and as at the 28th of February 2021 the group had an accumulated loss of R339,796 million (2020: R327,045 million) and the group's total liabilities exceeded its total assets by R13,87 million (2020: R2,90 million).

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

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 exceed its total assets by R13,87 million resulting in solvency issues.	Additional funding and equity investment to be obtained in the group.	The directors are currently sourcing additional funding in excess of R10 million, of which R6.5m has already been raised after year end to date. During the year they raised additional funding of R10m from Caleo which helped stabilise the business and assist in growing the Elite debtors books and to increase monthly revenues. The additional fundraising in the current year will further assist Elite to grow its debtors books and is forecasted to generated profits.
Afdawn's ability to pay ongoing operational expenses.	Directors and various parties have provided and continue to provide funding for growth and other ongoing operational expenses. Management are investigating other opportunities for revenue growth. With additional funding expanding the Elite debtors book.	The directors are currently sourcing additional funding for further growth and cost management within the Group. Afdawn's wholly owned subsidiary, Elite Group, will be able to grow its debtors book and generate cashflows to cover the Groups operating expenses including Afdawn. Management of Afdawn are still exploring other business activities for further revenue generation.
Covid-19 effect on going concern - expected future credit	The Afdawn group supports all the government lockdown rules and are	The Group operations comply with the government guidelines

losses on customers affected by COVID-19 through job losses and salary reductions. Ongoing support from creditors and the resumption of profitable lending operations. Refer note 13.	monitoring the financial impact closely.	and the group managed to operate throughout the lockdown levels and is now fully operational. Management have included the possible impact of these uncertainties into a comprehensive cashflow forecast to take into account the various scenarios of COVID-19 - refer to note 13 for the impact of COVID-19 post year end.
Afdawn has a contingent liability for SARS penalties and interest of R7,75 million. The penalties are currently under appeal with SARS. In the event that the Appeal is unsuccessful, Afdawn will enter into an Alternative Dispute Resolution ("ADR") to try to resolve the issue. If both these processes are unsuccessful in getting the penalties and interest materially reduced they will have a serious impact on the going concern of the Afdawn Group. Refer note 15.	The directors have obtained independent tax advice and based on this and also their own assessment of the facts and the application of IFRS to all the foregoing, are of the opinion that the levy of the penalties,it is probable it, will not result in an outflow of resources to settle, and in the event of resolution in terms of a ADR, management expects the most likely outcome to result in no amounts payable.	Afdawn will wait to hear from SARS in terms of the appeal and it is expected this will go to Alternative Dispute Resolution. The directors are confident that they have a strong case and that once the Appeal is held by SARS that the penalties and interest will be reversed in full. Refer to note 15.

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 is that it is appropriate that the financial statements be prepared on the going concern basis.

2. Property, plant and equipment

		Reviewed 2021			Audited 2020	
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Land and buildings right-of-use assets	2,073	(978)	1,095	2,354	(658)	1,696
Furniture and fixtures	348	(335)	13	354	(334)	20
Motor vehicles	642	(445)	197	642	(422)	220
Office equipment	579	(566)	13	593	(567)	26
IT equipment	496	(481)	15	493	(485)	8
Total	4,138	(2,805)	1,333	4,436	(2,466)	1,970

Reconciliation of property, plant and equipment - Group - 2021 R'000

	Opening Balance	Additions	Depreciation	Closing balance

Land and buildings - right-of-use assets	1,696	-	(601)	1,095
Furniture and fixtures	20	-	(7)	13
Motor vehicles	220	-	(23)	197
Office equipment	26	-	(13)	13
IT equipment	8	14	(7)	15
	1,970	14	(651)	1,333

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

3. Trade and other receivables

	Reviewed 2021 R'000	Audited 2020 R'000
Trade receivables	20,811	21,458
Impairment allowance	(12,615)	(12,719)
Deposits	176	212
VAT	35	33
Other receivables	140	177
	8,547	9,161

Trade receivable with a total value of R6,052,480 (2020: R6,048,000) have been ceded in terms of borrowings agreements - refer to note 6.

Trade and other receivables - loss allowance reconciliation

Opening balance	12,719	11,667
Plus additional impairment allowance	1,583	2,104
Less actual write off of impaired receivables	(1,687)	(1,052)
Closing balance	12,615	12,719

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

2021 R'000
Reviewed

	Opening	Additional impairment	Less write-off impairment	Less reversed impairment	Closing
Current receivables	212	191	(65)	-	338
Collections and under-performing receivables	4,979	1,795	(551)	(548)	5,675
Legal receivables	7,528	1,220	(1,071)	(1,075)	6,602
Total	12,719	3,206	(1,687)	(1,623)	12,615

2020 R'000
Audited

	Additional	Less write-off	Less reversed

	Opening	impairment	impairment	impairment	Closing
Current receivables	335	-	(4)	(119)	212
Collections and under-performing receivables	3,496	1,536	(53)	-	4,979
Legal receivables	7,836	50	(321)	(37)	7,528
Total	11,667	1,586	(378)	(156)	12,719

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.
- Collection 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 increased from 3.56% to 5.46% 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 R124,000

- 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 average ECL as a percentage of outstanding balance on the collections category up to 87.4% (2020: 81.3%). 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:

	Loss Allow-ance %	Reviewed 2021 Estimated gross carrying amount at default R'000	Loss Allowance R'000	Loss Allow-ance %	Audited 2020 Estimated gross carrying amount at default R'000	Loss Allowance R'000
Current receivables						
Current	2.4%	5,713	(140)	2.2%	5,674	(123)
30 days	12.5%	224	(28)	12.2%	148	(18)
60 days	64,6%	195	(126)	53.8%	119	(64)
90 days	74.6%	59	(44)	87.5%	8	(7)
Collections and credit impaired receivables						
Current	10.3%	468	(48)	6.0%	588	(35)
30 days	18.3%	71	(13)	29.4%	153	(45)
60 days	60.0%	125	(75)	49.3%	69	(34)
90 days	68.8%	202	(139)	69.9%	143	(100)
120 days	95.2%	147	(140)	94.5%	182	(172)
120+ days	96.0%	5,480	(5,260)	92.1%	4,989	(4,593)
Legal receivables						
Current	79.9%	527	(421)	78.7%	654	(515)
30 days	79.0%	56	(44)	78.5%	191	(150)
60 days	79.6%	108	(86)	78.7%	118	(93)
90 days	78.9%	71	(56)	78.7%	142	(112)
120 days	77.8%	9	(7)	78.7%	67	(53)
120+ days	79.9%	7,496	(5,988)	78.7%	8,390	(6,605)
		20,951	(12,615)		21,635	(12,719)

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:

	Reviewed 2021 R'000	Audited 2020 R'000
Cash on hand	65	82
Bank Balances	617	329
Bank overdraft	(3)	-
	679	411

5. Share Capital

Authorised share capital

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

The total shares in issue as at 28 February 2021 amounted to 63,646,916 (2020:50,917,533)

Reconciliation of number of shares in issue

	Reviewed 2021 R'000	Audited 2020 R'000
Reported as at 01 March	50,918	48,725
Share issue 14 June 2019	-	1,143
Share issue 17 July 2019	-	1,050
Share issue 17 July 2020 *	4,937	-
Share issue 27 Nov 2020 *	7,792	-
Closing balance	63,647	50,918

Reconciliation of share values

Reported at the beginning of period	324,143	323,323
Share issue 14 June 2019	-	400
Share issue 17 July 2019	-	420
Share issue 17 July 2020*	691	-
Share issue 27 November 2020*	1,091	-
Reported at the end of the period	325,925	324,143
Total share premium	300,433	303,743
Ordinary shares @ 40c	25,492	20,400
	325,925	324,143

* In terms of the Caleo agreement ie. the agreement entered into between Afdawn and Caleo Afdawn Limited Liability Partnership ("Caleo"), Caleo was to get 20% of issued share capital at the time of the agreement. This works out to the issue of 12,729,383 new shares. The shares were issued at 14c each which is the weighted average traded price measured over 30 business prior to the transactions ie. 23 April 2020 to 5 June 2020. The shares were issued in tranches as the loan was issued as follows. 17 July 2020 - 4,936,924 shares and 27 November 2020 - 7,792,459. There are no further vesting rights going forward. The issue of the shares as described above constitutes an equity settled share-based payment.

6. Borrowings

	Reviewed 2021 R'000	Audited 2020 R'000
Caleo Afdawn Limited Liability Partnership #	10,000	-

Interest is charged at 14.4% per annum and 3.6% consulting

fees per annum on the loan, based on the cumulative balance are the transaction cost of the loan. The 3.6% consulting fee forms part of the effective interest on the loan. The loan is unsecured and is repayable at Afdawns discretion. Interest is paid monthly and if the company chooses to repay the loan within the 20 year, an "early termination penalty" amounting to the interest payable up to the full term of the loan, discounted at 4.5% will apply. The loan also included a raising fee paid in shares refer to note 5, which will be amortised over the period of the loan amounting to R89,000 per year.		
Caleo Loan raising fee realized over loan	(1,782)	-
Loan raising fee reserve realized through profit and loss	52	-
	8,270	-
Peregrine Financial Services Holdings Limited loan (C)	-	932
Interest is charged at prime +1%, currently 8.0% (2020: 10.75%). 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 . The loan was unsecured and settled during the current year.		
Related Parties - Secured	1,630	630
The loans bear of Interest 10.5% - 18% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable in 0 - 12 months.		
Related Parties - Unsecured	722	778
These loans bears Interest of between 10.5% and 15% per annum. The loans are unsecured and are repayable on demand.		
Unrelated Parties - Secured double cover short term	2,096	2,671
The loans bears 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.		
Unrelated Parties - Unsecured long term	7,138	4,750
These loans bears Interest of between 10.5% and 18% per annum. The loans are unsecured and are repayable between 0 - 36 months.		
Unrelated Parties - Secured single cover short term	400	-
The loans bears Interest of 10.5% per annum. The loans are secured on trade receivables with a value of the initial capital and are repayable between 0 - 12 months		
Total	20,256	9,761
Non-current liabilities at amortised cost	15,029	4,600
Current liabilities at amortised cost	5,227	5,161
	20,256	9,761

\# The borrowings include a loan from Caleo Private Equity Proprietary Limited ("Caleo") which has a number of terms that place restrictions and requirements on the group these are detailed below:

The full loan of R10,00 million will become immediately due if either Caleo or the subsidiary Elite go into liquidation, restructure or breach of contract. The full loan of R10,00 million will become immediately due if the group losses more than 50% control of Elite. The group must take out a key man insurance to cover the loan and costs. The group will change the dividend policy when there is sufficient capital to meet agreed budgeting requirements to two times cover of distributable proceeds.

Management review that the above covenants on a monthly basis and there has been no breach of the covenant and no indication that they will be breached.

7. Loan from directors

	Reviewed 2021 R'000	Audited 2020 R'000

G Hope * (refer to related parties note 14)	312	626
	312	626
Non-current liabilities	-	-
Current liabilities	312	626
	312	626

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

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.

	Reviewed	Audited
Reconciliation of lease liability movement:	2021	2020
	R'000	R'000
Opening balance	1,909	-
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	187	225
Less lease payments	(715)	(670)
Closing balance	1,381	1,909
The gross lease instalments are payable as indicated below:		
Within 1 year	598	715
Within 2-5 years	1,018	1,616
Total	1,616	2,331
Current liability	469	528
Non-current liability	912	1,381
	1,381	1,909

9. Trade payables

	Reviewed	Audited
	2021	2020
	R'000	R'000
Trade payables	1,101	1,382
VAT	97	74
Accrued leave pay	1,063	871
Accrued expenses	645	261
	2,906	2,588

10. Revenue

	Reviewed 2021 R'000	Audited 2020 R'000
Commissions received*	102	173
Administration fee*	1,882	2,683
Rendering of service*	24	159
Discount allowed*	(4)	(38)
	2004	2977
Interest received#	6320	9058
	8324	12035

* Revenue earned from IFRS 15 Contracts with customers.
# Revenue earned from IFRS 9 Financial Instruments

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

Below is the disaggregated revenue per segment:

Reviewed 2021 R'000	Investment advisory and investment management	Micro finance	Head office	Total
Commissions received				
- Insurance commission	-	36	-	36
- Other commission	-	66	-	66
Administration fees	-	1,882	-	1,882
Rendering of other services	24	-	-	24
Interest received	-	6,320	-	6,320
Discount allowed - administration fees	-	(4)	-	(4)
	24	8,300	-	8,324

Audited 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

11. Cash generated from operations

	Reviewed 2021 R'000	Audited 2020 R'000
Loss before taxation	(12,751)	(10,345)
Adjustments for:		
Depreciation	651	727
Investment income	(1)	(4)
Finance costs	2,687	1,201
Profit on sale of subsidiaries	(200)	-
Non-cash amortisation	80	114
Non-cash income from equity accounted investment	(19)	-

Profit on sale of property plant & equipment	(32)	-
Non-cash impairment deferred income	8	196
Non-cash impairment of debtors loss allowance	(104)	1,052
Non-cash settlement of debtors	-	721
Changes in working capital:		
Trade and other receivables	710	912
Trade and other payables	318	566
	(8,653)	(4,860)

Cashflow from financing activities

Reviewed 2021 R'000	Borrowings non-current	Borrowings current	Directors loans	Leases	Total
Opening balance	4,600	5,161	626	1,909	12,296
Cash movements					
Borrowings repaid	-	(2,128)	(707)	(715)	(3,550)
Advances on existing	-	301	393	-	694
Advances new current	12,670	1,382	-	-	14,052
Balance after cash movements	17,270	4,716	312	1,194	23,492
Non-cash movements					
Transfer of borrowings to current	(511)	511	-	-	-
Raising fee capitalised	(1,782)	-	-	-	(1,782)
Amortisation of raising fee	52	-	-	-	52
Finance costs	-	-	-	187	187
Closing balance	15,029	5,227	312	1,381	21,949

Audited 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	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

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 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 R1.39million (2020: Rnil). Net revenue represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis. Segment operating loss 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.

Reviewed 2021 Group	Investment advisory and investment management R'000	Micro finance R'000	Head office R'000	Total R'000
Revenue	24	8,300	-	8,324
Other income	-	219	-	219
Investment income	-	1	-	1
Finance costs	-	(1,581)	(1,106)	(2,687)
Profit on sale of subsidiaries	-	-	200	200
Share of profit from associate	-	-	19	19
Impairment trade and other receivables	-	(1,583)	-	(1,583)
Impairment trade and other receivables reversed	-	1,687	-	1,687
Bad debts actually written off	-	(1,687)	-	(1,687)
Employee costs	-	(6,119)	(627)	(6,746)
Depreciation	-	(646)	(5)	(651)
Operating expenses	(74)	(7,734)	(2,039)	(9,847)
Loss before taxation	(50)	(9,143)	(3,558)	(12,751)
Taxation	-	-	-	-
Total comprehensive loss	(50)	(9,143)	(3,558)	(12,751)
Inter Group revenue/cost		(1390)	1390	-
Segment Total assets	27	10905	55	10987
Segment total liabilities	-	14,950	9,908	24,858
Property, plant and equipment acquired	-	14	-	14
Intangible assets acquired	-	46	-	46

Investment in associate	-	-	19	19

Audited 2020 Group	Investment advisory and investment management R'000	Micro finance R'000	Head office 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

13. Events after the reporting period

-The ongoing impact of the spread of COVID-19

The directors have evaluated the effect of the COVID-19 pandemic and included the possibly effect on the cashflow going forward. The group is operating all the branches and has implemented plans to make the business more accessible during lockdown.

Other than the ongoing impact of the spread of COVID-19 and the impact of the contingent liabilities, details of which are disclosed in note 15, the directors are not aware of any other material events that occurred after the reporting period and up to the date of approving these consolidated condensed set of financial statements.

Going concern

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

14. Related parties

Relationships

Significant shareholder with borrowings	Caleo Afdawn Limited Liability Partnership. Refer borrowings note 6.
Associate	Refer note 17
Company controlled by a director providing services to the Group	Makalu Capital Arvesco 153 Proprietary Limited Slabcap Proprietary Limited Gowan Capital Proprietary Limited
Directors' loans	Refer to note 7
Executive and non-executive directors	Refer to Administration note

Key management	DD Breedt - CEO subsidiary
Key management - close relative	JC Breedt
	SM Danker
	R Blieden

Related parties balances	Reviewed 2021 R'000	Audited 2020 R'000
Loan accounts - Owing (to) by related parties		
Peregrine Financial Services Holdings Limited	-	(932)
Slabcap Proprietary Limited	(92)	-
Gowan Capital Proprietary Limited	(100)	-
Arvesco 153 Proprietary Limited	(180)	(338)
Outstanding loans to directors and key management and close relatives		
G Hope	(312)	(646)
DS Danker	(350)	(350)
SM Danker	(1,000)	-
DD Breedt	-	(70)
JC Breedt	(630)	(630)
R Blieden	(300)	-
Related parties balance included in trade payables		
Caleo - Interest	(252)	-
Caleo - Consulting fees	(45)	-
Non-executive directors fees owed	(163)	-
Related party transactions		
Administration fees (received from) paid to related parties		
JC Breedt	85	-
Makalu Capital Proprietary Limited	600	360
Interest (received)/paid from related parties		
G Hope	61	49
DS Danker	63	63
SM Danker	99	-
DD Breedt	3	10
JC Breedt	66	134
R Blieden	8	-
Arvesco 153 Proprietary Limited	32	38
Slabcap Proprietary Limited	17	-
Gowan Capital Proprietary Limited	7	-
Compensation to key management including directors		
Compensation	1,277	1,265

The Executive Directors of Afdawn received no remuneration during the current year.

15. Contingent liabilities

The group received 2 penalty assessments from SARS related to capital losses claimed in 2016 on the disposal of two subsidiaries Allegro Holdings Proprietary Limited ("Allegro") and Nexus Personnel Finance Proprietary Limited ("Nexus"). If the penalty assessments are not resolved this may cause a going concern issue to the group - refer to note 1.

- Allegro

The group has lodged an appeal with SARS on 12 March of 2021 to object to an additional income tax assessment. The assessment raised relates to the claiming of a capital loss on the disposal of Allegro a former subsidiary of African Dawn Capital Limited.

Allegro was placed into curatorship in September 2009, necessitating the impairment in African Dawn Capital Limited on 1 March 2009. The curator began the process of liquidation which the curator indicated would be concluded shortly in the Curators report of February 2015. Allegro began the process of deregistering the company 2016 but the process of deregistering was not completed by the end of the 2016 year of assessment. The curator of Allegro only gave written confirmation that there will be no proceeds flowing to Afdawn on the liquidation on the 16th February 2021.

The capital loss amounting to R53,913,000 was claimed by Afdawn in the 2016 income tax assessment. SARS disallowed the claim on the basis that Allegro has not yet been deregistered with CIPC at 28 February 2016 and there is no proof that the liquidation process was completed during the 2016 year of assessment. SARS raised the following penalties and interest:

Understatement of income per letter dated 9 December 2019	R2,516,066
Penalties per SARS statement of account at 28 February 2021	R5,032,132
Interest on statement of account at 28 February 2021	R492,728

- Nexus

The group has lodged an appeal with SARS on 12 March of 2021 to object to an additional income tax assessment. The assessment raised relates to the claiming of a capital loss on the disposal of the Nexus a former subsidiary of African Dawn Capital Limited.

Nexus went into liquidation on 18 October 2014, leading to the group losing control of Nexus on 24 January 2015. The liquidator issued a winding up order on 12 November 2014. The group also sold all claims to Nexus assets to Collectus SA Pty (Ltd) on 23 February 2016.

The capital loss claimed on the 2016 income tax return of African Dawn Capital Limited amounted to R21,672,000. SARS raised the penalty assessment based on the fact that Nexus had not yet been de-registered with the CIPC at 28 February 2016. SARS raised the following penalties and interest:

Understatement of income per letter dated 9 December 2019	R1,011,411
Penalties per SARS statement of account at 28 February 2021	R2,022,822
Interest on statement of account at 28 February 2021	R198,068

No provision has been raised for any of the SARS penalties and related interest which are indicated on the SARS statements of account at a total of R7,745,750. Afdawn will wait to hear from SARS in terms of the Appeal and it is expected this will go to Alternative Dispute Resolution. The directors are confident that they have a strong case that once the Appeal is held by SARS it is probable that the penalties and interest will be reversed in full. Additional information in respect of the above matter cannot be provided, due to the potential prejudice that such disclosure may confer on the Group.

It is the directors' view that in light of the status of these matters and the open SARS investigation which has not been concluded on at the date of signing these condensed consolidated financial statements, raising a provision for any of the SARS penalties and related interest which are indicated on the SARS statements of account at a total of R7,745,750 is not necessitated.

16. Disposal of subsidiaries

The group disposed of 2 subsidiaries during the year African Dawn Property Transfer Finance 1 Proprietary Limited ("PTF1") and African Dawn Property Transfer Finance 2 Proprietary Limited ("PTF2") as indicated in the table below:

Group R'000

	2021 PTF2	2021 PTF1	2021 Total
Date of disposal	2021/01/26	2021/02/18	
Net assets taken over by the buyer			
Net assets sold	-	-	-

Net loan payable by Afdawn group sold	-	-	-
Net assets sold	-	-	-
Cash proceeds on sale	25	175	200
Proceeds liability incurred on group loan receivable sold	(4,929)	-	2,900
Profit/(loss) on disposal of subsidiary	(4,904)	175	(4,729)
Liability incurred on group loan receivable waived	4,929	-	4,929
Adjusted profit on sale	25	175	200

Group

African Dawn Property Transfer Finance 2 Proprietary Limited ("PTF2") issued new share capital to third parties such that Afdawn retained 20% of the issued share capital of PTF2. R15,24 million of the loan to the company of R18,14 million was sold for R25,000. The company retained the remaining R2,9 million loan which has been initially measured at its fair value of R nil. Refer note 14. The subscriber has been granted an option to acquire PTF2's remaining 20% shareholding for the par value of R100 by way of a call option, once the outstanding loan claim of R2.9 million has been repaid in full.The call option will expire in 5 years from the date of signature of the initial sale agreement or as agreed to by all parties. The change in control has resulted in PTF2 being accounted for as an associate - refer note 17.

17. Investment in associate

New shares in African Dawn Property Transfer Finance 2 Proprietary Limited ("PTF2") were issued which resulted in the loss of control over the company - year refer to note 9. The remaining shares held are 20% of the total share capital so the group now accounts for the company as an associate. The associate is not material to the group and it's profits and losses are being treated as an equity accounted investment. The fair value of the net assets and liabilities of PTF2 at the date of the change in ownership was nil. The fair value at the time of disposal of the R2.9 million loan was considered to be zero. The associate is not individually material to the group.

The summary aggregated financial information of the group's share in the associate is as follows:

Net assets and liabilities PTF2 at 28 February 2021	2021 R'000	2020 R'000
Current assets	1,611	-
Non-current liabilities	(19,961)	-
Net liabilities	(18,350)	-
Current assets include a cash balance of	20	-
Total comprehensive income for the year	94	-
20% share of income	19	-

There were no dividends proposed or paid in PTF2. PTF2 is a private company so there is no quoted market price available.

18. Loss per share

Basic loss per share
Basic loss per share are 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.

	Reviewed	Audited
Basic loss per share	2021	2020
	C	C
From operations (c per share)	(22.8)	(20.6)
	(22.8)	(20.6)

Reconciliation of loss for the year to basic loss

	Reviewed	Audited
	2021	2020
	R'000	R'000

Loss from operations	(12,751)	(10,345)
Basic loss	(12,751)	(10,345)

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

	Reviewed 2021 '000	Audited 2020 '000
Number of ordinary shares in issue opening	50,918	48,725
Ordinary share issue on 14 June 2019	-	817
Ordinary share issue on 17 July 2019	-	656
Ordinary share issue on 17 July 2020	3,070	-
Ordinary share issue on 27 November 2020	2,007	-
Weighted average number of shares used for loss and headline loss per share	55,995	50,198

Headline loss per share	2021 c	2020 c
From operations (c per share)	(23.1)	(20.6)
	(23.1)	(20.6)

Reconciliation of loss basic loss for the year to headline loss

Headline loss from operations 2021 R'00 Reviewed	Gross	Tax	Net
Loss from operations	(12,751)	-	(12,751)
Profit on sale of subsidiaries	(200)	45	(155)
Profit on sale of property, plant & Equipment	(32)	7	(25)
Headline loss from operations	(12,983)	52	(12,931)

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

Administration

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

Directors	Office	Designation
J Slabbert	Chairperson ^	Executive
DS Danker	Chief Executive Officer (CEO)	Executive
G Hope	Chief Financial Officer (CFO)	Executive
B Stagman #	Chair Remunerations Committee	Independent non-executive
SM Roper	Chair Audit and Risk Committee and Chair Social and Ethics Committee	Independent non-executive
S Blieden @		Independent non-executive

^ J Slabbert moved into the role of Executive Chairman with effect from 9 June 2020.
# B Stagman was appointed Chair Remuneration Committee 1 December 2020.
@ S Blieden was appointed as a Director on 1 December 2020

On 11 March 2021 B Stagman was appointed as the lead independent non-executive director.

V Lessing resigned on 2 November 2020 as director.

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

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Date 18 June 2021