AFRICAN DAWN
CAPITAL LIMITED

Annual Report
2018

Contents

Definitions in this annual report

Definitions used in this Annual Report

Knife Capital means Knife Capital Proprietary Limited

Knife Capital Group means Knife Capital Proprietary Limited, Grindstone Accelerator Proprietary Limited and YueDiligence Proprietary Limited

Elite means Elite Group Proprietary Limited

Elite Two means Elite Group Two Proprietary Limited

Grindstone means Grindstone Accelerator Proprietary Limited

Afdawn or the company means African Dawn Capital Limited

Candlestick means Candlestick Park Investments Proprietary Limited

Nexus means Nexus Personnel Finance Proprietary Limited

YueDiligence means YueDiligence Proprietary Limited

SME Snapshot means SME Snapshot Proprietary Limited

Afdawn Group or Group means African Dawn Capital Limited and its subsidiary companies

Our past

African Dawn Capital Limited (the "Company", "Afdawn" or "Group") was founded in 1998 as a micro finance business. Following its listing on the AltX in 2004, it grew into a niche finance provider specialising in micro finance, debtor discounting and structured property finance.

Our journey

Since 2014 the Company has undergone significant changes to position itself for a new future. The Group had an asset base of R 96million, which comprised mostly distressed assets and liabilities of R63million. The key focus was to sell all the non-core assets, settle the outstanding liabilities and transform into a listed venture capital vehicle. The Knife Capital transaction in March 2014 was a very key aspect of the execution of the strategy. Two other key aspects of the strategy were the sale of Elite and the settling of the long outstanding SARS liability. The failure of the Elite transaction in 2014 together with the discovery by the new management of an under provided debtors book, had a very negative effect on net asset value and the ability to execute the strategy. Drastic actions were taken in Elite to enable it to repay certain liabilities and to position it for an exit. A transaction with Dzothe Investments ("Dzothe transaction ") to purchase Elite, PTF1 and PTF2 for R20million was done to revitalize the strategy. The Dzothe transaction was cancelled after Dzothe failed to remedy a breach and a decision was made to abandon the previous strategy.

Knife Capital was restructured and sold in September 2017. We sold the remaining 50% shareholding of Grindstone in January 2018. We also concluded a settlement agreement with SARS in December 2017.

All non-core assets and businesses have been sold, restructured or closed. Settlement agreements have been concluded and implemented with creditors.

Where are we now:

Afdawn is finally in a position to move forward. The Group has two operational entities ie Elite Group, the lending platform, and YueDiligence. The latter can help entrepreneurs identify growth gaps in their business which should be remedied to ensure a stable platform from which to launch growth.

Both these assets have huge potential but need funding.

Our key objective for the near term

- To repay most of the SARS liability as per settlement agreement without raising capital from shareholders
- To recapitalise the Group to provide funding for Elite to leverage its lending platform
- To roll out the YueDiligence platform to entrepreneurs, funders, consultants and other stakeholders to ensure a growing and sustainable SME market.

From the Chair

Dear Shareholder,

" Never give in , never give in,
never, never, never –
in nothing, great or small,
large or petty –
never give in
except to convictions of honour
and good sense!

Winston S Churchill

This is the attitude and belief that describes the culture of Afdawn, its funders and current supporting shareholders.

During the last four years this culture has bound us and kept us moving forward, sometimes slowly and even a step or two backwards, but we continue to push forward. Nothing has been easy and very tough decisions were made under difficult circumstances.

We were forced to change strategy when the Dzothe transaction was cancelled in May 2017. The cancellation of the Dzothe transaction impacted the strategy for settling the SARS liability and the vision to establish Afdawn as a listed venture capital vehicle under the Knife Capital brand. It resulted eventually in the sale of the restructured Knife Capital Group in September 2017. This latter transaction made it possible for the Knife Capital team to move forward with their own strategy. Other relationships were formed after the sale of the remaining 50% of Grindstone to Thinkroom in January 2018.

Elite

Elite Group was negatively affected by the cancellation of the Dzothe transaction as the required funding did not materialize. The changes in regulation and legislation also had a negative effect on margins and the legal collection process which became much longer. Elite management responded by further reducing the cost base, shortening the duration of the debtors' book, improving the lending granting process and accessing interim funding from close relationships. Sandown Capital also assisted Elite by lengthening the terms of repayment of its funding to Elite. Without these actions Elite would not have survived the year. The continual focus on reducing the cost per loan will benefit Elite in the future.

Elite advanced R63.2million (2017- R66.8million) to its customers and received R81.9million (2017 - R88,9million) from them. Operating expenses excluding interest and bad debt provision was further reduced by R1.68million to R15.68million.

Elite's bad debts are between 3% - 5% of the amount advanced to its customers in the normal course of business.

Prior to the settlement of the SARS liability in December 2017, capital providers had not been willing to provide funding to Elite because of the uncertainty of the liability. As a result, the duration of the lending book was shortened and net trade receivables decreased from R20,07million to R15,08million.

Some key features of the Elite results are:

- Revenue decreased by R3,76million to R16,99million due to lack of funding to grow the lending book
- Other income was R0,316million mostly due to the non-recurrence of a once off settlement benefit in the previous period of R2,16million
- Allowance for bad debts increased by R0,684million to R4,50million. This includes a R1,75million additional allowance on the legal book to reflect a more difficult collection process and a change in estimates applied by management.

From the Chair continued

- The further lowering of operating expenses by R1,68million to R15,68million was as results of
  - Decrease in employee cost by R0,60million
  - Decrease in operating lease charges by R0.15million
  - Decrease in other costs by R1,02million
- Cash generated by operations was R2.2million
- Total liabilities were further reduced by R1.64million to improve the balance sheet.

The velocity of money is an important driver in the Elite business model, as the average term of the loan is three months. For every R1million of new funding, roughly R4million of new advances can be made throughout the year if the funding stays in the business. The Elite in-house lending platform gives it the flexibility to provide simplified products to its clients and to continue reducing the cost of production of a loan. The passion and perseverance of the Elite team is evident in the continued focus to improve the business under very difficult circumstances. After the Afdawn SARS settlement agreement we are in position to access capital markets again.

YueDiligence

YueDiligence is an actionable, light-touch due diligence tool for investors, entrepreneurs, and service providers to SMEs. It is used to assess SMEs for growth gaps to advance partnership & fundraising preparation. Afdawn retained YueDiligence after the disposal of Knife Capital in September 2017.

SARS

The SARS settlement agreement was concluded in December 2017 and has eliminated the uncertainty about the SARS liability for the Group. R5.75million of the R8.24 million settlement amount has been paid by the end of June 2018 and this enables the Group to access capital markets to fund growth.

Properties in Possession and other

The sale of the Greenoaks property was approved by shareholders on 18 October 2016 and the transfer to the purchaser was finalized in May 2017. The proceeds were used to reduce the liabilities of the Group.

Looking ahead

The Group is now in position to access capital markets. Sourcing funding will enable the Group to pursue a growth strategy by leveraging the lending platform of Elite together with the YueDiligence online platform.

Appreciation

We have learnt to adapt and survive through a very difficult period.

I would like to thank the board, management and staff of the various operations, for their dedication and hard work during a tough year.

WJ Groenewald
30th July 2018

Key Indicators

Profitability – Comprehensive Income		2018	2017 # Restated	2016	2015	2014
Gross Profit	R ' 000	17,293	21,318	36,490	39,881	35,736
Other Income	R ' 000	1,599	1,772	3,910	7,417	959
Total Income	R ' 000	18,892	23,090	40,400	47,298	36,695
Operational Expenses	R ' 000	31,348	29,477	42,836	65,508	55,496
Net loss - continued	R ' 000	(1,297)	(7,314)	(6,910)	(33,012)	(21,830)
Net loss - discontinued	R ' 000	(1,364)	(4,874)			
Basic loss per share - continued	R ' 000	(5,9)	(33,4)	(0,79)	(3,84)	(4,11)
Basic loss per share - discontinued	R ' 000	(6,2)	(22,2)			

Balances on Reporting Date – Financial Position		2018	2017	2016	2015	2014
Net recoverable debtors	R ' 000	22,851	31,193	35,981	39,835	58,525
Cash	R ' 000	429	1,983	3,005	15,397	5,358
Properties in possession	R ' 000	-	15,853	18,247	22,968	24,748
Total Assets	R ' 000	24,627	58,785	72,036	94,416	96,425
Long Term Loans	R ' 000	4,031	6,316	7,829	13,298	8,844
Total Liabilities	R ' 000	16,623	48,472	49,535	65,005	63,311
Net Asset Value	R ' 000	8,004	10,313	22,501	29,411	33,114
Net Asset Value per share	Cents	37	47	2.56	3.34	6.52
Share price trading at year - end	Cents	30	50	2	8	9
Market Capitalisation	R ' 000	6,578	10,963	17,540	70,422	45,737
Number of shares in issue		* 21925	* 21925	877002	880271	508184
Number of branches		11	12	12	13	15
Number of Group Employees		59	72	75	78	97

The prior year figures have been restated to take into account the discontinued operation and reclassification error in the prior year.
Refer to Note 31 and Note 44

* Share consolidation @ 1 share per 40 held

The Board

The Board at the year end

Mr. WJ Groenewald ("Jacques")

Chief Executive Officer and acting Chairman

Jacques was appointed as a non-executive director on 17 November 2011 and was subsequently appointed as the acting CEO on 24 February 2014, Chief Executive Officer on 28 March 2014 and acting chairman on 2 June 2014. He holds a B Com (Hons) from the University of Stellenbosch. He was an investment professional in the asset management, investment banking and hedge funds industry with 18 years experience. Jacques is 51 years old.

Mr. G Hope ("Graham")

Chief Financial Officer

Graham is a Chartered Accountant. Graham has 20 years of experience in trading banking and private equity investments. Graham was appointed as executive director on 11 January 2016 and he is 56 years old.

Ms. HH Hickey ("Hester")

Independent Non-Executive Director

Hester was appointed as a non-executive director on 21 February 2011. She is a Chartered Accountant and consults to various companies specialising in risk and governance. She also performs the Board evaluation processes for the Institute of Directors. She is currently non-executive director and audit committee Chair for Omnia Holdings Limited, Pan African Resources Plc and she is a non-executive director of Northam Platinum Limited. She is a past Chairman of the South African Institute of Chartered Accountants and has worked in senior positions for a number of listed companies and serves on several audit committees.Hester lectured auditing at the University of the Witwatersrand and was a member of the King II task team. Hester is 64 years old.

Ms. V. Lessing ("Vanya")

Lead Independent Non - Executive Director

Vanya was appointed on 29 May 2013. Vanya is the CEO of the Sure Travel Group, responsible for managing the interests of shareholders, licensees and suppliers. The Sure Travel Group manages the interests of 100 travel companies in South Africa and Namibia. Vanya is the former CEO of ASATA (Association of Southern African Travel Agents). During her tenure there (2001 - 2005), she led the travel industry through change and a series of sensitive negotiations, resulting in a new industry business model. Vanya has extensive experience in collaboration and interaction with SMEs, expediting turnaround strategies. Her strong negotiating skills brings 'on the ground' expertise to the Board. Vanya is also a Board member of Sure Holdings (Pty) Ltd, ASATA. Vanya is 63 years old.

The Board continued

Mr. SM Roper ("Stephen")

Independent Non-Executive Director

Stephen was appointed as a none - executive director on 22 April 2014, he holds an Hons BCompt, PG Dip Tax Law, PG Dip Financial Policy, and is a Chartered Accountant with 28 years' experience. He has extensive experience in investments having served in the research team of one of South Africa's largest fund managers. During this time he had responsibility for investment research of industrial companies in South Africa. He has also served on the private equity investment committee of that fund manager and has corporate finance and business turnaround experience. He currently practices in the area of strategic management. Stephen is 59 years old.

Statucor (Pty) Ltd represented by Mr Alun Rich ("Alun")

Company Secretary

Alun was appointed company secretary on 5 August 2014. Alun is a Fellow member of ICSA and gained his experience and knowledge of corporate governance as manager at Deloitte & Touché and as the founding partner of Wilson Rich & Associates.

Changes in office

None

Resignations

None

The Staff

The current year saw a decrease in our work force from 71 to 59. Afdawn strives to uplift and enable individuals of all backgrounds and thereto we are proud to report:

	2018	2017	2016	2015	2014
Women (as % of total workforce)	68%	65%	65%	71%	65%
Women of colour (as % of total women employed)	44%	41%	57%	49%	54%
Total people of colour (as % of total workforce)	53%	51%	51%	41%	46%

Afdawn's empowerment process is not just by way of employment but also through in-house training, knowledge sharing and specialised external training where needed.

Remuneration

The remuneration policy is one of simplicity with remuneration assessed to be in line with targets with additional incentives for performance. The remuneration aims to develop and retain talent currently employed in the group. This helps to attract and retain people with the appropriate skills and knowledge to meet the present and future demands.

	Male		Female		
	African	White	African	White	Total
Executive	0	3	0	0	3
Senior management	0	5	0	1	6
Middle management	0	0	0	0	0
Junior management	2	2	3	5	12
Skilled	0	2	0	3	5
Semi-skilled	3	2	13	5	23
Unskilled	0	0	10	0	10
Total permanent	5	14	26	14	59
Temporary employees	0	0	0	0	0
Total employees	5	14	26	14	59
	19		40		59

Corporate Governance

1. The Board

Purpose:

To lead the Group with integrity, through policies, strategic decisions, planning, governance, resource allocation, standards of conduct and stakeholder relationship management.

Director	Office	Designation
Mr. WJ Groenewald	Chief Executive Officer (CEO) and acting Chairman	Executive
Ms. V Lessing	Chair of Remuneration Committee	Lead Independent non-executive
Ms. HH Hickey	Chair Audit Committee	Independent non-executive
Mr. SM Roper	Chair of Social and Ethics Committee	Independent non-executive
Mr. G Hope	Chief Financial Officer (CFO)	Executive

Composition:

The board comprised the following directors at the year end:

Mr. WJ Groenewald (Acting Chairman and CEO);
Mr. G Hope (Chief Financial Officer)
Ms. HH Hickey (Independent non-executive director);
Ms. V Lessing (Lead Independent non-executive director);
Mr. SM Roper (Independent non-executive director);

Changes to the board during the year:

None

Changes in office

Resignations

None

With the resignation of Mr. CM Bull on 12 June 2015 Mr. WJ Groenewald was appointed as acting chairman. The chairman is re-elected to the position on an annual basis by the Board. The chairman was appointed by the Board and possesses the necessary skills, experience and leadership qualities to lead the Group. At the year end, the chairman was not a member of the remuneration committee, but is invited to attend on an ad-hoc basis, due to his skills and expertise. The chairman is a permanent invitee to the audit committee. The Board members individually and collectively have the necessary skills, expertise and experience ensuring effective and ethical decision making and strategy implementation.

The composition of the Board is the result of compliance with regulations, complexity of the Group, risks and skills needed. Each member deserves their position on the Board and their guidance and expertise are highly regarded. Collectively the Board acts as a strong and effective committee. The appointment of new directors to the Board is a matter for the Board as a whole and is conducted in a formal and transparent manner.

Frequency of meetings:

The Board usually meets at least 4 times per year, but due to ad-hoc matters, 6 meetings were held up to the financial year end. Actual meetings and attendance are set out in the table below. Ad-hoc informal meetings were held every second week.

	Meeting dates					
Board member	23 May 2017	30 May 2017	23 August 2017	18 October 2017	22 November 2017	27 February 2018
Mr. WJ Groenewald (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes
Mr. G Hope	Yes	Yes	Yes	Yes	Yes	Yes
Ms. HH Hickey	Yes	Yes	Yes	Yes	Yes	Yes
Mr. SM Roper	Yes	Yes	Yes	Yes	Yes	Yes
Ms. V Lessing	Yes	No	Yes	Yes	Yes	Yes

Corporate Governance continued

Roles and responsibilities:

The role of the Board remained to lead the Group towards accomplishing its purpose of creating wealth for its shareholders and stakeholders. The Board is able to fulfill its function as the members remain committed to the Group and with years of experience and specialised skills, are able to add value and make the required strategic decisions. The Board meets at least four times per annum and when needed to facilitate any ad-hoc strategic input. The focus has been kept on Afdawn developing the new strategy of investment holdings in entrepreneurial companies and the realignment of the businesses in financial services, personal loans and managing/collection of debt. There is a clear division of responsibilities at Board level to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Group as an ethical corporate citizen:

The Board is ultimately responsible for leadership and governance of the Group, setting the tone at the top which promotes ethical behaviour. This remains a critical quality that vests in the group's leaders. The Board has been able to maintain the Afdawn and Elite brands as credible names in an ever increasing and difficult market. This was accomplished with good governance built on an ethical foundation. The Board embraces the principles of the King Report on Governance for South Africa 2016. The Board is of the opinion that the corporate governance is in line with the Group's size, complexity, risks and objectives. The Board along with management is evolving continuously to align it with King IV™ compliance. The Board is of the opinion that the Group complies in all material respects with the principles embodied in King Code IV and the additional requirements for corporate governance stipulated by the JSE. See King IV report pages 15 - 20.

In determining the strategy and long term sustainability, the members keep abreast of the concerns and consideration of the impact of its operations on the economy, society and the environment. It remains the Board's goal to positively improve the lives of its customers and other stakeholders. The current focus remains on shareholder and employees' upliftment and rolling out the new vision of the Company. This new vision encompasses investment in and the development of entrepreneurial companies.

The Board and our Shareholders:

The year under review was difficult and shareholder updates were given on the Stock Exchange News Service ("SENS").

Assessing and developing our Board:

Our Board members are formally inducted through a programme comprising reading material, interviews with key personnel and an introduction to Afdawn and its operations. In line with the JSE Listings Requirements applicable to Altx listed companies, all Board members are required to attend the Altx Directors Induction programme ("DIP") presented by Institute of Directors and formally by WITS Business School. The performance of each individual Board member and Board as a whole is assessed internally on an annual basis. Directors are only nominated for re-election after satisfactory performance assessments and outcomes. If areas for additional development are identified, these are managed through either ad hoc internal training or specialised training provided by reputable training institutions. Directors' remuneration is aligned with the outcomes of the performance assessments; the performance assessments for 2018 were informal, with formal assessments with specific reference to the CEO and financial director. Appointments to the Board is a formal and transparent process and a matter for the Board as a whole.

The board has adopted and approved a gender and race diversity policy and will, in identifying suitable candidates for appointment as directors, consider candidates on merit against objective criteria with due regard for the potential benefits of gender and race diversity. Aspects of diversity encompassed in the policy, include, but are not limited to, making good use of differences in skills, geographical and industry experience, background, race, gender and other distinctions between members of the board. No specific targets have been set in terms of race or gender.

Directors' dealings:

To ensure that there is no conflict of interest or threat to the independence of Board members, the directors are required to declare any and all interests in contracts entered into by them and the Group. Dealings in securities by directors, senior managers and employees with access to management reports or price sensitive information are controlled and need to be authorised for clearance by the Chairman. No trading is allowed during closed periods or when information that could affect the share price is not yet disclosed to the public. Any trading done by directors of the Group or subsidiary companies, or the Company Secretary is announced on SENS.

2. Remuneration committee

Purpose:

To set a fair remuneration philosophy and apply a policy for the remuneration of Directors and employees of Afdawn Group.

Composition:

The remuneration committee consists of:

Ms. HH Hickey, Mr. SM Roper, Ms. V Lessing

Corporate Governance continued

The remuneration committee is required to meet at least twice a year. Details of actual meetings and attendance thereof is set out in the table below. In addition to the meeting below several ad-hoc meetings took place.

	22 February 2018	29 November 2017
Ms. V Lessing	√	√
Mr. SM Roper	√	√
Ms. HH Hickey	√	√

Due to the sensitivity and importance of remuneration, it is specifically managed by a separate remuneration committee assisted by the human resources department. The remuneration committee consists of three independent non-executive directors and the chairman of the committee is not the chairman of the Board. The main responsibility of the committee is to approve the remuneration of the executive Board members and any significant adjustments to employee remuneration. The executive directors suggest the remuneration of the non-executive directors and this is submitted to shareholders at the AGM for approval by special resolution.

The current salaries are limited by the financial constraints within the company. Once the profit and cash flow situations have been resolved the salaries will be reviewed and aligned to market value. Actual executive directors' remuneration is set out in the table below:

	Total remuneration 2018 (R'000)	Total remuneration 2017 (R'000)
Company:		
Mr. WJ Groenewald	482	1,264
Mr. GB Hope	472	1,200

Actual non-executive directors' remuneration is set out in the table below:

	Total remuneration 2018 (R'000)	Total remuneration 2017 (R'000)
Ms. HH Hickey	144	144
Ms. V Lessing	144	144
Mr. SM Roper	144	144

Roles and responsibilities:

- determining, reviewing and approving the Company's policy on remuneration for both executives and managers;
- the finalisation of annual increases for the Group employees;
- the policy for determining executive management remuneration;
- the remuneration packages for the executive management team and financial director, including bonuses, incentive schemes and increases;
- ensuring that the remuneration packages of the all directors are submitted to the AGM for approval; and
  the executive directors should earn a fixed salary and suitable incentive based on their performance.

The remuneration philosophy remains one of simplicity, practicality and sustainability which is aligned to market and industry trends. The policy ensures compensation for proven and sustainable performance both over the short and long term. The policies ensure that there are no incentives for risk taking and/or termination of contracts due to changes in management structure within the Group. The current focus remains on costs saving, strict management of cash and building on basics, resulting in no salary increases within the Group.

The current executive remuneration consists of:

- basic salary and suitable incentives for executive directors and executive management, and
- non-executive board fees based on prevailing market rates for similar businesses (using the PricewaterhouseCoopers annual publication non-executive directors' remuneration) as a guide. This comprises a fixed annual fee not related to the number of meetings attended.
- There are currently no share incentive schemes in place although this matter is still under consideration.

In the event that the remuneration policy is voted against by 25% or more of the voting rights exercised by shareholders at the AGM, the company will formally engage with such dissenting shareholders to understand the reasons for the dissenting votes, and will consider amending the remuneration policy. As the non-binding vote at the AGM held on 18th October 2017 was passed by the requisite majority, there was no further engagement with shareholders in this regard.

During the year, executive directors in good faith forfeited their right to fixed salaries in order to relieve the company of this expense. It is intended that this forfeit be reversed in the near future and that suitable incentives based on performance be introduced. Accordingly given the current situation, the Company has not implemented a remuneration policy. The Board will consider implementing a remuneration policy when appropriate. Remuneration of non-executive directors is fixed and they are not paid per meeting attended due to the high number of ad-hoc meetings.

Corporate Governance continued

4. Group Executive Committees ("Exco")

Purpose:

To actively manage the company and its subsidiaries on a day to day basis and align operations with Board strategies.

Frequency of meetings:

Meetings are held monthly but more recently they were conducted on an ad hoc basis as and when required.

Every operational subsidiary has it own Exco and reports directly to the Chief Executive Officer.

The Afdawn Group consists of a number of operating subsidiaries, segmented into:

- Investment advisory and investment management
- Micro finance
- Rental of properties in possession (sold in current year)
- Other, which include head office and the listed entity

The governance of the Group is set at Board level and a high standard is followed through to the Company level. Although all subsidiary companies have a common thread of specialised financial services, each requires their own expertise and therefore consists of separate management teams headed by a divisional CEO. Exco meetings are formally minuted and approved. The meetings deal with detailed operational events and practical solutions that are communicated to the Board.

The Board membership of all the subsidiary companies comprises a combination of the Exco members plus additional directors. There is therefore direct Exco representation on all subsidiary boards. The acting Chairman (and Chief Executive Officer) of Afdawn reports and is accountable to the Afdawn Board.

5. Company Secretary

The Company Secretary is responsible for assisting the Board with administration, application of information regarding the Act, JSE Listing Requirements, directors' responsibilities and powers. The Board is entitled to appoint and remove the Company Secretary, Statucor Proprietary Limited is the Company Secretary of AfDawn. The Board has satisfied itself after a review, through discussion and assessment, the qualifications, experience and competence of the individuals employed by the Company Secretary.

The Board is satisfied that an arm's length relationship exists.

6. Audit and Risk Committee

Purpose:

To assist the Board in overseeing the integrity of the financial statements, the effectiveness of internal controls over financial reporting, to assess the independence and qualifications of the independent registered auditor, to ensure the Company's compliance with legal and regulatory requirements and assessing the expertise of the financial director.

Composition:

At the year end the committee consisted of:

Ms. HH Hickey (Chairman), Ms. V Lessing, Mr. SM Roper

The audit committee comprises three independent non-executive directors (HH Hickey, V Lessing and SM Roper). The committee is chaired by HH Hickey, who is a Chartered Accountant and highly skilled with extensive experience in various fields, with a strong risk and governance background. Due to the changes in the Companies Act and complexity of IFRS, specialised knowledge is needed from time to time and this is contributed by invitees attending meetings on an ad-hoc basis.

Frequency of meetings:

Meetings took place six times during the period, and a minimum of two meetings per year are required. The audit committee has an independent role with accountability to both the shareholders and the Board as per its terms of reference that were approved by the Board. The committee does not assume the function of management which is vested in the executive directors, officers and members of the executive committee, but is notified of any material risks or disagreements with external auditors.

Corporate Governance continued

Audit and Risk Committee

	Meeting dates					
Committee member	23 May 2017	30 May 2017	23 August 2017	18 October 2017	22 November 2017	27 February 2018
Ms. HH Hickey (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes
Mr. SM Roper	Yes	Yes	Yes	Yes	Yes	Yes
Ms. V Lessing	Yes	No	Yes	Yes	Yes	Yes

Roles and responsibilities

- Integrated and financial reporting
  - Review and comment on the annual financial statements, annual integrated report, annual condensed results, interim results, trading update announcement to ensure compliance with International Financial Reporting Standards, the JSE Listings Requirements and the Companies Act;
  - Review and approve the appropriateness of accounting policies, disclosures and the effectiveness of internal financial controls;
  - Perform a review of the Group's integrated reporting function and progress and consider factors and risks that could impact on the integrity of the Annual Report;
  - Recommend the Annual Report to the Board for approval;
  - Determine the levels of assurance required on integrated and financial reporting. It should be noted that Afdawn's focus for the year was on improving the Annual Financial Statements in order to improve the quality due to the JSE issues raised during the year. The Integrated report will be a journey that the group will embark on over the next few years.
- Finance function
  - Consider the expertise and experience of the financial director;
  - Consider the expertise, experience and resources of the Group's finance function;
  - Consider the effectiveness of internal control over finance. External expertise was brought in to ensure that the skills were appropriate.
- Internal audit

Due to capital and resource constraints, the Group does not have a separate internal audit function. The oversight of internal controls remained with the audit committee and the required testing and investigation was performed in-house by competent financial staff. A separate internal audit division with qualified internal auditor will be formalised and implemented when the group has the necessary capital and resources. The internal audit tasks remain with the audit committee for the time being until the internal audit department will take responsibility for all internal audit matters.

- External audit
  - Act as a liaison between the external auditor and the Board;
  - Obtain information in order to satisfy itself as to the competency of the external auditor and then nominate for appointment by shareholders;
  - Consider the scope of audit and non-audit services which the external auditor may provide to the Group;
  - Review letters from auditor stating points of improvement or control deficiencies;
  - Approve the fees of the external auditor and assess their performance; and
  - Annually assess the independence of the external auditor.
- Risk management

There was no separate risk committee and the audit committee assumed the responsibility and tasks. The responsibilities include, ensuring that management's processes and procedures are adequate to identify, assess, manage and monitor, Company specific and Group risks.

Corporate Governance continued

The following risks received detail attention and mention:

- Financial / liquidity risks,
- Information technology risk
- Human resources risk
- Operational risk
- Legal/compliance risk
- Strategic risk
- JSE proactive monitoring letters.

Managers are urged to identify, report and assist with mitigating controls and procedures to lower the risk to acceptable levels.

7. Risk Management

The Board is ultimately responsible for the management of risk. Due to the importance and need for good governance it is assisted by the audit committee. The management of risk has included a proactive approach through an implemented system of effective internal controls maintained and constantly improved by competent ethical managers. The management of risk relies on well-established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. The risk approach is one of strong corporate oversight, with the executives having proactive participation in managing the risks and are responsible for identifying and contributing to mitigating strategies to manage risk to an acceptable level. Risk management is seen as the responsibility of each and every employee.

The significant risks are formally communicated to the Board (via the audit committee), in minutes of meetings which monitors that risks taken are within acceptable tolerance and appetite levels. The risk appetite is the maximum residual risk that Afdawn is willing to take, the parameters being set by business strategies, business models, review and approving budgets, forecasts and monthly management packs.

Risks pertaining to the Group as a whole, but especially focused on liquidity, asset management, credit risk, market risk and human resources, are noted and managed on an in-house risk register presented at monthly Exco meetings.

The identified risks, their likelihood of occurrence, severity if occurred, mitigating control and the risk management outcome are discussed on a monthly basis. Risks are ranked and prioritised to ensure swift response and intervention to risks outside the Board's tolerance levels. Liquidity risks are managed on a short term, and long term basis ensuring pairing of known cash in and outflows, with predictions of expected cash flows. Credit risk is formally managed by the credit committee, who is tasked with managing advances in such a way to ensure repayment of capital plus earnings, and to assess the outstanding value with expected repayment and manage collections of outstanding debts.

8. Social and Ethics Committee

The Afdawn Social and Ethics Committee (the committee) was established in 2013. The committee assists the board in monitoring that the Group maintains high levels of good corporate citizenship with all stakeholders and ensures that the business considers its social and environmental impact and performance.

The committee acts in terms of the delegated authority of the Board and assists the directors in monitoring the Group's activities relating to ethics, stakeholder engagement, including employees, customers, corporate social investment, environmental issues, and black economic empowerment.

The responsibilities of the committee are as follows:

- Monitor the Group's activities relating to social and economic development, good corporate citizenship, the environment, and health and public safety;
- Draw matters relating to these activities to the attention of the board, as appropriate;
- Monitor functions required in terms of the Companies Act of South Africa and its regulations; and
- Report annually to shareholders on matters within the committee's mandate.

Committee members

The committee comprised the following members at the end of the reporting period:

Director	Designation	05 September 2017	21 February 2018
Mr. SM Roper (Chairperson)	Independent Non-executive	Yes	Yes
Mr. D Breedt	Executive director - Elite	Yes	Yes
Ms. A Van der Westhuizen	Human resources manager	Yes	Yes

Application of principles in King IV

The King IV report is also available on the Company's website at www.afdawn.co.za

Afdawn Capital King IV Documentation 28 February 2018		
Principle 1: The governing body should lead ethically and effectively.		
King IV requirements	**Afdawn Status**	**Comments / Actions**
Integrity is considered to be a cornerstone of how Afdawn does business.	The board members creed is to do all things in the best interests of the company. Everything that is done is done in good faith. Conflicts of interests are declared and noted in minutes of meetings. Board members are ethical and do not merely conform with legal compliance. There is a Code of Business Principles and Ethics policy to be reviewed by the Social and Ethics Committee. The Social and Ethics committee reports incidents to the board as and when required.	The Social and ethics Committee is in the process of implementing a number of policies that relate to the ethical conduct for all employees and the board. These include "Facilitation and Extortion Payments", "Anti-Bribery and Corruption" Preferential Procurement and Enterprise Development" "Gifts, Hospitality and Sponsorship". Ethical issues are dealt with immediately with zero tolerance.
The governing body members are competent to deal with the challenges faced by the company.	Members of the board are particularly diligent and when necessary weekly meetings are held by phone to ensure that all the directors know what the situation is at all times. A great deal of e-mail also keeps directors up to speed as well as a WhatsApp group.	The challenges have been difficult but the board has been tenacious in ensuring that they are dealt with.
The commitment and dedication of the governing body members demonstrates that they take responsibility for the oversight and management of the organisation is significant.	The executives have gone way beyond the call of duty to ensure that the company has been cleaned up and is now ready for a new strategy. When circumstances have resulted in deals failing, other avenues have been followed to ensure the long term sustainability of the organisation.	
Governing body members are accountable to all the key stakeholders and demonstrate their commitment to this.	The governing body takes its responsibilities seriously and have done so in particular in the past year in relation to the regulators and SARS.	
The governing body members ensured fairness in relation to the current key stakeholders with long term sustainability in mind.	The key stakeholders including customers, regulators, employees and shareholders have all been taken into account to ensure that they are treated fairly in difficult circumstances in order to ensure the long term sustainability of the organisation.	
In order to keep all stakeholders informed regular SENS are sent out when events warrant it to be as transparent as possible.	There have been a number of SENS sent out in the past year. Other reporting has been done in the AFS.	An integrated report will be produced as soon as funds are available to do so.
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.		
The governing body needs to walk the talk in relation to ethics.	The business model is based on ethical principles and fairness to customers to assist them with responsible lending.	Ethics breaches are reported to the social and ethics committee who inform the governing body as necessary.
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible citizen.		
The governing body needs to comply with laws, regulations and standards and codes.	The governing body and its committees take responsibility to ensure that all the statutory matters are complied with to the best of their ability.	A concerted effort to comply has been in place despite economic constraints.

Application of principles in King IV continued

The governing body needs to ensure that the organisations' core purpose, values, strategy and conduct are aligned to being a good corporate citizen.	The organisation has had significant challenges from a business perspective and the strategy has had to change to meet difficult circumstances over the last few years.	
The governing body needs to oversee and monitor the consequences of activities and outcomes in relation to: • Workplace • Economy • Society • Environment	The economic constraints mean that employees and executives have not received remuneration that is fair. This will be addressed once the business is on a more stable footing. The other key constraint has been the long time it took to obtain a settlement from SARS as it was difficult to take the business forward with the uncertainty this created. The customers are treated fairly and in terms of statute. The economy has also been a slight constraint as it means customers struggle to repay loans. Environmental outcomes are not significant to the company.	The SARS settlement has now opened opportunities to allow funding and a significant improvement in future results. This will mean that all aspects will be able to be reviewed in the future, in particular to the management and employee remuneration.
Strategy, Performance and Reporting		
Principle 4: The governing body should appreciate that the organisations' core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value reation process.		
The governing body is responsible for performance and strategy taking into account risks and circumstances.	The company has been in a difficult and cash strapped state since the previous governing body was removed. The assets were initially perfected and have now been sold. The SARS claim meant that investors were not interested in funding a company that was not performing and deals could not be closed as funding could not be provided. The Knife Capital deal that was to provide funding to the parties was a problem for all involved as they did not receive the funding that was anticipated. Value has been destroyed over time as the compromise took ten years to be resolved. Despite cost cutting at Elite and at corporate office, without funding Elite has been breaking even and could not improve profits in line with its potential. The company will now need to pay the compromise off by February 2019 and concurrently develop the strategy that will pay all debts owing and return value to the shareholders.	The governing body has had a challenge to sell the assets and keep the company liquid. The opportunity now exists to create value. The management below the governing body are now the Elite management and they have gone to great lengths in difficult times to ensure the company remains sustainable.
The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the of the organisation's performance, and its short, medium and long term prospects.	The key reporting in the last few years was the Annual Financial Statements, published SENS documents and circulars. With the clean up and liquidation of assets and deals that have been structured and some which have failed, the governing body now believes that the company is in a position to move the strategy forward.	An integrated report will be produced as soon as funds are available to do so.
The oversight and performance including general viability and reliance and effects of capitals, the solvency and going concern have been challenging.	The governing body and in particular the executives have made personal sacrifices to ensure the long term sustainability, solvency, liquidity and going concern status has been maintained in difficult conditions.	The audit report has had material uncertainties relating to going concern for the past two years. The way forward is a great deal clearer now that the SARS settlement has been made.

Application of principles in King IV continued

Strategy, Performance and Reporting		
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long term prospects.		
There is oversight over the Annual Financial Statements and meeting of standards as required.	There have been some challenges in relation to disclosure in terms of IFRS and JSE requirements which have received attention. The governing body has been somewhat constrained in not being able to bring in experts when funds have been tight but are committed to comply with all requirements. The executives and audit committee understand the responsibility to comply and are committed to put effort into this aspect of reporting. SENS are used to inform the public of key events that occur. The King IV evaluation is disclosed to demonstrate compliance thereof.	
Governance Structures and Delegation		
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.		
The governing body should demonstrate leadership and strategic direction, approve policy and planning and oversee monitoring of implementation and execution by management and ensure accountability and reporting disclosure.	The governing body has had a difficult task as their role often consisted of bringing a distressed company back on its feet. This was complicated by the SARS settlement that has now been resolved and is in the process of being paid. Monthly payments will be made to February 2019.	The AFS note the number of meetings held by the governing body.
Composition of the governing body.		
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities effectively.		
The governing body is responsible to ensure that governance is in place by ensuring that the composition facilitates the oversight and governance role of the board as a whole.	The governing body takes responsibility for ensuring that there is an appropriate balance of power and skills and experience with in the board members to provide the best possible governance environment without having unlimited resources to attract or retain a large number of directors. The Chief executive officer is also the acting Chairman as funding is limited. The CFO is appointed to the board and there are three independent board members. The directors have a rotation policy in place that ensures that the shareholders vote on reappointment on a scheduled basis. The three independent board members are all on the Audit Committee and the Remuneration Committee.	
	Conflicts are noted and minuted in meetings. If the need arose, a board member would be recused from discussions where they could be conflicted. Board members are informally evaluated for independence. There are no board members that have served longer than nine years.	
	Two of the board members are female. At this point no race diversity exists but a target of 30% is envisaged by 2020.	
	There is disclosure in the financial statements covering information in relation to the directors.	

Application of principles in King IV continued

Committees of the governing body		
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.		
Delegation of responsibilities are allocated to the board and executives and to the Audit and Risk, Remuneration and Social and Ethics Committee.	There is Board Charter delegating roles and putting committees in place. The Committees have charters setting out their responsibilities. There is no nominations committee and once the size of the company increases this will be implemented. The three independent board members have been committed to seeing out the difficult times the company has been through. The Social and Ethics committee has an independent director and executives as members. With a small board the cross-membership of the committees is in place. There is a balanced distribution of power and no one individual is able to dominate the other governing body members. There is an Audit Committee report in the Annual Financial Statements setting out their role, responsibility and focus.	
Evaluations of the performance of the governing body		
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.		
The governing body should evaluate the performance of the independent and executive members.	An informal evaluation of the governing body members is done annually. A discussion is held at the Remuneration committee meeting and any issues would be raised with the individuals should this become necessary. Once the company grows it will be necessary to review this process and put formal processes in place.	
Appointment and delegation to management		
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.		
The governing body Appoints the CEO. The CEO is accountable to the governing body. He is not a member of the Audit and Risk or Remuneration committee but attends the audit and risk committee meetings together with the CFO.	When the previous CEO left the current CEO took over the role as a temporary measure. He has since also been appointed acting Chairman. This was necessary due to the fact that it was necessary to reduce costs and clean up the business units.	Once the company is back on track with sufficient funding and income stream this situation will be reviewed.
The governing body should ensure it has access to professional and independent guidance on governance and legal duties.	Statucor has been engaged to perform the company secretarial duties of the company, the sponsor is PSG and a firm of lawyers assist with legal aspect of the company.	

Application of principles in King IV continued

Governance Functional Areas – Risk Governance		
Principle 11: The Governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.		
The governing body should assume responsibility of risk by setting direction for how risk should be approached and addressed in the organisation.	The risk governance encompasses both the risk and opportunities when developing strategy and the potential positive and negative aspects thereof. With the company having been through extremely trying times since the removal of the previous directors and the sale of the assets that were perfected when the loans were not paid the key risks have related to resolving the challenges that remained, repayment of debt, the SARS compromise and looking for opportunities to grow the business. Key risks that were always in the business plan related to financial risks in the Elite business and the going concern and long term sustainability of the company.	The governing body is of the opinion that now that the key challenges are now being resolved there are new opportunities that were not available while the uncertainty of the SARS compromise was still being sought.
Governance Functional Areas - Technology		
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.		
The governing body should assume responsibility for the governance of technology and information by setting the direction and approach of addressing IT in the organisation.	The use of technology is key to the business models that have been part of the business in the past few years. It is part of the strategy and has been used effectively. The board has been kept up to date on the development and success of the IT used in its subsidiaries. There has been substantial IP embedded in IT. The management and governance of IT has been a big part of the responsibility of the executives in the subsidiaries.	IT set up and how it is managed. Once the company grows it will be necessary to implement even more stringent IT governance into the group.
Compliance Governance		
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.		
The governing body has been committed to ensuring that compliance is adhered to.	The organisation does not have an internal audit function and once it is large enough will reconsider this. However, the company secretary and JSE sponsor and lawyers have been used to obtain advice and ensure compliance has been adhered to. In addition the subsidiaries have had the responsibility of ensuring that they comply with all the rules, regulations and codes that were required of them. The company now in the process of ensuring that King IV is also complied with.	

Application of principles in King IV continued

Remuneration Governance		
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote achieve the achievement of strategic objectives and positive outcomes in the short, medium and long term.		
The governing body should assume responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed on an organisation-wide basis.	The governing body has a Remuneration Committee that takes responsibility for the remuneration of the company. As the company has had significant challenges to overcome in order to ensure long term sustainability remuneration and proper incentivisation of employees has not been possible. Employees have forgone increases for a number of years. Executives have adjusted their remuneration to ensure that the company cashflow was not compromised. Once the company is back on a profit making path this will be reviewed. The details are included in the Annual Financial Statements.	
Assurance		
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.		
The governing body should assume responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions.	Although a combined assurance model is in early stages of implementation the governing body has ensured that the auditors, sponsors, the company secretary and experts where necessary have been employed to ensure that appropriate assurance is given on key aspects of reporting of information to the stakeholders.	Once internal audit is affordable it will be introduced by the governing body.
Stakeholders		
Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations material stakeholders in the best interests of the organisation over time.		
The governing body should set the direction of how stakeholders should be approached and conducted in the organisation. It is required to delegate, have oversight of and report on its stakeholder focus.	The governing body supports a stakeholder approach and in addition to its shareholders focusses on other key stakeholders including its customers who are part of the communities it serves, the regulators and employees. The governing body endeavours to ensure that it treats all stakeholders fairly and with integrity. Once the company is fully back on a profitable footing consideration will be given to additional social responsibility issues.	The formulation of a more in depth framework needs to be developed to formalise a process that demonstrates all the key aspects our stakeholder approach. This is currently under consideration.
Conclusion: The governing body subscribes to the principles of King IV and believe that the company is on an appropriate journey to constantly improve and comply more fully with the requirements of King IV.		

Annual Financial Statements

For the year ended 28 February 2018

The reports and statements set out below comprise the financial statements presented to the shareholders:

Level of Assurance

1. Level of Assurance

These Annual Financial Statements have been audited in compliance with the International Standards of Auditing. The preparation of the annual financial statements was supervised by:

G Hope CA(SA)
Chief Financial Officer

2. Preparer

Dylan Kohler Professional Accountant (SA)
Consultant

Audit and Risk Committee Report

Annual Financial Statements for the year ended 28 February 2018

Introduction

The Audit Committee ("the Committee") has pleasure in submitting its report, as required by section 94 of the Companies Act, 2008, as amended, and by the JSE Listings Requirements. The committee acts for the Company and all its subsidiaries and is accountable to the Shareholders and the Board. It operates within its documented charter and complies with all relevant legislation, regulation and executes its duties in terms of substantially all the King IV requirements.

The committee was appointed by the AGM on the 18 October 2017.

1. Audit committee report

The Committee continues to focus on ensuring effective operation, through sound control and compliance. In the period under review the Committee has focused its attention on the critical risks facing the Group and sustainability of the Group. It has been another difficult year and cash flow was a particular problem with the directors assisting the company to remain liquid. The controls that were implemented to ensure the debtor's book is appropriately valued were once again reviewed and the board and audit committee believe they have the appropriate assurance that the results as audited are appropriate. The company does not have an internal audit function and the policy is to obtain external specialists to review areas of concern. The consultants employed during the year related to legal expertise to assist with the taxation issues, the debtors' book and related matters around business decisions affecting the assets. The SARS compromised took place in December 2017 and the company is busy repaying the required amount. The Audit Report contains material uncertainties related to the going concern paragraph.
The Committee and the Board have regular discussions to monitor and discuss both the progress and implications of this process and believe that the past problems have been adequately resolved.

The Committee assures shareholders that it continues to take all the steps necessary to ensure the appropriate process is being followed to prevent any further problems from arising.

The Committee has reviewed the going concern assessment on which the Board has confirmed that it concludes that the Group and the company are both going concerns. The Committee agrees that this conclusion is appropriate and that the basis of accounting for the Group and the company as a going concern is appropriate. There are still some tough times ahead for the Group but the committee is confident that the business is sustainable at least for the next twelve months. (refer Note 1.18)

Purpose

The main purpose of the committee is to assist the Board in the oversight of:

- the integrity of the financial statements;
- the effectiveness of internal control over financial reporting;
- independence and qualification of the independent registered auditor;
- the company's compliance with legal and regulatory requirements; and
- approving the expertise of the financial director

1. Composition of the Audit Committee

The members of the Audit Committee are all independent non-executive directors of the Group and include:

Name	Qualification
Ms. HH Hickey	CA(SA)
Ms. V Lessing	
Mr. SM Roper	CA(SA)

The Committee meetings were attended by invitees throughout the period. All the directors were invited to attend the meetings. The Financial Director was required to attend. The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act of 2008 and Regulation 42 of the Companies Regulation, 2011.

Audit and Risk Committee Report

Annual Financial Statements for the year ended 28 February 2018 continued

2. Meetings held by the Audit Committee

The Audit Committee performs the duties laid upon it by Section 94(7) of the Companies Act of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors. Afdawn held Audit Committee meetings during the period as indicated in the table below. The attendance of the meetings is set out below:

Member / Invitee	2017/05/23	2017/05/30	2017/08/23	2017/10/18	2017/11/22	2018/02/27
Ms. HH Hickey (Chairman)	Yes	Yes	Yes	Yes	Yes	Yes
Ms. V Lessing	Yes	No	Yes	Yes	Yes	No
Mr. SM Roper	Yes	Yes	Yes	Yes	Yes	Yes
Mr. WJ Groenewald #	Yes	Yes	Yes	Yes	Yes	Yes
Mr. G Hope #	Yes	Yes	Yes	Yes	Yes	Yes

 # - invitee

3. External auditor

The Committee nominated Grant Thornton Johannesburg Partnership ("Grant Thornton") for appointment as external auditors of Afdawn. The Committee satisfied itself that the external auditor is independent of Afdawn, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Ltd Listings Requirement. There has been a change in the audit partner and Ms. Vianca Pretorius, the designated auditor, and the firm are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. The Audit Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved for the 2018 financial year end, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope. The Committee approved a non-audit services policy which determines the nature and extent of any non-audit services which Grant Thornton may provide to the Company. The policy allows for limited tax and corporate governance advice.

4. Financial statements

The Committee has evaluated the Group financial statements for the year ended 28 February 2018 and, based on the information provided, the committee considers that the Group complies in all material respects, with the requirements of the Companies Act, International Financial Reporting Standards (IFRS) and the Listing Requirements of the JSE. The requirements of King IV are continuously being assessed and improved on with significant issues resolved. The Group substantially complies with the requirements of King IV except in respect of those principals highlighted in the corporate governance report. We are aware that King IV recommends that the Chairman and CEO should be separate people but as the Company has not been able to afford it we have an executive Chairman and Lead independent Director.

5. Accounting practices and internal control

Based on the available and communicated information, together with discussions with the independent external auditor, the Committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year under review. The Committee reviewed the auditor's management letter and can report that there were no material issues requiring immediate additional attention. The value added issues raised are receiving the appropriate attention to ensure increased effectiveness in all areas of financial and business systems and controls.

6. Financial director

The Audit Committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Ltd Listings Requirements that the financial director has the appropriate expertise and experience.

The Committee has also evaluated the financial capability of the finance team and believes that the appropriate skill, expertise and experience resides in the financial function.

7. Company Secretary

The Audit Committee has evaluated the Company Secretary and is satisfied that the level of the secretary's experience, expertise and independence are in line with JSE requirements.

On behalf of the Audit Committee.

HH Hickey
Chairman Audit Committee Johannesburg

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the Companies Act of 2008. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the Johannesburg Stock Exchange ("JSE") Listings Requirements, the requirements of the South African Companies Act and the SAICA financial reporting guides as issued by the Accounting Practices Committee. The financial statements are prepared using appropriate accounting policies which are consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The external auditor is responsible for independently auditing and reporting on the Group's and company's financial statements. The financial statements have been examined by the Group's external auditor and their report is presented on pages 28 to 31.

The financial statements set out on pages 32 to 95 and the directors' report which is set out on pages 32 to 34, which have been prepared on the going concern basis refer to accounting policies, were approved by the board on 30th July 2018 and were signed on its behalf by:

WJ Groenewald

G Hope

Johannesburg
30th July 2018

Group Secretary's Certification

Declaration by the Group secretary in respect of Section 88(2)(e) of the Companies Act of 2008

AFRICAN DAWN CAPITAL LIMITED
REGISTRATION NUMBER 1998/020520/06

REPORT BY THE COMPANY SECRETARY

We, in our capacity as Company Secretary, hereby certify, in terms of S88(2)(e) of the Companies Act 71 of 2008, as amended (the Act), that for the year ended 28 February 2018, the Company has lodged with the Commissioner all such returns as are required in terms of the Act, and that all such returns are, to the best of our knowledge and belief, true, correct and up to date.

COMPANY SECRETARY
STATUCOR (PTY) LTD
Per: A Rich

30th July 2018

Statucor
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Independent Auditor's Report

To the shareholders of African Dawn Capital Limited

Independent Auditor's Report
To the shareholders of African Dawn Capital Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of African Dawn Capital Limited (the Group and Company) set out on pages 35 to 95, which comprise the consolidated and separate statements of financial position as at 28 February 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to consolidated and separate the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of African Dawn Capital Limited as at 28 February 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties related to going concern

We draw attention to the directors' report in the financial statements, which indicates that the Group and the Company incurred a net loss of R2.66million and R3.08million respectively during the year ended 28 February 2018. In addition, Note 1.18 indicates that material uncertainties relating to events or conditions exist which may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Material Uncertainties related to Going Concern section, we have determined the matters below to be key audit matters to be communicated in our report.

The following key audit matters relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment allowance of Trade Receivables At 28 February 2018, trade receivables amounted to R30.291million, against which an impairment allowance of R9.288million was recorded. This is disclosed in Notes 10 and 36 to the consolidated financial statements. Trade receivables are stated at amortised cost net of identified impairments. The methodology and assumptions used for estimating both the amount and timing requires significant judgement and estimation. These are key areas of estimation uncertainty as disclosed in Note 1.18.	Our audit included obtaining, understanding and testing the relevance of the policy for impairment allowance of trade receivables. Our testing included the following procedures: • Comparing and recalculating the allowance for doubtful debt based on the client's policy in order to ascertain the accuracy of the allowance calculated by the client. • Comparing the client's ageing based on their policy to an ageing performed by our Computer Assisted Audit Techniques' "CAATS" internal IT specialist. The ageing performed by the IT Specialist was based on last payment date as opposed to the ageing calculated based on a mix of status and payment date as per the client's methodology. The differences identified prompted further investigation into the relevance of the client's credit policy and as such management engaged with an expert in this regard.

Independent Auditor's Report

To the shareholders of African Dawn Capital Limited continued

As a result of the differences identified by the auditor, the credit committee undertook to review the estimates to the impairment allowance in light of changing economic circumstances und updated collection trends. An independent expert was appointed to assist with the review. Based on the outcome of the expert's review, the committee was prompted to revise the estimates used in the different categories as disclosed in Note 37 "Change in Estimate". The change in estimate resulted in an additional impairment allowance of R1.7million. The impairment allowance was a matter of most significance to the audit and therefore identified as a key audit matter, given the material value of trade receivables as a whole to the financial statements, the subjective nature of the allowance calculation and the effect of these on the risk management processes and operations of the Group.	We have placed reliance on management's expert and performed the following audit procedures: • Evaluated the competence, capability, and objectivity of management's expert; • Held discussions with the expert to assess the scope of the review performed; • Performed an input test on the information received by the expert, by comparing the information on a sample basis to other sections of audit work performed. • Performed detailed work on a sample of subsequent payments received by debtors. The results of the subsequent payment test was in line with management's calculations. • Assessed the reasonableness of the revised policy applied by management based on the outcome of the expert's review. We furthermore considered the adequacy of the Group's disclosure of trade receivables and the related impairment allowance.
Timing of recoverability of R4.7million from a long outstanding debtor. At 28 February 2018, R4.7million from a long outstanding debtor has been reflected as part of trade receivables disclosed in Note 10, and also separately disclosed in Note 27. This debtor is key to the going concern assessment of the Group and has been disclosed as a material uncertainty under the going concern judgement as per Note 1.18. The payment schedule that was in place and that had failed, has been restructured subsequent to year end. This has been disclosed in Note 39. Agreements incorporating the restructured arrangements have been concluded. As per management's estimate, the restructured arrangement significantly increases the likelihood of repayment by the debtor in the next 12 months. Significant management judgement is involved in the assumptions regarding the timing of the recoverability of the material debtor, and hence this has been identified as a key audit matter. In addition, as disclosed in Note 1.18 a director has waived his right to claim, call up, or access his loan account contributions after year end to the sum of R2.4million, which shall only become due, owing and payable at such time when the restructured arrangement relating to the long outstanding debtor of R4.7million has been paid or discharged in full. If the board of directors of the company determine that the debt is no longer recoverable, then the director irrevocably waives his right, title and interest in and to his loan account to the sum of R2.4million.	Our audit included obtaining, understanding and testing the restructured arrangement. In evaluating the restructured arrangement, we performed various procedures, including the following: • Obtained the restructured signed settlement agreements and confirmed the settlement agreements amounts are covering the full outstanding balance of R4.7million. • Obtained an understanding of the deals structured in the settlement agreements to repay the debtor. • Performed a sensitivity analysis to determine the minimum percentage success rate of the deals to repay the outstanding debtor. • Assessed the minimum percentage success rate of the deals in terms of reasonability to conclude if the deals will provide sufficient cash flow to recover the debtor. With regards to the director's waiver of his right to claim, call up or access his loan account contributions after year end we performed the following procedures: • We have obtained the signed waiver and inspected that the terms agreed with the director is in line with our expectations, • We have inspected the bank statement for the subsequent payment of R2.4million paid by the director after year end. We furthermore considered the adequacy of the Group's disclosure of the long outstanding debtor.

Independent Auditor's Report

To the shareholders of African Dawn Capital Limited continued

The following key audit matters relate to the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of Investments As per IAS 36 Impairment of Assets, the Company is required to annually test the carrying value of the investments in subsidiaries for impairment when there is an indicator of impairment. This is performed using discounting cash flow models for the various investments. Due to the value of the investment in subsidiaries representing 50% of the total assets as of 28 February 2018, as well as the significant judgement used in the inputs into the free cash flow models, this has been considered to be a key audit matter. The impairment testing resulted in an impairment in the value of investments in subsidiaries in the current year of R1.675million.	In evaluating the recoverable amount of investments in subsidiaries, we performed various procedures, including the following: • Utilised our corporate finance specialist in assessing the reasonableness of the model used for the value in use calculation as well as the key inputs into the model such as the pre-tax discount rate, revenue growth rates and terminal growth rate against external market data; • Tested the mathematical accuracy of the models; • Held discussions with management to understand the key assumption applied; • Performed sensitivity analysis on the key assumptions; • Considered the reasonableness of management's forecast and WACC; • Reviewed the historical budgeting accuracy of the Group. We assessed the adequacy of the Group's disclosure (refer Note 6) about these assumptions to which the outcome of the impairment test is most sensitive. That is, those disclosures that have the most significant effect on determination of the recoverable amount of the investment in subsidiaries.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

Independent Auditor's Report

To the shareholders of African Dawn Capital Limited continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of African Dawn Capital Limited for 9 years.

Grant Thornton.

Grant Thornton
Registered Auditors
Practice Number: 903485E

V Pretorius
Partner
Registered Auditor
Chartered Accountant (SA)

30th July 2018

@Grant Thornton
Wanderers Office Park
52 Corlett Drive Illovo, 2196

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Afdawn for the year ended 28 February 2018.

1. Review of activities

General information

Nature of business

Afdawn was formed in 1998 as a micro finance company which, following its listing on the Alternative Exchange of the JSE in 2004, grew into a niche finance provider. The Group, through its wholly owned subsidiaries, Elite and Elite Two, provides unsecured personal loans (micro finance) and provides online consulting to entrepreneurs, investors and advisors through its online YueDiligence platform.

Group details

The Group's place of domicile and country of incorporation is the Republic of South Africa and it has an AltX listing on the JSE Limited.

The registered office and principal place of business is: 3rd floor The Village at horizon, Cnr Sonop & Ontdekkers Road Horizon View, Gauteng 1724.

Information relating to the subsidiaries of the company is in Note 6.

Review of operations

The operating results and the state of affairs of the Group are fully set out in the attached statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and the notes thereto.

The Group's loss attributable to shareholders amounted to (R2.6m)(2017: (R12.18)million). The Net Asset Value decreased to R8million (2017: R10,3million). The Company's loss amounted to ((R3.08m)(2017:R6.65m)). Net Asset Value of the company decreased to R12.5million (2017: R 15.5million).

2. Going concern

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.

The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined in Note 1.18

3. Major transactions, events and disclosure changes

The major transactions and events during the year were:

- Cancelation of Dzothe transaction
- Candlestick/Greenoaks transaction refer to Note 8
- Knife Capital Restucturing and Knife Capital Disposal Note 12
- Grindstone disposal refer to Note 13
- SARS settlement refer to Note 15
- Related party transactions Note 34

4. Events after the reporting period

There are various events after the reporting period. Refer to Note 39.

Directors' Report continued

5. Directors

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

Directors	Office	Designation
WJ Groenewald	Chief Executive Officer (CEO) and acting Chairperson*	Executive
Graham Hope	Chief Financial Officer (CFO)	Executive
V Lessing		Independent non-executive
HH Hickey	Chair audit committee	Independent non-executive
SM Roper		Independent non-executive

* The CEO is acting in the capacity of Chairperson until financial constraints allow the company to appoint additional independent directors. The board has appointed a lead independent non-executive director to mitigate risk as required by the JSE Listings requirements.

6. Meetings held by the board:

Member	2017/05/23	2017/05/30	2017/08/23	2017/10/18	2017/11/22	2018/02/27
HH Hickey	Yes	Yes	Yes	Yes	Yes	Yes
V Lessing	Yes	No	Yes	Yes	Yes	No
SM Roper	Yes	Yes	Yes	Yes	Yes	Yes
WJ Groenewald	Yes	Yes	Yes	Yes	Yes	Yes
G Hope	Yes	Yes	Yes	Yes	Yes	Yes

7. Directors' interests in shares

As at 28 February 2018, the directors of the company held direct and indirect beneficial interests in 5.4% (2017: 5.4%) of its issued ordinary shares, as set out below.

Interests in shares

	2018 Direct	2017 Direct	2018 Indirect	2017 Indirect
WJ Groenewald	3,952	3,952	1,151,240	1,151,240
G Hope	58,750	58,750	-	-
	62,702	**62,702**	**1,151,240**	**1,151,240**

At the date of this report, the directors of the company held direct and indirect beneficial interests in the company as indicated per the table below:

2018	**Direct**	**Indirect**	**Total**	**% Held**
WJ Groenewald	3,952	1,151,240	1,155,192	5.3
G Hope	58,750	-	58,750	0.1
	62,702	**1,151,240**	1,213,942	5.4

There was no change in the director's interest between year end and the date of this report.

Directors' Report continued

8. Borrowing limitations

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

9. Special resolutions

The special resolutions set out below were passed at a General Meeting and the Annual General Meeting ("AGM") held on 18 October 2017.

- Non-executive directors' fees
- General authority to acquire own shares
- Loans or other financial assistance to inter-related companies within the Group
- Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related Company

10. Discontinued operations

As announced on SENS Afdawn has sold Knife Capital and Grindstone as well as the transfer of Greenoaks property in possession as part of the Candlestick Transaction. In order for shareholders to see the effect on the financial records and to comply with IFRS standards, all three have been treated as discontinued operations in the current and prior year.

11. Auditors

We will recommend to the shareholders that Grant Thornton will continue in office as designated auditors of Afdawn in terms of the Companies Act of 2008.

12. Secretary

The independent company secretary at the year-end is Statucor Proprietary Limited whose address is as follows:

2nd floor, Block D
The Boulevard Office Park
Searle Street
Woodstock
7925

13. Dividends

No dividends were declared or paid to shareholders' during the period Rnil (2017: Rnil).

14. Shares

Consolidations of Shares was approved by 98.72% of the shareholders at General Meeting on 18 October 2016.

15. Registered office

The company's registered office is:
2nd Floor
Waterfront Terraces
Tygervalley Waterfront
7530

Statement of Financial Position as at 28 February 2018

	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Assets					
Non-Current Assets					
Property, plant and equipment	3	400	605	36	70
Goodwill	4	-	4,679	-	-
Intangible assets	5	921	3,775	-	-
Investments in subsidiaries	6	-	-	6,377	15,877
Deferred tax	7	26	697	-	-
		1,347	**9,756**	**6,413**	**15,947**
Current Assets					
Properties in possession	8	-	15,853	-	-
Loans to Group companies	9	-	-	11,622	25,216
Trade and other receivables	10	22,851	31,193	994	114
Cash and cash equivalents	16	429	1,983	55	78
		23,280	**49,029**	**12,671**	**25,408**
Total Assets		**24,627**	**58,785**	**19,084**	**41,355**
Equity and Liabilities					
Equity					
Share capital and share premium	17	313,943	313,943	313,943	313,943
Accumulated loss		(305,825)	(303,630)	(301,467)	(298,388)
Non-controlling interest	14	(114)	-	-	-
		8,004	**10,313**	**12,476**	**15,555**
Liabilities					
Non-Current Liabilities					
Deferred tax	7	-	758	-	-
Borrowings	18	4,031	6,316	-	-
		4,031	**7,074**	**-**	**-**
Current Liabilities					
Loans from Group companies	9	-	-	2,346	6,927
Current tax payable	15	5,705	16,280	3,312	8,673
Borrowings	18	4,259	9,475	-	-
Loans from directors	19	685	1,523	685	1,523
Operating lease liability	20	62	5	-	5
Trade and other payables	21	1,881	14,115	265	8,672
		12,592	**41,398**	**6,608**	**25,800**
Total Liabilities		**16,623**	**48,472**	**6,608**	**25,800**
Total Equity and Liabilities		**24,627**	**58,785**	**19,084**	**41,355**

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group 2018 R'000	Group 2017 R'000 Restated*	Company 2018 R'000	Company 2017 R'000 Restated*
Operations					
Revenue	23	17,409	21,360	117	775
Cost of sales		(116)	(42)	-	-
Gross profit		**17,293**	**21,318**	**117**	**775**
Other income	24	1,599	1,772	4,911	904
Operating expenses		(31,348)	(29,477)	(14,161)	(7,475)
Operating loss	25	**(12,456)**	**(6,387)**	**(9,133)**	**(5,796)**
Investment income	26	27	30	-	1
Reduction in liability to Nexus	22	-	2,162	-	-
Loss on sale of subsidiary	12	-	-	(2,309)	-
Profit on sale of equity accounted investment	13	-	-	55	-
Gain on SARS settlement (Note 15 and Note 21)		11,809	-	8,371	-
Deemed interest income/(expense)	27	433	(585)	-	-
Finance costs	28	(1,114)	(2,560)	(63)	(855)
Loss before taxation		**(1,301)**	**(7,340)**	**(3,079)**	**(6,650)**
Taxation	29	4	26	-	-
Loss from continuing operations		**(1,297)**	**(7,314)**	**(3,079)**	**(6,650)**
Loss from discontinuing operations	31	(1,364)	(4,874)	-	-
Total comprehensive (loss) for the year		(2,661)	(12,188)	(3,079)	(6,650)
Loss attributable to:					
Owners of the parent:		(2,614)	(12,188)	-	-
Non-controlling interest in share loss		(47)	-	-	-
Loss per share from operations	42	(12.1)	(55.6)		
Basic and diluted loss per share (c) - continued operations		(5.9)	(33.4)		
Basic and diluted loss per share (c) - discontinued Operations		(6,2)	(22,2)		

* The prior year figures have been restated to take into account the discontinued operation and reclassification error in the prior year. Refer to Note 31 and Note 44.

Statement of Changes in Equity

Group	Share Capital R'000	Share Premium R'000	Total Share Capital R'000	Accumulated loss R'000	Non controlling Interest R'000	Total equity R'000
Balance at 01 March 2016	8,803	305,140	313,943	(291,442)	-	22,501
Total comprehensive loss for the year	-	-	-	(12,188)	-	(12,188)
Balance at 28 February 2017	8,803	305,140	313,943	(303,630)	-	10,313
Change in holding (refer Note 11)				419	(67)	352
Total comprehensive loss for the year	-	-	-	(2,614)	(47)	(2,661)
Balance at 28 February 2018	8,803	305,140	313,943	(305,825)	(114)	8,004
Note(s)	17	17	17		14	

Company						
Balance at 01 March 2016	8,803	305,140	313,943	(291,738)	-	22,205
Total comprehensive loss for the year	-	-	-	(6,650)	-	(6,650)
Balance at 28 February 2017	8,803	305,140	313,943	(298,388)	-	15,555
Total comprehensive loss for the year	-	-	-	(3,079)	-	(3,079)
Balance at 28 February 2018	8,803	305,140	313,943	(301,467)	-	12,476
Note	17	17	17			

Statement of Cash flows

	Notes	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Cash flows from operating activities					
Cash generated (used in) /by operations	32	6,837	4,836	(8,292)	(2,573)
Interest income - continued	26	27	31	-	1
Interest income - discontinued	31	5	53		
Finance costs - excluding SARS interest on income tax - continued	28	(1,114)	(1,718)	(63)	(401)
Finance costs - excluding SARS interest on income tax - discontinued	31	(169)	(685)		
Tax (paid)/refunded	33	(3,010)	322	(1,042)	-
Net cash from operating activities		**2,576**	**2,839**	**(9,397)**	**(2,973)**
Cash flows from investing activities					
Purchase of property, plant and equipment - continued	3	(17)	(44)	-	-
Proceeds on disposal of property, plant and equipment - continued	3	-	31	-	-
Purchase of intangible assets - continued	5	(344)	(303)	-	-
Sale of subsidiary- continued	12	3,570	-	3,625	-
Proceeds from sale of equity controlled instrument - discontinued	13	1,000		1,000	-
Proceeds from loans to Group companies - continued	9	-	-	6,727	1,229
Net cash from investing activities		**4,209**	**(316)**	**11,352**	**1,229**
Cash flows from financing activities					
Borrowings repaid - continued	18	(1,337)	(4,562)	-	-
Borrowings repaid - discontinued	18	(6,164)	-	-	
Repayment of loans from Group companies - continued	9	-	-	(1,140)	(2)
Finance lease payments - continued		-	(19)	-	-
Directors loans (repaid)/raised - continued	19	(838)	1,036	(838)	1,036
Net cash from financing activities		**(8,339)**	**(3,545)**	**(1,978)**	**1,034**
Total cash movement for the year		**(1554)**	**(1,022)**	**(23)**	**(710)**
Cash at the beginning of the year		1,983	3,005	78	788
Total cash at end of the year	16	**429**	**1,983**	**55**	**78**

Accounting Policies

1. Accounting Policies

1.1 Summary of accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the requirements of the Companies Act of 2008 and the JSE Listing Requirements and Financial reporting pronouncements as issued by the Financial Reporting Standards Council and SAICA financial reporting Guides as issued by the Accounting Practices Committee.

The consolidated financial statements have been prepared using the historical cost convention, as modified for certain items measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods or services. The principal accounting policies applied in the preparation of these consolidated financial statements are set out in this Note. These policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas that involve a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.18.

1.2 Changes in accounting policies and basis of preparation

The following standards have been adopted during the current year

° Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The impact of the amendment would result in additional disclosure included in the Note 32 if there were non-cash effects on borrowings .

1.3 Basis of consolidation

<u>Subsidiaries</u>

Subsidiaries are those entities that are controlled by the Group.

<u>Control</u>

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers all facts and circumstances relevant to its involvement with an entity to evaluate whether control exists and assesses any changes to the facts and circumstances relevant to the entity and reassesses the consolidation requirements on a continuous basis.

<u>Changes in ownership interest in subsidiaries without change in control</u>

Transactions with non-controlling interests that do not result in the loss of control are accounted for as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid or received and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Accounting Policies continued

Company - separate financial statements

Investments in Group companies are accounted for at cost less impairment losses in the company financial statements. The carrying amounts of these investments are reviewed annually and impaired when necessary by applying policy described in policy Note 1.11.

Business combinations

The Group applies the acquisition method to account for business combinations.

Consideration

The consideration transferred for the acquisition of a subsidiary is the sum of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Loss of control

Upon the loss of control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary.

Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

1.4 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint arrangements. Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investments the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill is not amortised, but is tested for impairment at least once a year. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee, all other leases are classified as operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.6 Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.7 Employee benefits

Short-term employee benefits

The Group provides only short-term employee benefits. There are no post retirement employee benefits.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies continued

1.8 Income taxes

Tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement.

Current taxation

Current taxation is the expected tax payable on the taxable income for the year, using taxation rates enacted or substantively enacted at the reporting date, and any adjustment to taxation payable in respect of previous years (prior- period tax paid).

Deferred tax

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred taxation is recognised in profit or loss for the period, except to the extent that it relates to a transaction that is recognised directly in equity or in other comprehensive income, or a business combination that is accounted for as an acquisition.

Deferred taxation assets are recognised to the extent that it is probable that future taxable income will be available against which the unutilised taxation losses and deductible temporary differences can be used. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

1.9 Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, to their residual values. The straight-line method is used and the estimated useful lives are as follows:

Property, plant and equipment

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	4 - 6 years
IT equipment	Straight line	3 - 5 years
Leasehold improvements	Straight line	Length of leases
Motor vehicles	Straight line	5 years
Office equipment	Straight line	3 - 5 years

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

The depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

If the recoverable amount is less than the carrying amount then the carrying amount is impaired in line with policy 1.11.

1.10 Intangible assets

Computer software - internally generated

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the criteria are met.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Accounting Policies continued

Subsequently these intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Micro finance software	5 years
Intangible assets recognised on Knife Capital Group	Period of contract between 3 - 6 years
YueDiligence software development	3 years
SME Snapshot software development	Not yet brought into use

The amortisation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

1.11 Impairment testing of goodwill, intangible assets, subsidiaries and property, plant and equipment

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Intangible assets that are not ready for use are tested annually for impairment and when an indicator for impairment exists. Intangible assets that are subject to amortisation and other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher amount of an asset's fair value less cost of disposal and value in use. Fair value less cost of disposal is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are Grouped at the lowest levels for which there are separately identifiable cash inflows from continuing use (cash-generating units). Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed.

In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Contingent assets

A Contingent asset is an asset that arises from past events and whose existence will be confirmed only by the occurrence or non - occurrence of one or more uncertain future events not wholly within control of the entity.

1.13 Revenue

Revenue comprises:

- Interest income on principal outstanding debt and originating fees
- Non-interest income (monthly service fees);
- Income from the rendering of services;
- Rental income (rental income from properties in possession); and
- Insurance income

Revenue excludes value-added tax. Revenue is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

◊ Accounting Policies continued

The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

Interest income

Interest income is accrued on a yield to maturity basis by reference to the principal outstanding and the interest rate applicable. Interest income is recognised in profit or loss using the effective-interest method taking into account the expected timing and amount of cash flows.

Where the Group advances interest-free loans, the interest income is accrued on a yield to maturity basis using an imputed interest rate, taking into account the risk rating of the customers to whom these loans are granted.

In instances where a loan is in arrears for greater than 90 days and moved into the collection category, an assessment is made regarding the recoverability of the loan or Group of loans and if necessary, based on available evidence at that date, the accrual of interest from that date is partially or fully suspended and not recognised in profit or loss until recovery is highly likely or actually recovered.

- Origination fees on loans granted

These fees are charged upfront, are capitalised into the loan, and are primarily based on the cost of granting the loan to the individual. In accordance with IAS 18 - Revenue, these origination fees are considered an integral part of the loan agreement and are therefore recognised as an integral part of the effective interest rate and are accounted for over the shorter of the original contractual term and the actual term of the loan using the effective interest rate method. Related transaction costs are also deferred and recognised as an adjustment to the effective interest rate.

The deferred portion of the fees is recorded in the statement of financial position as a credit to trade debtors and unwound to interest income over the term of the loan. The Group does not defer any related operating costs, as these are all internal costs which are not directly attributable to individual transactions and as such are primarily absorbed infrastructure costs.

Non-interest income

Non-interest income consists primarily of administration fees on loans and advances. Administration fees charged consist of monthly service fees:

- Monthly service fees

The fee is recognised in profit or loss as it is charged to the customer on a monthly basis.

Rendering of services

The Group generates revenues from consulting and advisory services. Consideration received for these services is initially deferred, included in other liabilities, and is recognised as revenue in the period when the service is performed.

The Group determines the stage of completion by considering both the nature and timing of the services provided and its customer's pattern of consumption of those services, based on historical experience. Where the promised services are characterised by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight- line basis. Revenue from consulting services is recognised when the services are provided by reference to the contract's stage of completion at the reporting date using percentage complete method.

Rental income

The Group earns rental income from properties in possession. Rental income is recognised on a straight-line basis over the term of the lease.

Insurance income

The group earned insurance income from certain micro-finance debtors. The insurance premiums are managed by a third party and a commission is received based on the premiums which are recognised in revenue when they become due.

1.14 Investment Income

Investment income relates to interest earned on cash and cash equivalents and is recognised on the same basis as interest income as outlined above.

Accounting Policies continued

1.15 Financial instruments

The Group has the following financial instruments:

- Other financial assets
- Loans to Group companies
- Trade receivables
- Other receivables
- Cash and cash equivalents
- Borrowings
- Loans from Group companies
- Loans from directors
- Trade payables
- Other payables
- Properties in possession

All disclosures required by IFRS 7 can be found in Note 36.

Properties in possession

Properties in possession arise when a counterparty is unable to settle its obligations and the Group takes possession of collateral as full or part settlement of such amounts. In general, the Group seeks to dispose of such property and other assets that are not readily convertible into cash as soon as the market for the relevant asset permits. Properties in possession are reported separately from loans and receivables so that users can differentiate them from ordinary loans and receivables.

The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Group. The corresponding loans are derecognised when the Group becomes the owner of the property.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. Cash and cash equivalents are stated at cost which approximates fair value due to the short-term nature of these instruments.

Classification

Financial assets in the Group are classified into the following category:

- Loans and receivables

Financial liabilities are classified into the following category:

- Financial liabilities at amortised cost.

The categories are explained further below:

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
They arise when the group provides money, goods or services directly to a debtor with no intention of trading the advance. All financial assets are classified in this category.

Financial liabilities at amortised cost:
All financial liabilities are classified in this category.

Initial measurement

Financial instruments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

Accounting Policies continued

Subsequent measurement

Subsequent to initial measurement, financial instruments are either measured at fair value or amortised cost, depending on their classification. The Group has no financial instruments that are subsequently measured at fair value.

Financial liabilities at amortised cost

Such liabilities are measured at amortised costs using the effective interest rate method.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method, less an allowance for impairment losses.

All of the Group's trade debtors are included in the loans and receivables category. These advances arise when the Group provides money, goods or services directly to a debtor with no intention to trade the receivable. Loans and advances originated by the Group are generally in the form of short-term personal unsecured loans that are paid back in fixed equal instalments with terms of 1 to 6 months. Certain loans are secured – refer to Note 36.

Derecognition

Financial assets

The Group derecognises a financial asset (or group of financial assets) or a part of a financial asset (or part of a group off financial assets) when:
The contractual rights to the cash flows arising from the financial asset have expired; or
The Group transfers the financial asset, including substantially all the risks and rewards of ownership of the asset or;
It transfers the contractual rights to receive the cash flows from the financial asset; or
It retains the contractual rights to receive the cash flows of the financial asset, but assumes a corresponding contractual obligation to pay the cash flows to one or more recipients, and consequently transfers substantially all the risks and benefits associated with the asset; or
No future economic benefits are expected from their use.

Financial liabilities

A financial liability (or group of financial liabilities) or a part of a financial liability (or part of a group of financial liabilities) is derecognised when and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.
The difference between the carrying amount of a financial asset or financial liability (or part thereof) that is derecognised and the consideration paid or received, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss for the period.

Impairments

Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that an asset or Group of assets is impaired. Impairment provisions raised during the year are charged to profit or loss.

The Group reviews the carrying amounts of its loans and receivables to determine whether there is any indication that those loans and receivables have become impaired, using objective evidence at a loan level. A loan or receivable is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event(s) has an adverse impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.
Objective evidence that a financial asset or Group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

- Significant financial difficulty of the debtor.
- A breach of contract, such as a default or delinquency in the payment of interest or principal.
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider.
- It becoming probable that the borrower is over-indebted.
- Indication that there is a measurable decrease in the estimated future cash flows from a Group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:
    - adverse changes in the payment status of borrowers in the Group (e.g. an increased number of delayed payments); or

Accounting Policies continued

- national or local economic conditions that correlate with defaults on the assets in the Group
e.g. an increase in the unemployment rate in the geographical area of the borrowers or adverse changes in industry conditions that affect the borrowers in the Group).

When portfolio (collective) assessment of impairment is used, financial assets are Grouped on the basis of similar credit characteristics which indicate the borrower's ability to pay in accordance with the contractually agreed terms. The Group estimates the recoverable amount on a portfolio basis using portfolio statistics derived from past performance of similar financial assets, taking into account any changes to collection procedures and projected future market conditions.

The recoverable amount is the sum of the estimated future cash flows, discounted to their present value using a discount rate that reflects the original effective interest rate relating to the loan. The estimate of the cash flows is assessed on a loan by loan basis.

If the recoverable amount of the loan is estimated to be less than the carrying amount, the carrying amount of the loan is reduced to its recoverable amount by raising an impairment provision (through the use of a separate allowance account), which is recognised as an expense in profit or loss. Loans are written off, either partially or in full, when there is no realistic prospect of full or partial recovery. A write-off is effected against the allowance account.

Where an impairment loss subsequently reverses, the carrying amount of the loan is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the loan in prior years. A reversal of an impairment loss is immediately recognised in profit or loss.

Loans that would otherwise be past due or impaired and whose terms have been renegotiated and exhibit the characteristics of a performing loan are reset to performing loan status. Loans whose terms have been renegotiated are subject to ongoing review to determine whether they are considered to be impaired or past due.

Rehabilitated loans

Loans previously written off which subsequently have a regular repayment profile and meet other minimum recognition criteria, are written back on to the statement of financial position in the loan portfolio. These loans are recorded on an individual account basis at the gross amount outstanding along with the appropriate impairment provision.

Cash collected on loans which have previously been written off is recognised in profit or loss as bad debts recovered, as and when the cash is received.

Collateral

Generally no collateral is held in respect of recognised financial assets. In the event that collateral is held, it is not recognised by the Group, as the Group does not retain the risks and rewards of ownership, and is obliged to return such collateral to counterparties on settlement of the related obligations. Should a counterparty be unable to settle its obligations, the Group takes possession of collateral or calls on other credit enhancements as full or part settlement of such amounts. These assets are recognised when the applicable recognition criteria under IFRS are met, and the Group's accounting policies are applied from the date of recognition.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.16 Segment reporting

The identification of reportable segments and the measurement of segment results are determined based on Group's internal reporting to management as well as a consideration of products and services, organisational structures, geographical areas, economic and regulatory environments and the separable nature of activities or conversely inherent interconnectedness and whether these meet the criteria for aggregation.

The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices.

Additional information relating to major clients and other performance measures is provided.

Accounting Policies continued

The Group has four operating segments:

* Investment advisory and investment management
* Micro finance
* Rentals of property in possession
* Other

All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods or services. For management purposes, the Group uses the same measurement policies as those used in its financial statements.

1.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares in issue during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares in issue for the effect of all dilutive potential ordinary shares.

1.18 Significant judgements and sources of estimation uncertainty

When preparing the financial statements, management and the board make a number of judgements, estimates and assumptions. The following are the most significant judgements, estimates and assumptions that have been made in preparing the financial statements.

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 and commitments will occur in the ordinary course of business.

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.

Accounting Policies continued

Uncertainty	*Action*	*Status*
Timing of the collection of R4.7million from a long outstanding debtor. Refer Note 27 and Note 36.	The payment schedule that was in place and that had failed, has been restructured subsequent to year-end.	Agreements incorporating the restructured arrangements have been concluded. The restructured arrangement significantly increases the likelihood of payment by the debtor in the next 12 months.
The ability to secure funding for Afdawn and/or Elite.	A non-binding Letter of Intent has been signed with a party that is currently performing a due diligence to support either capital raising for Afdawn and/or secure funding for Elite or a combination of both. A cautionary statement in this regard was published on 25 June 2018.	The SARS settlement agreement has eliminated the uncertainty about the SARS liability. This, coupled with R5.75 million of the R8.24million settlement amount having been paid by the end of June 2018 is making it possible for management to seek a funding partner for Afdawn and /or Elite.
Afdawn's ability to pay ongoing operational expenses, including the remaining outstanding tax liability amounting to R5.658million at February 2018.	Directors and various parties have provided and continue to provide funding for the payment of the SARS liability and other ongoing operational expenses. Management are investigating other opportunities for revenue growth.	Subsequent to year-end the Directors had contributed another R2.4million. The director has waived his right to claim, call up, or access the loan account contributions after year end to the sum of R 2.4million, which shall only become due, owing and payable at such time when the restructured arrangement relating to the long outstanding debtor of R4.7million has been paid or discharged in full. It was also determined that if the board of directors of the company determine that the debt is no longer recoverable, then and in such event the director irrevocably waive his right, title and interest in and to the loan account.
Repayment of loans provided by Directors in good faith for the payment of the SARS liability.	Directors have, and continue to show good faith in supporting the Group and have no intention of calling on the loans to the detriment of the Group.	Directors' ongoing support for the Group by means of loans is acknowledged and accepted by the board.

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.

Accounting Policies continued

Other significant management judgements

Estimation uncertainty

Impairment of non-financial assets

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair value less costs of disposal. These calculations require the use of estimates and assumptions. It is reasonably possible that certain key assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value of assets.

These assets that have been tested for impairment are as follows:

- Goodwill 2018 and 2017 - refer to Note 4
- Intangible assets 2018 and 2017 - refer to Note 5

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of trade receivables in Elite

The amount recognised related to the impairment of receivables by Elite and Elite Two requires the use of significant estimates and assumptions. The Group reviews its loans to assess impairment at least on a monthly basis.
In determining whether an impairment loss should be recognised, the Group makes judgements as to whether there has been an adverse change in the payment status of borrowers in a Group, or national or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with similar credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing requires significant judgement and estimation. Refer Note 1.11 for the accounting policy regarding the impairment of loans.

Refer to Note 36, for further information on the specific estimates and assumptions used to assess the recoverability of trade receivables.

Discounting of interest free loans

The following judgements are made relating to these loans.

- Credit loans that have no repayment terms are:
  - classified as liabilities at amortised cost;
  - included in current liabilities (because the company does not have the right to defer payment for at least 12 months after the reporting date;) and
  - not discounted because the amount that could be demanded by the lender is equal to the carrying amount of the loans.
- Credit loans that have repayment terms are:
  - classified as liabilities at amortised cost;
  - split between non-current liabilities and current liabilities in accordance with the terms. Loans are interest free or bear interest at a rate that is not market related.
- Debit loans that have no repayment terms are:
  - classified as loans and receivables;
  - assessed for impairment; and
  - discounted over the estimate repayment period with deemed interest income being recognised subsequent to the initial recognition.
- Debit loans that have repayment terms are:
  - classified as loans and receivables;
  - split between non-current assets and current assets in accordance with the terms and the intention of the lender;
  - assessed for impairment; and
  - discounted over the repayment period with deemed interest income being recognised subsequent to the initial recognition.

Accounting Policies continued

2018 & 2017

The interest rates that has been applied in the discounting is an effective interest rate of 11,19% (2017: 11.44%).

1.19 Discontinued operations

A discontinued operation is a component of the group that has been disposed of and represents a separate major line of business. Profit or loss from discontinued operations, including prior year components of profit or loss,is presented in a single amount in the statement of profit or loss. This amount comprises the post-tax profit or loss of discontinued operations. The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date of the latest period presented.

2. New Standards and Interpretations

2.2 Standards and interpretations not yet effective

At the date of authorization of these annual financial statements, the following standards and interpretations were in issue but not yet effective.

° **IFRS 9 Financial Instruments**

- A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:
  - IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
  - The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.
  - IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
  - IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.
  - Prepayment Features with Negative Compensation. The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 financial statements.

Had this standard been adopted in the beginning of the current financial year, the expected impact is an increase in the allowance for doubtful debts of R 441 000. Based on a preliminary assessment management have decided to apply the modified retrospective transition method.

° **IFRS 15 Revenue from Contracts with Customers**

- New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.
- The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.
- The new standard supersedes:
  - IAS 11 Construction Contracts;
  - IAS 18 Revenue;
  - IFRIC 13 Customer Loyalty Programmes;
  - IFRIC 15 Agreements for the Construction of Real Estate;
  - IFRIC 18 Transfers of Assets from Customers; and
  - SIC-31 Revenue—Barter Transactions Involving Advertising Services.

Accounting Policies continued

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 financial statements.

The group has embarked on a preliminary assessment , and it is unlikely that the standard will have a material impact on the group's financial statements as contracts are all short term.

° **IFRS 16: Leases**

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.
IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

- IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor’s risk exposure, particularly to residual value risk.
- IFRS 16 supersedes the following Standards and Interpretations:
- IAS 17 Leases;
- 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.

The standard is not expected to have a material impact on the financial statements.

Notes to the Financial Statements

Annual Financial Statements For the year ended 28 February 2018

3. Property, plant and equipment

Group	2018 R'000			2017 R'000		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Furniture and fixtures	361	(308)	53	470	(372)	98
Motor vehicles	642	(388)	254	642	(370)	272
Office equipment	638	(562)	76	662	(497)	165
IT equipment	768	(751)	17	1,319	(1,255)	64
Leasehold improvements	55	(55)	-	55	(49)	6
Total	**2,464**	**(2,064)**	**400**	**3,148**	**(2,543)**	**605**

Company	2018 R'000			2017 R'000		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
Furniture and fixtures	110	(75)	35	110	(55)	55
Office equipment	45	(45)	-	45	(45)	-
IT equipment	54	(53)	1	54	(45)	9
Leasehold improvements	55	(55)	-	55	(49)	6
Total	**264**	**(228)**	**36**	**264**	**(194)**	**70**

Reconciliation of property, plant and equipment - Group – 2018 R'000

	Opening balance	Additions	Sale of discontinued operation	Depreciation	Closing balance
Furniture and fixtures	98	-	(21)	(24)	53
Motor vehicles	272	-	-	(18)	254
Office equipment	165	-	-	(89)	76
IT equipment	64	17	(23)	(41)	17
Leasehold improvements	6	-	-	(6)	-
	605	**17**	**(44)**	**(178)**	**400**

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Reconciliation of property, plant and equipment - Group – 2017 R'000

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	135	-	-	(37)	98
Motor vehicles	300	-	-	(28)	272
Office equipment	262	10	(12)	(95)	165
IT equipment	155	34	(25)	(100)	64
Leasehold improvements	27	-	-	(21)	6
	879	**44**	**(37)**	**(282)**	**605**

Reconciliation of property, plant and equipment - Company – 2018 R'000

	Opening balance	Additions	Disposals	Depreciation	Closing Balance
Furniture and fixtures	55	-	-	(20)	35
IT equipment	9	-	-	(8)	1
Leasehold improvements	6	-	-	(6)	-
	70	**-**	**-**	**(34)**	**36**

Reconciliation of property, plant and equipment - Company – 2017 R'000

	Opening balance	Additions	Disposals	Depreciation	Closing Balance
Furniture and fixtures	75	-	-	(20)	55
IT equipment	27	-	-	(18)	9
Leasehold improvements	27	-	-	(21)	6
	129	**-**	**-**	**(59)**	**70**

During the year property, plant and equipment with a book value of nil were scrapped for nil. The original cost and accumulated depreciation of the scrapped property, plant and equipment were, furniture and fittings R36 thousand, Office Equipment R8 thousand and IT equipment R358 thousand.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

4. Goodwill

	2018 R'000		
	Cost	Accumulated impairment	Carrying amount
Goodwill	211	(211)	-

Reconciliation of goodwill Group 2018 R'000

Subsidiary	Opening balance	Additions	Impairment	Disposal refer Note 12	Closing balance
Knife Capital	4,679	-	(485)	(4,194)	-
SME Snapshot	-	211	(211)	-	-
	4,679	**211**	**(696)**	**(4,194)**	**-**

	2017 R'000		
	Cost	Accumulated impairment	Carrying amount
Goodwill	**8,076**	**(3,397)**	**4,679**

Reconciliation of goodwill Group 2017 R'000	Opening balance	Impairment	Closing balance
Knife Capital	8,076	(3,397)	4,679

Notes to the Financial Statements continued
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Goodwill impairment

Impairment test for goodwill 2018

SME Snapshot was acquired during the year for 15% share of equity in YueDiligence in return for the underlying asset and liabilities which were included at fair value, which gave rise to goodwill as below. The recoverable amount was based on fair value less cost to sell, represented by the unwinding of the transaction as referred to in the events after reporting period Note 39, which resulted in an impairment.

Grindstone was impaired at interm as the Group lost control of 50% in terms of the Knife Capital Disposal .The fair value less cost to sell is a level 3 fair value, and it is based on the estimated proceeds on disposal.

The movements are indicated below:

2018 R' 000	Opening	Additions Note11	Disposals	Impairment	Closing
Knife Capital	3,736	-	(3,736)	-	-
Grindstone	943	-	(458)	(485)	-
SME Snapshot	-	211	-	(211)	-
	4,679	**211**	**(4,194)**	**(696)**	**-**

2017 R' 000	Opening	Additions	Disposals	Impairment	Closing
Knife Capital	7,133	-	-	(3,397)	3,736
Grindstone	943	-	-	-	943
	8,076	**-**	**-**	**(3,397)**	**4,679**

Impairment test for goodwill 2017

The recoverable amount of the CGUs has been determined based on value-in-use calculation These calculations use pre- tax cash flow projections based on financial budgets approved by management covering a five- forecast period cycle. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below:

The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The key assumptions, long term growth rates and discount rates used in the value-in-use calculations are as follows:

Assumptions	Knife Capital	Grindstone
Compounded annual revenue increase %	6%	6%
Compounded annual total operating costs increase %	6%	6%
Pre-taxation discount rate	32%	25%

Notes

With regard to Knife Capital

- The recoverable amount calculated was based on value in use and did not exceed the carrying amount and was impaired by an amount of R3,397million. This was mostly as a result of reduced management revenue forecast period, as the business model change away from consulting revenues to asset management fee revenues after the third party fund was established.

With regard to Grindstone

- The recoverable amount was calculated based on value in use and exceeded the carrying amount so no impairment.

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5. Intangible assets

Group	2018 R'000			2017 R'000		
	Cost	Accumulated amortisation and impairment	Carrying amount	Cost	Accumulated amortisation and impairment	Carrying amount
Micro finance software*	987	(515)	472	2,030	(1,263)	767
Contractual customer contracts on acquisition of Knife Capital Group	-	-	-	6,543	(3,854)	2,689
YueDilligence software development	328	(121)	207	328	(9)	319
SME Snapshot software development	242	-	242	-	-	-
Total	**1,557**	**(636)**	**921**	**8,901**	**(5,126)**	**3,775**

* During the year intangibles with a cost R1,249 million that were fully amortised were scrapped for nil consideration.

Reconciliation of intangible assets - Group - 2018

	Opening balance	Business combinations Note 11	Additions	Amortisation	Disposal	Closing balance
Micro finance software	767	-	206	(501)	-	472
Contractual customer contracts on acquisition of Knife Capital Group	2,689	-	-	(683)	(2,006)	-
YueDilligence software development	319	-	-	(112)	-	207
SME Snapshot software development	-	104	138	-	-	242
	3,775	**104**	**344**	**(1,296)**	**(2,006)**	**921**

Reconciliation of intangible assets - Group - 2017

	Opening balance	Additions	Amortisation	Closing balance
Micro finance software	845	274	(352)	767
Contractual customer contracts on acquisition of Knife Capital Group	4,011	-	(1,322)	2,689
YueDilligence software development	299	29	(9)	319
	5,155	**303**	**(1,683)**	**3,775**

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Internally generated software

The software is all internally generated and was specifically developed to support the unsecured and medical finance business model.

Contractual customer contracts on acquisition of Knife Capital can be defined as Branded education, GAP self assessment and intervention tools, and fund management agreements.

The carrying amount and remaining useful life of material intangible assets is as follows:

Intangible assets	Carrying amount 2018 R'000	Remaining amortization period	Carrying amount 2017 R'000	Remaining amortization period
Micro finance software	472	12 months	767	24 months
Branded Education	-		38	1 month
GAP self-assessment and intervention tools	-		1,793	37 months
Fund management agreements	-		858	37 months
YueDiligence software development	207	23 months	319	35 months
SME Snapshot software development**	242	**	-	
	921		**3,775**	

** SME Snapshot software development was not yet brought into use at year end and was tested for impairment. The recoverable amount was based on fair value less cost to sell, represented by the unwinding of the transaction as referred in the events after reporting period Note 39, which did not result in an impairment.

6. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries. The principal place of business and incorporation for all subsidiaries is South Africa.

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

The carrying amounts of investments in subsidiaries were reassessed for impairment at year end and impaired as indicated.

Notes to the Financial Statements continued

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Company

Name of company	% voting power 2018	% voting power 2017	Nature	Carrying value 2018 R'000	Carrying value 2017 R'000
ABC Cashplus (Randburg) Proprietary Limited	100 %	100 %	Dormant	-	-
ABC Cashplus Financial Services Proprietary Limited	100 %	100 %	Dormant	-	-
African Dawn Debt Management Proprietary Limited	100 %	100 %	Dormant	-	-
African Dawn Kwazulu Natal Proprietary Limited	100 %	100 %	Dormant	-	-
African Dawn Property Transfer Finance 1 Proprietary Limited	100 %	100 %	Bridging Finance	-	-
African Dawn Property Transfer Finance 2 Proprietary Limited	100 %	100 %	Bridging Finance	-	-
African Dawn Social Education Proprietary Limited	100 %	100 %	Dormant	-	-
African Dawn Wheels Operations Proprietary Limited	100 %	100 %	Dormant	-	-
African Dawn Wheels Proprietary Limited	100 %	100 %	Vehicle finance	-	-
Albistar Investments Proprietary Limited	100 %	100 %	Dormant	-	-
Almika Properties 81 Proprietary Limited	100 %	100 %	Property holding	-	-
Amalgum Investments 138 Proprietary Limited	100 %	100 %	Dormant	-	-
Bhenka Financial Services Proprietary Limited	100 %	100 %	Dormant	-	-
Candlestick Park Investments Proprietary Limited	100 %	100 %	Property holding	-	-
Elatiflash Proprietary Limited	100 %	100 %	Dormant	-	-
Elite Group Two Proprietary Limited	100 %	100 %	Unsecured lending	-	-
Elite Group Proprietary Limited	100 %	100 %	Unsecured lending	3,322	3,322
Grindstone Accelerator Proprietary Limited	0 %	100 %	Consulting	-	-
Knife Capital Proprietary Limited	0 %	100 %	Venture Capital	-	12,555
YueDiligence Proprietary Limited	85 %	100 %	Consulting	3,055	-
SME Snapshot Proprietary Limited	100 %	-	Consulting	-	-
				6,377	**15,877**

Restructuring of Knife Capital Proprietary Limited

During August 2017 the board undertook to restructure Knife Capital Proprietary Limited (Knife Capital) and its subsidiaries Grindstone Accelerator Proprietary Limited (Grindstone) and YueDiligence Proprietary Limited (YueDiligence) following which 100% of Knife Capital was sold on 1 September 2017 and 50% of Grindstone was retained as an associate and the 85% of YueDiligence was transferred to African Dawn Capital Limited ("Afdawn") on 31 August 2017. Grindstone was then treated as an equity investment until January 2018 when it too was sold. At year end only YueDiligence was still owned with 85% of its share capital. The transactions can be summarised as below:

Investments reconciliation 2018 R'000	Knife Capital	Grindstone	YueDiligence	Total
Carrying values 31 August 2017	4,043	3,782	4,730	12,555
Impairment to recoverable amount 31 August 2017	-	-	(498)	(498)
1 September 2017 carrying value	4,043	3,782	4,232	12,057
Sale of Knife Capital 1 September 2017	(3,625)	-	-	(3,625)
Loss on sale of Knife Capital - refer to Note 12	(418)	(1,891)	-	(2,309)
Sale of Grindstone January 2018	-	(1,891)	-	(1,891)
Impairment of investment in YueDiligence	-	-	(1,177)	(1.177)
Carrying value of investment at year end	-	-	3055	3,055

Investments reconciliation 2017 R'000	Knife Capital	Grindstone	YueDiligence	Total
Opening balance	12,555	-	-	12,555

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Annual Financial Statements for the year ended 28 February 2018

Testing for impairment

The investments in subsidiaries are tested for impairment by analysing each investment's recoverable amount when there is an indication of impairment.

The recoverable amount of the investments has been determined based on value-in-use calculations. These calculations use pre- tax cash flow projections based on financial budgets approved by management covering a five-year period . Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. This growth rate does not exceed the long-term average growth rate in which the businesses operates in.

The key assumptions, long term growth rates and discount rates used in the value-in-use calculations are as follows:

Assumptions	YueDiligence	Elite
Compounded annual revenue increase %	6%	6%
Compounded annual total operating costs increase %	6%	5%
Pre-taxation discount rate	38.13%	19.7%

Testing for impairment 2018

The carrying value of YueDiligence was impaired by R1, 177million after the management forecast was adjusted downwards and the terminal period was reduced from 10 years to 5 years as the investment is a start-up and has a lack of proven history. This risk is however limited as the entities business is a spin-off of a succesful Gap Analysis service offered by Knife Capital.

YueDiligence was also impaired at interim by R 498 000 as the Group lost 15% of the equity control of YueDiligence to acquire control of SME Snapshot. Refer Note 11.

The recoverable amount of Elite was higher than the carrying value and therefore did not result in an impairment.

7. Deferred tax Asset/Deferred tax liability

	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Deferred tax liability - intangible asset on acquisition of Knife Capital	-	(753)	-	-
Deferred tax liability – prepaid expenses	-	(5)		
Deferred tax assets	26	697		
Net deferred tax asset/(liability)	**26**	**(61)**	**-**	**-**

At beginning of year	(61)	(744)	-	-
Assessed loss raised/(utilized) during the year against current income tax	-	431	-	-
Deferred tax effect of amortisation of intangible asset raised on Knife Capital (refer to Note 5)	191	370	-	-
Disposal of Knife Capital (refer to Note 12)	(111)			
Temporary difference trade debtors bad debt allowance	-	(137)	-	-
Temporary difference on leave pay accrual	5	8	-	-
Temporary difference on deferred income	-	11	-	-
	26	**(61)**	**-**	**-**

Notes to the Financial Statements continued

Annual Financial Statements For the year ended 28 February 2018

8. Properties in possession

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Almika Properties 81 Proprietary Limited	-	3,889	-	-
Greenoaks - Centurion, Gauteng	-	44,415	-	-
Greenoaks - PTF3 share of property	-	(16,174)	-	-
	-	32,130	-	-
Impairment	-	(16,277)	-	-
Carrying amount	-	15,853	-	-

	2018 R'000	2017 R'000
Cash received on sale	15,853	1,423
Loss on sale	(22)	-
Cash movement	15,831	1,423

Reconciliation of movement 2018 R'000	**Almika**	**Greenoaks**	**Total**
Opening balance asset	280	15,573	15,853
Sold for cash	(280)	(15,573)	(15,853)

Reconciliation of movement 2017 R'000	**Almika**	**Greenoaks**	**Total**
Opening balance asset	5,312	44,415	49,727
Sold for cash	(1,423)	-	(1,423)
PTF3 share of Greenoaks	-	(16,174)	(16,174)
Impairment	(3,609)	(12,668)	(16,277)
	280	**15,573**	**15,853**

Almika

The final units were sold during the year.

Greenoaks

The property in possession was sold during the financial year and all third party liabilities were settled from the proceeds of R32,500,000. The loss on the sale is summarised as below:

Reconciliation of disposal of Greenoaks	**2018 R'000**
Proceeds on sale of Greenoaks	32,500
Settlement of Nedbank bond	(5,934)
Settlement of other sale costs (including items paid in prior years)	(2,448)
Balance shared	24,118
PTF3 share of proceeds	(8,440)
PTF2 share of proceeds	(8,440)
Blue dot share of proceeds	(7,260)
Loss on sale of Greenoaks	(22)

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

9. Loans to/(from) Group companies

Subsidiaries

Company 2018 R'000			
Subsidiaries	**Loan balance**	**Loan impairment**	**Total**
African Dawn Social Education Proprietary Limited *	242	(242)	-
Bhenka Financial Services Proprietary Limited ~	(2,346)	-	(2,346)
African Dawn Property Transfer Finance 2 Proprietary Limited *	20,543	(18,894)	1,649
African Dawn Property Transfer Finance 1 Proprietary Limited *	6,887	(4,596)	2,291
African Dawn Wheels Proprietary Limited *	456	(456)	-
African Dawn Kwazulu Natal Proprietary Limited *	3,228	(3,228)	-
African Dawn Debt Management Proprietary Limited *	14,234	(14,234)	-
YueDiligence Proprietary Limited	527	(468)	59
Almika Properties 81 Proprietary Limited *	15	(15)	-
Elite Group Proprietary Limited *^	23,223	(15,900)	7,323
African Dawn Wheels Operations Proprietary Limited *	85	(85)	-
Amalgum Investments 138 Proprietary Limited *	14	(14)	-
Elatiflash Proprietary Limited *	16	(16)	-
Albistar Investments Proprietary Limited *	18	(18)	-
ABC Cashplus (Randburg) Proprietary Limited *	20	(20)	-
SME Snapshot Proprietary Limited	300	-	300
	67,462	**(58,186)**	**9,276**

Notes to the Financial Statements continued

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Company 2017 R'000

Subsidiaries	**Loan balance**	**Loan impairment**	**Total**
African Dawn Social Education Proprietary Limited *	(57)	-	(57)
Bhenka Financial Services Proprietary Limited *	(6,870)	-	(6,870)
African Dawn Property Transfer Finance 2 Proprietary Limited *	28,383	(14,457)	13,926
African Dawn Property Transfer Finance 1 Proprietary Limited *	6,887	(4,377)	2,511
African Dawn Wheels Proprietary Limited *	288	(288)	-
African Dawn Kwazulu Natal Proprietary Limited *	3,175	(3,175)	-
African Dawn Debt Management Proprietary Limited *	14,234	(14,231)	3
Candlestick Park Investments Proprietary Limited	424	(424)	-
Almika Properties 81 Proprietary Limited *	15	(15)	-
Elite Group Proprietary Limited *	22,810	(14,034)	8,776
African Dawn Wheels Operations Proprietary Limited *	13	(13)	-
Amalgum Investments 138 Proprietary Limited *	14	(14)	-
Elatiflash Proprietary Limited *	16	(16)	-
Albistar Investments Proprietary Limited *	18	(18)	-
ABC Cashplus (Randburg) Proprietary Limited *	12	(12)	-
Knife Capital Proprietary Limited	2	(2)	-
	69365	**(51,076)**	**18,289**

Movement in impairment

	2018 R'000	**2017 R'000**
Opening balance	51,076	49,340
Increase in impairment	7,110	1,736
	58,186	**51,076**

All the loans are unsecured, interest free and have no fixed terms of repayment, except as indicated

* The loans have been sub-ordinated to the extent that the subsidiaries' liabilities exceed the assets in favour of other creditors of the subsidiaries for as long as the subsidiaries' liabilities exceeds the assets.

^ R400,000 of the loan to Elite does generate interest of 10.5%.

~ The loan from Bhenka Financial Services Proprietary Limited was reduced by R3,685million in line with the settlement with SARS (refer to Note 15).

	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
Current assets	-	-	11,622	25,216
Current liabilities	-	-	(2,346)	(6,927)
	-	**-**	**9,276**	**18,289**

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Loans to group companies impaired

As of 28 February 2018, loans to Group companies of R69,808million (2017: R 76,293million) were impaired and provided for. The amount of the impairment and deemed interest was R58,186million as of 28 February 2018 (2017: R 51,076million).

The method and reasoning for impairment is as follows:

- Loan accounts balances at year end are compared to owing company net asset value to determine if there is an indicator of impairment.
- The loan accounts are written down to net asset value.
- If there is still loan accounts left after the write down then because loans are interest free the loans are discounted at a rate of 11.19%.

10. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	R'000	**R'000**	**R'000**	**R'000**
Trade receivables	30,291	50,672	37	-
Impaired allowance	(9,288)	(20,602)	-	-
Deemed interest on trade debtor	(152)	(585)	-	-
Deposits	286	267	-	31
VAT	10	-	10	-
Phezula (A)	418	-	-	-
Thinkroom (B)	946	-	946	-
Other receivables	340	1,441	1	83
	22,851	**31,193**	**994**	**114**

(A) Phezula the previous owners of the new subsidiary, SME Snapshot were given a cash loan to assist with further development of the software in SME Snapshot. The loan bears interest at prime and is repayable at R50,000 per month starting in May 2018 with the last payment in December 2018.

(B) Thinkroom the purchaser of associate Grindstone have an agreement to settle the purchase consideration in a number of short term installments. R800,000 is outstanding in terms of the purchase consideration and R146,000 is outstanding in terms of a loan Grindstone pay to the company on a monthly basis.

Refer to Note 36 for a detailed analysis of the trade receivables.

11. Business Combinations

Acquisition of SME Snapshot Proprietary Limited

In July 2017 the Group acquired 100% of the equity and claims in SME Snapshot through the issue of shares in subsidiary YueDiligence. 18 new shares with a par value of R1 each were issued to Phezulu Group Close Corporation which is 15% of the equity control of YueDiligence to acquire control of the company. The acquisition is summarized below:

Acquisition of SME Snapshot Proprietary Limited

Fair value of net assets and liabilities acquired:				
Intangible assets software developed at fair value	104	-		
Liabilities to owner at fair value	(352)	-		
Net liability acquired	(248)	-		
Outside shareholders share of liability 15% of SME Snapshot NAV	37	-		
Goodwill on acquisition	211	-		
Cash effect of transaction	-	-		

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The goodwill has been recognised because of synergies that will arise from including SME snapshot into the Group. The contribution SME snapshot would have contributed to the Group if acquired on 1 March 2017 is insignificant as it is in a start-up phase of development.

The effect on equity can be reconciled as follows:

	Group	
	2018	**2017**
	R'000	**R'000**
Consideration at fair value (the acquisition was paid with 18 new shares of R1 in an existing subsidiary creating share premium)	352	
15% of Net Asset Value of YueDiligence at acquisition given up	30	
Outside shareholders share of liability 15% of SME Snapshot NAV	37	
	419	

12. Subsidiary disposal

Knife Capital Proprietary Limited disposal

During August 2017 the board decided to restructure Knife Capital refer to Note 6. On 1 Sep 2017 the Group disposed of 100% of the equity interest in Knife Capital for R3,625million in cash. This included the 50% shareholding held by Knife Capital in Grindstone after restructure. The terms were outlined in the SENS issued on 25 August 2017.

Net cashflow effect of disposal of Knife Capital Group

	Group		Company	
	2018	**2017**	**2018**	**2017**
	R'000	**R'000**	**R'000**	**R'000**
Property, plant and equipment (refer to Note 3)	44	-	-	
Intangible assets on contracts (refer to Note 5)	2,006	-	-	
Goodwill (refer to Note 4)	4,194	-	-	
Deferred tax asset (refer to Note 7)	111	-	-	
Trade and other receivables	588	-	-	
Group loans transferred to third parties	329	-	-	
Cash and cash equivalents	55	-	-	
Share of SME Snapshot transferred to holding company	(37)	-	-	
Trade and other payables	(1,346)	-	-	
Carrying value of assets and liabilities disposed	5,944	-	-	
Total assets sold less subsidiary acquired/ investment at carry value Knife Capital	(5,944)	-	(4,043)	
50% share of Grindstone equity transferred as part of sale		-	(1,891)	
Fair Value of associate restructured from subsidiary	1,893	-	-	
Proceeds on sale of Knife Group	3,625	-	3,625	
Loss on sale and change in control	(426)	-	(2,309)	
Cash given up on sale	(55)	-	-	
Cash received on sale	3,625	-	3,625	
Cashflow movement on sale of Knife Capital Refer Note 31	3,570	-	3,625	

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13. Restructure and disposal of associate

Grindstone which was a 100% held subsidiary of Knife Capital at the beginning of the year was restructured on 31 August 2017 to be 50% held by Afdawn and 50% held by Knife Capital. On 1 September 50% of the equity of Grindstone was sold as part of the sale of Knife (refer to Note 12) and the remaining 50% was treated as an investment in associate untill it was sold in January 2018. The movement is reconciled as below:

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Net asset value of Grindstone at restructure		-		
Transfer from subsidiary to associate at fair value 1 Sep 2017	1,893			
Loss for the period September to January 2018 equity accounted	(156)	-		
Carrying value of associate/investment	1,737	-	1,891	-
Sale price on sale of associate	1,946	-	1,946	-
Profit on sale of associate	209		55	
Sale price on sale of associate **	1,946	-	1,946	
Portion of sales price included in trade debtors (refer Note 10)	(946)	-	(946)	-
Cash related to sale of equity instrument	1,000	-	1,000	-

** The Sale price of R1 946 000 consist of R 1750 000 selling price and the Grindstone loan of R 196 000.
Refer Note 31

14. Non-controlling interest

The non-controlling interest arose from the acquisition of subsidiary SME Snapshot. The acquisition was paid for with 18 shares of YueDiligence creating a non-controlling interest.

The summary of the outside shareholders interest is indicated below:

15% of Net Asset Value of YueDiligence at acquisition given up	(30)	-
15% of losses at acquisition of SME Snapshot attributable to non-controlling interest	(37)	-
Change in holding	(67)	-
15% of losses since acquisition of YueDiligence and SME Snapshot attributable to non-controlling interest	(47)	-
Non-controlling interest at year end	(114)	-

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15. Current tax receivable/(payable)

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Current tax payable	(5,705)	(16,280)	(3,312)	(8,673)
	(5,705)	(16,280)	(3,312)	(8,673)

A settlement agreement was reached with SARS in December 2017 the terms of which are summarized below:

* Various penalties and interest on Income Tax and Vat were reversed in Afdawn and several subsidiaries with outstanding balances. Accruals raised for interest and penalties were reversed as follows: Group Income Tax of R7,757 million and VAT of R4,052 million. Company effect is: Income tax R4,319 million and VAT of R4,052 million.
* Afdawn and subsidiaries that were part of the settlement with assessed income losses accumulated to 2017 would be forfeited.
* An installment plan was set out for the settlement of all the outstanding tax balances and will be repaid by the end of February 2019.

16. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Cash on hand	83	100	-	-
Bank balances	346	1,883	55	78
	429	**1,983**	**55**	**78**

17. Shares and share premium

Authorised

	Group		Company	
	shares	shares	shares	shares
125,000,000 Ordinary shares of 40c each	50,000,000	50,000,000	50,000,000	50,000,000*

The total shares in issue as at 28 February 2018 amounted to 21,925,057 (2017: 21,925,057).

Reconciliation of number of shares in issue	**R'000**	**R'000**	**R'000**	**R'000**
Reported as at 01 March	21,925	877,002	21,925	877,002
Share consolidation @ 1 share per 40 held*	-	(855,077)	-	(855,077)
	21,925	**21,925**	**21,925**	21,925
Reconciliation of share values 'R000:				
Reported at beginning of period	313,943	313,943	313,943	313,943
Reported at the end of the period	**313,943**	**313,943**	**313,943**	**313,943**
Total share premium	305,140	305,140	305,140	305,140
Ordinary shares @ 1c	8,803	8,803	8,803	8,803
	313,943	**313,943**	**313,943**	313,943

* In the prior year the board undertook to consolidate the shares in issue in order to improve the tradability. The consolidation was completed at 1 share for every 40 share held on 29 November 2016.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

18. Borrowings

GROUP 2018 R'000	Loan Balance
HT Malan The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	100
ME Malan The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	100
JP Verwey The loan bears interest at prime, is secured on ceded debtors and is repayable over 3 months.	180
National Housing Finance Corporation ("NHFCE") The facility is secured by the associated debtors, bears interest at prime + 5% and is repayable over 5 years from the borrowing date. African Dawn Capital Limited has provided a guarantee on the loan facility. Elite has drawn down less than the amounts permitted in terms of the contract. Refer to Note 41.	128
Sandown Capital loan (A) Interest is charged at prime +1%, currently 11.25% per annum. Capital repayments of R1,950 000 will be made during the 2019 financial year amounting to an average of R162,500 per month with R698,000 being repayable during the 2020 financial year. Interest is paid together with the monthly capital repayments as they fall due. The loan is unsecured.	2,648
Sandown Capital Interest loan (C) Interest is charged at prime +1%, currently 11.25% per annum. Capital repayments will commence once the Sandown Capital Loan (A) has been settled during the 2020 financial year. Capital repayments of R2,902 000 will be made during the 2020 financial year amounting to an average of R242,000 per month with R431,000 being repayable during the 2021 financial year. Interest is accrued and paid on a monthly basis. The loan is unsecured.	3,333
GC Oosthuizen Loan bears interest of 10.5% per annum, is secured by ceded debtors of a maximum of twice R 100 000, and is repayable over 6 months.	387
M Springer The loan bears interest of R 10.5% per annum is secured by ceded debtors to twice the loan value and is repayable over 6 months.	150
CPA Peyper The loan bears interest of R 10.5% per annum is secured by ceded debtors to twice the loan value and is repayable over 6 months.	100
DJC Beukes The loan bears interest of R 10.5% per annum is secured by ceded debtors to twice the loan value and is repayable over 6 months.	200
JC Breedt The loan bears interest of R 10.5% per annum is secured by ceded debtors to twice the loan value and is repayable over 6 months.	350
C Lacante The loan bears interest of R 10.5% per annum is secured by ceded debtors to twice the loan value and is repayable over 6 months.	30
C Stoop The loan bears interest of R 10.5% per annum is secured by ceded debtors to twice the loan value and is repayable over 6 months.	185
Makalu Capital The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	306
T Nel The Loan bears interest of 10,5% per annum and is unsecured.	93
Nedbank mortgage bond The loan was settled during the year in terms of the sale of property in possession. Refer to Note 8.	-
	8,290

Notes to the Financial Statements continued

Annual Financial Statements For the year ended 28 February 2018

GROUP 2017 R'000	Loan
DD Breedt The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	300
HT Malan The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	200
ME Malan The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	200
JP Verwey The loan bears interest at prime, is secured on ceded debtors and is repayable over 3 months.	160
PS Van Der Westhuizen The loan bears interest at prime, is secured on ceded debtors and is repayable over 6 months.	100
National Housing Finance Corporation ("NHFCE") Elite entered into a separate facility agreement whereby the loan is secured on the associated debtors, bears interest at prime +5% and is repayable over 5 years from the borrowing date. Afdawn has provided a guarantee on the loan facility. (Refer to note 41).	1,436
Sandown Capital loan (A) The convertible bond was not converted and new terms are as follows: Loan bears interest at prime +1% currently 11.5% and is repayable in installments of R100,000 for 3 month and then R125,000 thereafter. The loan is unsecured.	3,898
Sandown Capital Interest free portion loan (C) The loan bears interest at prime current 10.5% +1 and is repayable in instalments of R700,000 starting in December 2016. The loan is unsecured.	3,333
Nedbank mortgage bond The loan is secured on fixed property. Interest is levied at prime -0.5% and the loan is repayable in instalments of R172,932 per month. The bond arose as part of a property in possession transaction. The monthly instalments are funded through the cash generated through operations at Greenoaks. Refer to Note 8.	6,164
	15,791

Non-current Liabilities	Group		Company	
	2018	**2017**	**2018**	**2017**
	R'000	**R'000**	**R'000**	**R'000**
At amortised cost	4,031	6,316	-	-
	4,031	**6,316**	**-**	**-**
Current Liabilities				
At amortised cost	4,259	9,475	-	-
	4,259	**9,475**	**-**	**-**
	8,290	**15,791**	**-**	**-**

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

19. Loans from directors

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
EA Van Heerden *	-	20	-	20
JK Van Zyl *	-	20	-	20
A Bohmert *	-	20	-	20
WJ Groenewald **	100	183	100	183
G Hope **	585	1,280	585	1,280
	685	**1,523**	**685**	**1,523**

*The loans arose as part of the Knife Capital Group acquisition transaction detailed in the circular issued on 7 March 2014. The loans were fully settled during the current year.

** All loans attract interest, are unsecured and are repaid on an adhoc basis in the short term.

Non-current liabilities	-	-	-	-
Current liabilities	(685)	(1,523)	(685)	(1,523)
	(685)	(1,523)	(685)	(1,523)

20. Operating lease liability

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Current liability	62	5	-	5
	62	**5**	**-**	**5**

21. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Trade payables	645	2,523	157	1,265
VAT *	176	4,703	-	4,408
Accrued leave pay	916	1,206	108	114
Accrued expenses	144	2,067	-	652
Deposit paid on sale of Candlestick and Elite	-	2,000	-	1,000
Directors unpaid salaries	-	1,233	-	1,233
Deposits received	-	383	-	-
	1,881	**14,115**	**265**	**8,672**

*R4,052million of the outstanding VAT in African Dawn Capital Limited was reversed by SARS subject to the terms SARS referred to in Note 15.

22. Reduction in liability

Nexus Personnel Finance Proprietary Limited ("Nexus") was a subsidiary of Afdawn which went into liquidation in November 2014. At the time of entering liquidation Nexus owed the Company R18million rand and was owed R2,4million by fellow subsidiary Elite. The Group negotiated a settlement with the liquidator with the outcome that Afdawn will release Nexus of its liability and Elite will settle the amount owing to Nexus to the amount of R0,3million creating a reduction of liability of R2,1million. The balance was settled during the current year.

Notes to the Financial Statements continued

Annual Financial Statements For the year ended 28 February 2018

23. Revenue

	Group 2018 R'000	Group 2017 R'000#	Company 2018 R'000	Company 2017 R'000
Rendering of service	306	288	117	658
Non-interest income (administration fees)	4,078	4,774	-	-
Interest received (2017: reclassified Note 44)	12,721	15,875	-	117
Insurance revenue	304	423	-	-
	17,409	**21,360**	**117**	**775**

The prior year figures have been restated to take into account the discontinued operation and reclassification error in the prior year. Refer to Note 31 and Note 44.

24. Other income

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Bad debts recovered on trade receivables	337	788	-	-
Sundry income	216	80	180	-
Recovery on Elite sale contract (2017: reclassified Note 44).	1,046	904	1,046	904
Release of intercompany loan (Refer to Note 9)	-	-	3,685	-
	1,599	**1,772**	**4,911**	**904**

25. Operating loss

Operating loss for the year is stated after accounting for the following:

Operating lease charges

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Premises	2,108	2,341	-	-
Equipment	337	536	-	-
	2,445	**2,877**	**-**	**-**

Loss on sale of property, plant and equipment	-	5	-	-
Impairment of investments (refer to Note 6)	-	-	1,675	-
Legal fees	822	546	676	443
Impairment adjustment to intercompany loans (refer to Note 9)	-	-	7,110	1,736
Reversal of liability in Nexus (refer to Note 22)	-	2,162	-	-
Amortisation of intangible assets (refer to Note 5)	613	362	-	-
Depreciation on property, plant and equipment(refer to Note 3)	178	234	34	59
Employee costs	9,502	11,793	1,563	3,254
Bad debts written off	3,247	-	-	-

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

26. Investment income

Interest revenue

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Cash and equivalents	27	30	-	1

27. Deemed interest

2018 Group Trade and other receivables

	Amount	Write off	Deemed interest	Balance
Trade debtor – interest free portion of loan	7,242	(3,000)	433	4,675

2017 Group Trade and other receivables

	Amount	Repayment	Deemed interest	Balance
Trade debtor – Interest free portion of loan	7,827	-	(585)	7,242

In August 2016 Afdawn signed a Sale of Shares and claims Agreement with Dzothe Investments whereby they would have purchased Elite Group, PTF1 and PTF2 for a sales consideration of R20million. The trade debtor was part of the transaction. This deal was cancelled by Afdawn in May 2017. Afdawn have not pursued the debtor since then and only after the deal was cancelled in May 2017 was the debtor approached again. The Afdawn board has approved a settlement amount of R 4.7million. Refer Note 1.18. and Note 36.

28. Finance costs including interest on income tax

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
NHFCE interest	-	275	-	-
Directors loans	63	143	63	143
Bank	-	2	-	-
Sandown Capital borrowing	1,044	880	-	-
Other loans	7	159	-	-
Penalties and interest on VAT	-	259	-	258
Penalties and interest on income tax	-	842	-	454
	1,114	**2,560**	**63**	**855**

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

29. Taxation

Major components of the tax expense (income)

Current	**Group 2018 R'000**	**Group 2017 R'000**	**Company 2018 R'000**	**Company 2017 R'000**
Local income tax - current period	-	-	-	-
Local income tax - recognised in current tax for prior periods	(4)	-	-	-
	(4)	**-**	**-**	**-**

Deferred

Temporary difference assessed losses used and not raised	-	(26)	-	-
Total temporary differences	-	**(26)**	-	-
Total Tax	(4)	(26)		

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

Accounting loss from continued operations	(1,301)	(7,340)	(3,079)	(6,650)
Tax at the applicable tax rate of 28% (2017: 28%)	(364)	(2,055)	(862)	(1,862)
Tax effect of adjustments on taxable income				
(Non-taxable income) - SARS reversal settlement/ non-deductible expenditure	(3 220)	312	(2,344)	127
Non-deductible expenditure - expenses	334	3	186	-
(Non-taxable income)/Non-deductible expenditure - deemed interest	(122)	164	(69)	304
Non-deductible expenditure - Impairment of investment	-	-	472	-
Non-deductible expenditure - loss on sale of subsidiaries	-	-	631	-
Tax loss carried forward - Deferred tax asset not raised	3,368	1,550	1,084	945
(Non-taxable income) - Group loans reversal	-	-	(1,158)	-
Non-deductible expenditure - Group loan impairments	-	-	2,060	486
	(4)	**(26)**	-	-

The estimated tax loss available for set off against future taxable income for all companies in the Group is R 89,138,336 (2017: R 168,854,818). The company's estimated tax loss available for set off against future taxable income is R3,941,697 (2017: R70,946,643) as in terms of the settlement agreement previous assessed losses are forfeited.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

30. Contingent Asset

Arising from the sale of Grindstone to Thinkroom, the "Grindstone Advisory Fee Agreement" was reached in terms of which, if Grindstone facilitates transactions between Grindstone incubation entities and third party investors, and earns transactional revenue, than Afdawn shall be entitled to the first R375 000.

31. Discontinued operations

During the 2018 financial period management decided to restructure Knife Capital to assist with the group liquidity. The sale of Knife Capital was concluded by 1 September 2017 as announced on SENS. The sale of the remaining 50% of Grindstone was concluded in January 2018. Also included in the discontinued operations is the income relating to the rental property Greenoaks which was disposed and transfered in May 2017 as indicated in note 8 (referred to as the Candlestick Transaction). As the decision to sell and sale happened in the same period the effect on the statement of profit and loss is treated as a discontinued operation as below:

Total discontinued operations

	2018 R'000	2017 R'000
Revenue	3,281	14,727
Cost of sales	(15)	(324)
Other income	-	519
Operating expenses	(3,084)	(14,033)
Operating profit	182	889
Investment revenue	5	53
Impairment of property in possession	-	(971)
Depreciation on property, plant and equipment	(21)	(48)
Finance costs	(169)	(685)
Amortisation of intangible asset	(684)	(1,321)
Impairment of goodwill	(485)	(3,397)
Loss before tax	(1,172)	(5,480)
Tax	181	606
Loss for the year from discontinued operations	(991)	(4,874)
Equity loss on associate discontinued	(156)	-
Loss on sale of Knife Capital	(426)	
Profit on sale of Grindstone	209	
Comprehensive loss for the year from discontinued operations	(1,364)	(4,874)

Discontinued cashflows from operations	16,846	3,152
Discontinued cashflows from investing activities	4,570	-
Discontinued cashflows from financing activities	(6,164)	(1,400)

Notes to the Financial Statements continued

Annual Financial Statements For the year ended 28 February 2018

Discontinued operations per segment 2018 R'000	Investment advisory and investment management R'000	Rentals of properties in possession R'000	Total R'000
Revenue	2,106	1,175	3,281
Cost of sales	(15)	-	(15)
Other income	-	-	-
Operating expenses	(1,512)	(1,572)	(3,084)
Operating profit/(loss)	579	(397)	182
Investment revenue	2	3	5
Depreciation on property, plant and equipment	(17)	(4)	(21)
Finance costs	-	(169)	(169)
Amortisation of intangible asset	(684)	-	(684)
Impairment of goodwill	(485)	-	(485)
Loss before tax	(605)	(567)	(1,172)
Tax	191	(10)	181
Loss for the year from discontinued operations	(414)	(577)	(991)
Equity loss on associate discontinued	(156)	-	(156)
Loss on sale of Knife Capital	(426)	-	(426)
Profit on sale of Grindstone	209	-	209
Comprehensive loss for the year from discontinued operations	(787)	(577)	(1,364)

Discontinued operations per segment 2017 R'000	Investment advisory and investment management R'000	Rentals of properties in possession R'000	Total R'000
Revenue	9,974	4,753	14,727
Cost of sales	(324)	-	(324)
Other income	35	484	519
Operating expenses	(11,031)	(3,002)	(14,033)
Operating (loss)/profit	(1,346)	2,235	889
Investment revenue	23	30	53
Impairment of property in possession	-	(971)	(971)
Depreciation on property, plant and equipment	(44)	(4)	(48)
Finance costs	-	(685)	(685)
Amortisation of intangible asset	(1,321)	-	(1,321)
Impairment of goodwill	(3,397)	-	(3,397)
(Loss)/profit before tax	(6,085)	605	(5,480)
Tax	800	(194)	606
(Loss)/Profit for the year from discontinued operations	(5,285)	411	(4,874)

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

32. Cash used in operations

	Group		Company	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Loss before taxation continued and discontinued operations	(2,846)	(12,820)	(3,079)	(6,650)
Adjustments for:				
Depreciation - continued	157	234	34	59
Depreciation - discontinued	21	48		
Loss on disposal of property in possession/ property plant and equipment - continued	-	5	-	-
Loss on disposal of property in possession/ property plant and equipment - discontinued	22	-	-	-
Investment income - continued	(27)	(31)	-	(1)
Investment income - discontinued	(5)	(53)		
Finance costs - continued	1,114	1,718	63	401
Finance costs - discontinued	169	685	-	-
Loss on sale of Knife Capital - refer to Note 12	426	-	2,309	-
Profit on sale of associate - refer to Note 13	(209)	-	(55)	-
Non-cash Group loans written down - refer to Note 9	-	-	(3,685)	-
Non-cash Impairment adjustment Group loans - refer to Note 9	-	-	7,111	279
Non-cash Impairment goodwill - continued	211	3,397	-	-
Non-cash Impairment goodwill - discontinued	485			
Non-cash finance costs (penalties and interest on income tax and vat) - continued	(11,809)	842	(8,371)	454
Non cash reduction in liability - (refer to Note 22) - continued	-	(2,162)	-	-
Non-cash amortisation (refer to Note 5) - continued	610	362	-	-
Non-cash amortisation (refer to Note 31) - discontinued	684	1,321		
Non-cash deemed interest expense (refer to Note 27) - continued	(433)	585	-	-
Non-cash operating lease movement - continued	58	(23)	(5)	(23)
Non cash impairment of properties in session - discontinued	-	971	-	-
Non cash impairment of investments - refer to Note 6	-	-	1,675	-
Non-cash impairment of debtors allowance refer to Note 36	8,645	4,442	-	-
Changes in working capital:				
Properties in possession - discontinued	15,831	1,422		
Trade and other receivables	568	(238)	66	(7)
Trade and other payables	(6,835)	3,819	(4,355)	2,915
Other financial assets	-	312	-	-
	6,837	**4,836**	**(8,292)**	**(2,573)**

Notes to the Financial Statements continued

Annual Financial Statements For the year ended 28 February 2018

Cashflow from financing activities

2018 Group R'000	**Borowings non-current**	**Borowings current**	**Directors loans**	**Total**
Opening balance	6,316	9,475	1,523	17,314
Cash movements	-	-	-	-
Borrowings repaid	(207)	(2,951)	(1,523)	(4,681)
Borrowings repaid discontinued	-	(6,164)	-	(6,164)
Advances on existing	-	1,801	685	2,486
Advances new current	-	20	-	20
Total cash movements	(207)	(7,294)	(838)	(8,339)
Non-cash movements	-	-	-	-
Transfer of borrowings to current	(2,078)	2,078	-	-
Closing balance	**4,031**	**4,259**	685	**8,975**

2018 Company R'000	**Loans from group companies**	**Directors loans**	**Total**
Opening balance	6,927	1,523	8,450
Cash movements	-	-	-
Borrowings repaid current	(1,140)	(1,523)	(2,663)
Advances on existing current	-	685	685
Total cash movements	(1,140)	(838)	(1,978)
Non-cash movements	-	-	-
Transfer to "loan to group companies"	244	-	244
Loan written off	(3,685)	-	(3,685)
Closing balance	**2,346**	685	**3,031**

Notes to the Financial Statements continued

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33. Tax paid

	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Balance at beginning of the year	(16,280)	(15,054)	(8,673)	(8,220)
Current tax for the year recognised in profit or loss discontinued	(181)	(606)	-	-
Current tax recognized for prior year profit or loss continued	-	540	-	-
Current tax recognized for prior year profit or loss continued	4	4	-	-
Adjustment in respect of penalties and interest raised	(15)	(842)	-	(453)
SARS liability settlement reduction reversal penalties and interest	7,757	-	4,319	-
Balance at end of the year	5,705	16,280	3,312	8,673
	(3,010)	**322**	(1,042)	**-**

34. Related parties

Relationships

Subsidiaries	Refer to Note 6
Subsidiaries loan accounts	Refer to Note 9
Significant shareholder with borrowings	Sandown Capital Proprietary Limited refer Note 18
Company controlled by a director providing services to the Group	Integrated Thinking Laboratory Proprietary Limited – controlled by S Roper
Entities under previous common control.	KNF Ventures (RF) Proprietary Limited TechNVest Proprietary Limited *
Directors' loans	Refer to Notes 19
Executive and non-executive directors	Refer to directors' report
Key management	DD Breedt
Previous owner of new subsidiary SME Snapshot	Phezula Group Close Corporation "Phezula"

*Relates to subsidiary owned by the previous Knife Capital directors. Knife Capital was disposed refer to Note 12.

Notes to the Financial Statements continued

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Related party balances	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Loan accounts - Owing (to) by related parties				
Elite owes Sandown Capital Proprietary Limited	(5,981)	(7,231)	-	-
Phezula Group CC	418	-	-	-
Outstanding loans to directors on acquistion of Knife Capital and general loans				
EA Van Heerden (A)	-	20	-	20
JK Van Zyl (A)	-	20	-	20
A Bohmert (A)	-	20	-	20
WJ Groenewald	100	183	100	183
G Hope	585	1,280	585	1,280
Related party transactions				
Cash paid to directors on acquisition of Knife Capital				
EA Van Heerden (A)	20	142	20	142
JK Van Zyl (A)	20	142	20	142
A Bohmert (A)	20	143	20	143
Administration fees (received from) paid to related parties				
Candlestick Park Investments Proprietary Limited	-	400	-	400
African Dawn Capital Limited	(23)	(100)	-	(100)
Integrated Thinking Laboratory Proprietary Limited	-	(300)	-	(300)
Knife Capital	12			
Grindstone	63			
KNF Ventures (RF) Proprietary Limited	(457)			
TechNVest Proprietary Limited	(447)			
Knife Capital	(52)	-	-	-
Commission (received from) paid to related parties				
African Dawn Wheels Proprietary Limited	1	3	-	-
Elite Group Proprietary Limited	(1)	(3)	-	-
Interest (received)/paid from related parties				
African Dawn Capital Limited	(94)	(116)	(94)	(116)
Elite Group Proprietary Limited	94	133	94	133
DD Breedt	-	(17)	-	-
G Hope - director	(7)	(143)	(7)	(143)
WJ Groenewald	(56)	(32)	(56)	(32)
African Dawn Capital Limited	63	111	63	111

Notes to the Financial Statements continued

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Related party balances	Group 2018 R'000	Group 2017 R'000	Company 2018 R'000	Company 2017 R'000
Sales (to)/from related parties				
TechNVest Proprietary Limited	300	-	-	-
Compensation to key management including directors				
Compensation	2,243	3,753	-	-

(A) – The directors resigned from African Dawn Capital Limited in January 2016 and all its subsidiaries after the Knife Capital disposal.

35. Directors emoluments

Executive

2018 R'000 Company

	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
WJ Groenewald	482	-	-	482
G Hope	472	-	-	472
	954	**-**	**-**	**954**

2017 R'000 Company

	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
WJ Groenewald	1,264	-	-	1,264
G Hope	1,200	-	-	1,200
	2,464	**-**	**-**	**2,464**

Non-executive

2018 R'000 Company

	Directors' Fees	Total
HH Hickey	144	144
V Lessing	144	144
SM Roper	144	144
	432	**432**

2017 R'000 Company

	Directors' Fees	Total
HH Hickey	144	144
V Lessing	144	144
SM Roper	144	144
	432	**432**

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36. Risk Management

Risk Management definitions

For the purposes of risk management, the following definitions are applicable:

* Credit risk – the risk that the Group may not recover amounts it is owed (debit balances - receivables, bank, debit loans).
* Liquidity risk – the risk that the Group may not be able to pay an amount as it becomes due.
* Interest rate risk
  - Cash flow interest rate risk – the risk that the cash flows will change because the interest rate has changed.
  - Fair value interest rate risk – the risk that the fair value of the instrument will change because the interest rate has changed.
* Equity price risk - the risk that the cash flows or fair value of the instrument will change because the share price has changed.
* Commodity price risk - the risk that the cash flows or fair value of the instrument will change because the commodity price has changed.

Concentrations of risk

There are no concentrations of risks.

Exposure

The Group is exposed to credit risk, interest rate risk and liquidity risk as follows:

Financial instrument	Credit Risk	Liquidity risk	Cashflow interest rate risk	Fair value interest rate risk	Non-Interest rate risk
Loans to Group companies	Yes	No	No	Yes*	No
Trade receivables	Yes	No	Yes	Yes*	No
Other receivables	Yes	No	No	Yes*	Yes
Cash and cash equivalents	Yes	No	Yes	No	No
Borrowings	No	Yes	Yes	Yes*	Yes
Loans from Group companies	No	Yes	No	No	Yes
Loans from directors	No	Yes	No	Yes	No
Trade payables	No	Yes	No	No	Yes

*Balances that are either interest free or where interest is earned / paid at less than a market related rate.
From an operational perspective, there is no interest rate risk. However, from an IFRS perspective, these loans are discounted and deemed interest income / expense is recognised. Therefore such loans give rise to fair value interest rate risk.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Management of risk

Cashflow is monitored very closely on a continuous basis.

Credit risk is very closely managed in accordance with the basis as disclosed in the accounting policy 1.15.

Analysis of the statement of financial position

The statement of financial position is analyzed in the table below:

Group 2018 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment			400	400
Intangible assets			921	921
Deferred tax asset			26	26
Trade and other receivables	22,841		10	22,851
Cash and cash equivalents	429			429
Share capital and share premium			(313,943)	(313,943)
Accumulated loss			305,825	305,825
Outside shareholders share loss			114	114
Borrowings non-current		(4,031)		(4,031)
Current tax payable			(5,705)	(5,705)
Borrowings current		(4,259)		(4,259)
Operating lease liabilities current			(62)	(62)
Loans from directors current		(685)		(685)
Trade and other payables		(1,705)	(176)	(1,881)

Notes to the Financial Statements continued

Annual Financial Statements For the year ended 28 February 2018

Group 2017 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment			605	605
Goodwill			4,679	4,679
Intangible assets			3,775	3,775
Deferred tax asset			697	697
Property in possession	15,853			15,853
Trade and other receivables	31,193			31,193
Cash and cash equivalents	1,983			1,983
Share capital and share premium			(313,943)	(313,943)
Accumulated loss			303,630	303,630
Deferred tax			(758)	(758)
Borrowings non-current		(6,316)		(6,316)
Current tax payable			(16,280)	(16,280)
Borrowings current		(9,475)		(9,475)
Loans from directors current		(1,523)		(1,523)
Operating lease liabilities			(5)	(5)
Trade and other payables		(9,412)	(4,703)	(14,115)

Company 2018 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment			36	36
Investments in subsidiaries			6,377	6,377
Loans to Group companies	11,622			11,622
Trade and other receivables	994			994
Cash and cash equivalents	55			55
Share capital and share premium			(313,943)	(313,943)
Accumulated loss			301,467	301,467
Loans from Groups companies - current		(2,346)		(2,346)
Borrowings non-current				-
Current tax payable			(3,312)	(3,312)
Loans from directors current		(685)		(685)
Trade and other payables		(265)		(265)

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Company 2017 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment			70	70
Investments in subsidiaries			15,877	15,877
Loans to Group companies	25,216			25,216
Trade and other receivables	114			114
Cash and cash equivalents	78			78
Share capital and share premium			(313,943)	(313,943)
Accumulated loss			298,388	298,388
Loans from Groups companies - current		(6,927)		(6,927)
Borrowings non-current				-
Current tax payable			(8,673)	(8,673)
Loans from directors current		(1,523)		(1,523)
Operating lease liabilities		(5)		(5)
Trade and other payables		(4,264)	(4,408)	(8,672)

Collateral

a. The Group holds cessions and sureties as security on certain trade debtors. The Group also holds cash security deposits on property rentals agreements.
b. None of the security has been ceded to other parties during the financial year.
c. The Group has not taken possession of any collateral it holds in 2018 and 2017.

Notes to the Financial Statements *continued*

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Analysis of the statement of profit or loss and other comprehensive income ("SOCI")

The SOCI is analysed below:

Group 2018 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	12,450	-	-	12,450
Interest income - on impaired financial assets	271	-	-	271
Interest expense normal and deemed reversed/(raised)	433	(1,114)	-	(681)
Impairment	(8,645)	-	-	(8,645)

Group 2017 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	15,835	-	-	15,835
Interest income - on impaired financial assets	40	-	-	40
Interest expense normal and deemed reversed/(raised)	(585)	(1,718)	(842)	(3,145)
Impairment	(4,442)	-	-	(4,442)

Company 2018 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	-	-	-	-
Interest income - on impaired financial assets	-	-	-	-
Interest expense normal reversed/(raised)	-	(63)	-	(63)
Impairment	(7,110)	-	-	(7110)

Company 2017 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	117	-	-	117
Interest income - on impaired financial assets	-	-	-	-
Interest expense normal reversed/(raised)	-	(143)	(711)	(854)
Impairment	(1,736)	-	-	(1,736)

Credit risk

Maximum exposure

The amount that best represents the Group's maximum exposure to credit risk is as follows:

- Granting of loans and receivables to customers and other parties - the maximum exposure to credit risk is the carrying amount of the related financial assets. (I.e. net of any impairment losses recognised in accordance with IAS 39).
- Placing deposits with banks - the maximum exposure to credit risk is the carrying amount of the related financial assets.
- Granting financial guarantees - the maximum exposure to credit risk is the maximum amount the Group could have to pay if the guarantee is called on, which may be significantly greater than the amount recognised as a liability or contingent liability. The maximum exposure as a result of such contracts is disclosed in Note 41.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Collateral

The following collateral is held as security:

Group '000	2018		2017	
	Carry amount	Security held	Carrying amount	Security held
Trade receivables for which collateral is held	5,679	5,679	8,690	8,208

The company did not hold any collateral in 2018 or 2017.

Amount of impairment for each class of financial asset:

Group R'000	Amount of impairment 2018	Amount of Impairment 2017
Trade and receivables (refer to Note 10)	9,288	20,602
	9,288	**20,602**

Company R'000	Amount of impairment 2018	Amount of Impairment 2017
Loans to Group companies (refer to Note 9 for reconciliation)	58,186	51,706
	58,186	**51,706**

Trade and other receivables - impairment reconciliation

Group	2018 R'000	2017 R'000
Opening balance	20,602	18,934
Plus additional impairment allowance	5,398	4,442
Less actual write off against impairment allowance	(16,712)	(2,774)
	9,288	20,602

The company does not have an allowance for impairment.

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.

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

Current receivables – 0% progressing to 30% and then, if required, transferred to the collections book;

Collections receivables - 20% (2017: 45%) progressing to 90% and then, if required, either written off or transferred to the legal book;

Legal receivables - 15% progressing to 90% and then written off if required (2017: 30% to 90%)

Notes to the Financial Statements continued
Annual Financial Statements for the year ended 28 February 2018

Analysis of financial assets that are neither past due nor impaired:

Group 2018 R'000	Current	30-60 days	60-90 days	90 + days	Total
Current receivables	10,017	266	116	1,155	11,555

Group 2017 R'000	Current	30-60 days	60-90 days	90 + days	Total
Current receivables	11,800	-	-	1,441	13,241

Company 2018 R'000	Current	30-60 days	60-90 days	90 + days	Total
Current receivables	-	500	37	447	984

Company 2017 R'000	Current	30-60 days	60-90 days	90 + days	Total
Current receivables	-	-	-	83	83

Ageing of the financial assets that are impaired#

Group 2018 R'000	Current	30-60 days	60-90 days	90 + days	Total
Trade receivables - Current	313	253	31	-	597
Trade receivables - Collections	1,180	224	243	1,353	3,000
Trade receivables - Legal	2,121	353	67	9,442	11,983
	3,614	830	341	10,795	15,580

Group 2017 R'000	Current	30-60 days	60-90 days	90 + days	Total
Trade receivables - Current	1,335	533	333	21,040	23,241
Trade receivables - Collections	993	257	201	349	1,800
Trade receivables - Legal	8,295	57	42	5,437	13,831
	10,623	847	576	26,826	38,872

Ageing of those financial assets that are past due but not impaired*

Group 2018 R'000	Current	30-60 days	60-90 days	90 + days	Total
Trade receivables - Current	-	-	-	4,859	4,859
	-	-	-	4,859	4,859

Ageing of impairment allowance

Group 2018 R'000	Current	30-60 days	60-90 days	90 + days	Total
Trade receivables - Current	(13)	(38)	(9)	-	(60)
Trade receivables - Collections	(97)	(38)	(42)	(835)	(1,012)
Trade receivables - Legal	(404)	(114)	(22)	(7,676)	(8,216)
	(514)	(190)	(73)	(8,511)	(9,288)

Group 2017 R'000	Current	30-60 days	60-90 days	90 + days	Total
Trade receivables - Current	(491)	(286)	(266)	(12,805)	(13,848)
Trade receivables - Collections	(23)	(30)	(6)	(0)	(59)
Trade receivables - Legal	(2,489)	(17)	(13)	(4,177)	(6,696)
	(3,003)	(333)	(285)	(16,982)	(20,603)

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

	Current	30-60 days	60-90 days	90 + days	Total
Net financial asset 2018 R'000	13,117	906	385	8,298	22,706
Net financial asset 2018 R'000	19,421	515	291	11,284	31,511

Represents gross debtors of R15 580 (2017: R38,872) of which and impairment allowance of R9,288 (2017: R20,603) has been provided for as indicated above.

* Refer to Note 1.18 where it is noted that the payment schedule that was in place and that had failed, has been restructured. Agreements incorporating restructuring arrangements have been concluded. The restructured arrangement significantly increases the likelihood of payment by the debtor in the next 12 months. Refer Note 27.

Credit quality information for financial assets that are neither past due nor impaired:

	2018		2017	
Group R'000	**Carrying amount**	**Credit Quality**	**Carrying amount**	**Credit quality**
Trade receivables	11,555	Medium	13,241	Medium
Cash and cash equivalents	429	High	1,983	High

	2018		2017	
Company R'000	**Carrying amount**	**Credit Quality**	**Carrying amount**	**Credit quality**
Cash and cash equivalents	55	High	78	High

Renegotiated loans

The carrying amount of the financial assets included above that would have been past due or impaired had their terms not been renegotiated are:

Group R'000	**Carrying amount of renegotiated loans 2018**	**Carrying amount of renegotiated loans 2017**
Trade and other receivables	5,679	8,747

The company did not have any renegotiated loans and receivables in 2018 and 2017.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Liquidity risk

Group 2018 R'000	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Borrowings	125	583	3,551	4,031	-	**8,290**
Loans from directors	-	-	-	685	-	**685**
Trade and other payables	275	514	-	916	-	**1,705**
	400	**1,097**	**3,551**	**5,632**	**-**	**10,680**

Group 2017 R'000	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Borrowings	318	6,606	2,650	6,217	-	**15,791**
Loans from directors	-	1,523	-	-	-	**1,523**
Trade and other payables	-	5,295	2,528	1,589	-	**9,412**
	318	**13,424**	**5,178**	**7,806**	**-**	**26,726**

Company 2018 R'000	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Loans from Group companies	-	-	2,346	-	-	**2,346**
Loans from directors	-	685	-	-	-	**685**
Trade and other payables	70	195	-	-	-	**265**
	70	**880**	**2,346**	**-**	**-**	**3,296**

Company 2017 R'000	Not later than 1 month	1 month to 3 months	3 to 12 months	1 year to 3 years	More than 3 years	Total
Loans from Group companies	-	-	6,927	-	-	**6.927**
Loans from directors	-	1,523	-	-	-	**1,523**
Trade and other payables	100	4,051	-	144	-	**4,265**
	100	**5,574**	**6,927**	**114**	**-**	**12,715**

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Interest rate risk

The sensitivity analyses below has been determined based on the exposure to interest rates for non-derivative instruments at the statement of financial position date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the statement of financial position date was outstanding for the whole year. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's loss for the period would change by R 169,210 (2017: R216,035) (company: Rnil (2017: Rnil).

A 100 basis points increase would increase revenue on unsecured lending by an estimated R252,110 (2017: R373,945).
A 100 basis points increase would increase finance costs on borrowings linked to prime by an estimated R 82,900 (2017: R157,910).

37. Change in estimate

Debtors allowance

The debtors allowances is based on categories and aging as described in Note 36.

The credit committee undertook to review the allowance estimates applied to the trade receivables in light of changing economic circumstances and updated collection trends. In light of the changes the committee decided to change the following estimates in the allowance calculation:

Current receivables

No changes were implemented to the current receivables allowance.

Collection receivables

- The collections brackets have been reduced to 20% from (2017: 45%)
- Collections brackets are determined by payments received (2017: communication status)

Legal receivables

- Debtors are only treated us current when a payment is received. (2017: based on status refer to Note 36)
- Debtors in pre-legal status increased allowance percentage starting from 15% (2017: starting from 30%)
- Debtors in the legal process have an allowance starting from 70% (2017: 70%)

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

Current receivables – 0% progressing to 30% and then, if required, transferred to the collections book;
Collections receivables - 20% (2017: 45%) progressing to 90% and then, if required, either written off or transferred to the legal book;
Legal receivables - 15% progressing to 90% and then written off if required (2017: 30% to 90%)

The effect of the changes on the financial statements has increased the allowance using the original estimates to the new estimates as below:

Statement of financial position	2018	2017
Debtors allowance as calculated using the new estimates	9,127	-
Debtors allowance as calculated using the old estimates	(7,375)	-
	1,752	-

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

38. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due	2018	2017
- within one year	441	762
- in second to fifth year inclusive	189	320
	630	**1,082**

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years with an option to extend. No contingent rent is payable.

39. Events after reporting period

Reversal of acquisition of SME Snapshot

Shareholders are hereby advised that on 22 May 2018, the Company and YueDiligence entered into a further sale and settlement agreement with SME Snapshot, the Seller and Tyronne Clinton Nel, in terms of which the parties agree to unwind the Transaction through the disposal by the Seller of the YueDiligence Shares to YueDiligence and the disposal by YueDiligence of the SME Snapshot Equity to the Seller.

As a result of the Disposal, YueDiligence will not be required to develop and roll out the product offerings of SME Snapshot. The Disposal will enable YueDiligence to focus solely on the roll out of its interactive web-based Gap Analysis Tool as a product offering to entrepreneurs, funders and consultants to assist them to identify growth gaps and help create sustainable entities that will attract funding for growth.

Capital Raising

A non-binding Letter of Intent has been signed with a party that is currently performing a due diligence to support either capital raising for Afdawn and/or secure funding for Elite or a combination of both. A cautionary statement in this regard was published on 25 June 2018.

Material debtor

Agreements incorporating the restructured arrangements have been concluded. The restructured arrangement significantly increases the likelihood of payment by the debtor in the next 12 months.

Director's Loan

The director has waived his right to claim, call up, or access his loan account, relating to contributions after year end, which shall only become due, owing and payable at such time when the restructured arrangement relating to the long outstanding debtor of R4.7million (refer Note 1.18) has been paid or discharged in full. It was also determined that if the board of directors of the company determine that the debt is no longer recoverable, then and in such event the director irrevocably waive his right, title and interest in and to the loan account.

40. 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 R0,192million (2017: 1,515). 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.

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

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, Knife Capital and Grindstone. Knife Capital and Grindstone were sold during the financial period, so transactions related to them are treated as discontinued operations. 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. Rentals of properties in possession

This segment consists of a residential complex with 76 units (a mix of 2 and 3 bedrooms), that are rented out on annual leases to individuals. The property was sold during the financial period so the segment is treated as discontinued.

d. Other

Other consists of the holding company together with other smaller entities not dealt with in other segments. Segment information has been restated to comply with the segments identified above.

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.

2018 Group	**Investment advisory and investment management R'000**	**Micro finance R'000**	**Rentals of properties in possession R'000**	**Other R'000**	**Total R'000**
Revenue	172	17,248	-	(11)	17,409
Cost of sales	116	10	-	(10)	116
Other income	-	373	-	1,226	1,599
Investment income	19	8	-	1	28
Finance costs	5	1,138	-	(29)	1,114
Operating expenses	518	20,708	-	10,122	31,348
Impairment trade and other receivables	-	(7,718)	-	(3,596)	(11,314)
Bad debts actually written off	-	12,249	-	7,710	19,959
Gain on SARS settlement	-	-	-	11,809	11,809
Deemed interest	-	-	-	433	433
Depreciation and amortisation	109	622	-	38	769
Profit/(loss) before taxation	(449)	(4,228)	-	3,376	(1,301)
Taxation	-	(4)	-	-	(4)
Discontinued operations	(787)	-	(577)	-	(1,364)
Total comprehensive	(1,236)	(4,224)	(577)	3,376	(2,661)
Segment total assets	977	17,804	53	5,793	24,627
Segment total liabilities	329	9,641	46	6,607	16,623
Intangible assets acquired	241	206	-	-	447
Goodwill aquired	211	-	-	-	211
Property, plant and equipment acquired	-	17	-	-	17

Notes to the Financial Statements continued

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2017 Group	Investment advisory and investment management R'000	Micro finance R'000	Rentals of properties in possession R'000	Other R'000	Total R'000
Revenue external	3	21,361	-	(4)	21,360
Cost of sales	42	-	-	-	42
Other income	-	788	-	984	1,772
Investment income	-	29	-	1	30
Finance costs	-	1,434	-	1,126	2,560
Operating expenses	62	21,504	-	7,911	29,477
Impairment trade and other receivables	-	1,344	-	130	1,474
Bad debts actually written off	-	2,641	-	-	2,641
Deemed interest expense	-	-	-	585	585
Depreciation and amortisation	9	527	-	59	595
Reduction of liability to Nexus liquidator	-	2,162	-	-	2,162
Profit/(loss) before taxation	(101)	1,402	-	(8,641)	(7,340)
Taxation	26	-	-	-	26
Profit/(loss) after taxation	(75)	1,402	-	(8,641)	(7,314)
Discontinued operations	(5,285)	-	411	-	(4,874)
Total comprehensive	(5,360)	1,402	411	(8,641)	(12,188)
Segment total assets	1,766	23,665	16,902	16,452	58,785
Segment total liabilities	1,581	11,692	8,334	26,865	48,472
Intangible assets acquired	30	274	-	-	304
Goodwill	-	-	-	4,679	4,679
Property, plant and equipment acquired	-	44	-	-	44

41. Guarantees

The Company has provided a guarantee to National Housing Finance Corporation for a loan facility of R25 million provided to Elite. The outstanding balance on the loan as at 28 February 2018 was R0,128million (2017 R1,4million). In terms of the guarantee Afdawn will assume responsibility for the loan if Elite defaults on the loan.

42. 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.

Basic and diluted loss per share

	2018 c	2017 c
From continued operations (c per share)	(5.9)	(33.4)
From discontinued operations (c per share)	(6.2)	(22.2)
	(12.1)	**(55.6)**

Notes to the Financial Statements continued

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Reconciliation of loss for the year to basic loss

Loss from continued operations	(1,297)	(7,314)
Loss from discontinued operations	(1,364)	(4,874)
Basic loss per share	(2,661)	(12,188)

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

	2018 '000	2017 '000
Number of ordinary shares in issue	21,925	21,925
Weighted average number of shares used for loss and headline loss per share	**21,925**	**21,925**

Headline loss per share

	2018 c	2017 c
Headline loss per share continued operations (c)	(5.0)	(33.4)
Headline loss per share discontinued operations (c)	(2.9)	(6.7)
	(7.9)	**(40.1)**

Headline loss from continued operations 2018 R'000	Gross	Tax	Net
Loss from continued operations	(1,301)	4	(1,297)
Impairment of goodwill	211	-	211
Headline loss from operations	**(1,090)**	**4**	**(1,086)**

Headline loss from discontinued operations 2018 R'000	Gross	Tax	Net
Loss from discontinued operations	(1,545)	181	(1,364)
Loss on sale of Knife Capital	426	-	426
Profit on sale of associate	(209)	-	(209)
Impairment of goodwill	485	-	485
Loss on disposal of property, plant and equipment	22	-	22
Headline loss from discontinued operations	**(821)**	**181**	**(640)**

Headline loss continued operations 2017 R'000	Gross	Tax	Net
Loss from continued operations	(7,146)	(168)	(7,314)
Loss on disposal of property, plant and equipment	5	(1)	4
Headline loss from continued operations	**(7,141)**	**(169)**	**(7,310)**

Headline loss discontinued operations 2017 R'000	Gross	Tax	Net
Loss from discontinued operations	(5,480)	606	(4,874)
Impairment of goodwill	3,397	-	3,397
Headline loss from discontinued operations	**(2,083)**	**606**	**(1,477)**

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Annual Financial Statements for the year ended 28 February 2018

43. Restrictions

A contract has restrictions in it that limit access to assets by the Group. These restrictions are explained below:

2018 - Existing as at year end

Sandown Capital Proprietary Limited

No amounts can be paid to Afdawn by Elite until all amounts owing to Sandown Capital Proprietary Limited have been settled. The carrying amount of the liabilities is R5,981million (2017: R7,231million) (refer to Note 18 which deals with borrowings owed to Sandown).

44. Prior period re-classification error

A portion of the non-refundable deposit relating to the cancelled sale of Elite was incorrectly recognised as revenue in the prior year and has been re-classified to other income.

The reclassification is only on amounts within the statement of comprehensive income and does not effect retained income.

The effect of the reclassification on the statement of comprehensive income is indicated below:

Group 2017 R'000	As originally stated	Discontinued Operations (refer to Note 31)	Reclassification error	Now stated
Revenue	36,991	(14,727)	(904)	21,360
Gross profit	36,625	(14,403)	(904)	21,360
Other income	1,387	(519)	904	1,772

Company 2017 R'000	As originally stated	Discontinued Operations (refer to Note 31)	Reclassification error	Now stated
Revenue	1,679	-	(904)	775
Gross profit	1,679	-	(904)	775
Other income	-	-	904	904

Statement of cash flow reclassification

An amount of R2 000 for proceeds from loans from group companies was reclassified from cash flow from investing activities to cash flow from financing activities in 2017 as the nature of these movements relates to financing activities. The reclassification is only within the statement of cash flows and does not effect retained income.

Statement of cash flows	As originally stated	Reclassification	Now stated
Cashflow from investing activities			
Repayment from loans from group companies	(2)	2	-
Cashflow from financing activities			
Repayment from loans from group companies	-	(2)	(2)

Notes to the Financial Statements continued

Annual Financial Statements for the year ended 28 February 2018

Revenue reclassification

The revenue classifications have been annalised and split in terms of the accounting policy. The reclassifications does not effect retained income.

Revenue	As originally stated	Discontinued operations (refer to Note 31)	Reclassification	Now stated
Rendering of service	9,978	(9,974)	284	288
Non-interest income (administration fees)	1,112	-	3,662	4,774
Rental income	4,753	(4,753)	-	-
Interest received	21,074	-	(5,199)	15,875
Insurance revenue	74	-	349	423
	36,991	(14,727)	(904)	21,360

Risk management Note

The risk management Note 36 has been amended in various areas including the analysis of statement of profit and loss and other comprehensive income (SOCI), analysis of financial assets, credit quality of financial assets that are neither past due nor impaired, and liquidity risk. A more detailed breakdown of analysis of financial assets has been included for the prior year to be in line with the current year disclosures.

All of the above reclassifications did not impact retained income and therefore management has departed from disclosing a 3rd column balance sheet.

Shareholders' Analysis

African Dawn Capital Limited: Shareholder Analysis Tables

SHAREHOLDER SPREAD	No. of shareholders	%	No. of Shares	%
1 - 1 000 shares	1,313	63,86	311 491	1,42
1 001 - 10 000 shares	534	25,97	1 887 654	8,61
10 001 - 100 000 shares	183	8,90	5 238 286	23,89
100 001 - 1 000 000	22	1,07	4 530 278	20,66
1 000 001 and over	4	0,19	9 957 319	45,42
Total	**2,056**	**100**	**21 925 028**	**100**

DISTRIBUTION OF SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Banks	5	0,24	84 737	0,39
Brokers	13	0,63	1 561 422	7,12
Close Corporations	26	1,26	3 665 662	16,72
Endowment Funds	1	0,05	8	0,00
Individuals	1,897	92,27	13 418 141	61,20
Investment Companies	1	0,05	5	0,00
Nominees And Trusts	61	2,97	867 966	3,96
Other Corporations	17	0,83	183 800	0,84
Pension Funds	2	0,10	27 279	0,12
Private Companies	30	1,46	1 987 996	9,07
Public Companies	3	0,15	128 012	0,58
Total	**2,056**	**100**	**21 925 028**	**100**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Non - Public Shareholders	4	0,19	7 406 352	33,78
Directors of the Company	2	0,10	62 702	0,29
Strategic Holdings (10% or more)	2	0,10	7 343 650	33,49
Public Shareholders	2,052	99,81	14 518 676	66,22
Total	**2,056**	**100**	**21 925 028**	**100**

BENEFICIAL SHAREHOLDERS HOLDING OF 2% OR MORE	No. of Shares	%
Brown, NRO	4 000 000	18,24
Toothrock Investments CC	3 343 650	15,25
PGR SPV1 (Peregrine Financial Services Holdings)	1 467 440	6,69
Shock Proof Investments 20 (Pty) Ltd	1 151 240	5,25
Universal Pulse Trading 132 (Pty) Ltd	500 000	2,28

Shareholders' Analysis continued

Breakdown of Non-Public Holdings

DIRECTORS OF THE COMPANY	No. of Shares	% of Shares
Hope, GB	58,750	0,27
Groenewald, WJ	3,952	0,02
Total	**62,702**	**0,29**

STRATEGIC HOLDINGS (10% OR MORE)	No. of Shares	% of Shares
Brown, NRO	4,000,000	18,24
Toothrock Investments CC	3,343,650	15,25
Total	**7,343,650**	**33,49**

BENEFICIAL SHAREHOLDERS HOLDING OF 2% OR MORE (APPEARED TWICE OR MORE IN THE REGISTER)	No. of Shares	% of Shares
Shock Proof Investment 20 (Pty) Ltd	**1,151,240**	**5,25**
Shock Proof Investment 20 (Pty) Ltd	1,146,229	5,23
Shock Proof Investment 20 (Pty) Ltd	3,167	0,01
Shock Proof Investment 20 (Pty) Ltd	1,844	0,01

Notice of Annual General Meeting of Shareholders

African Dawn Capital Limited
Incorporated in the Republic of South Africa
(Registration number: 1998/020520/06)
Share code: ADW
ISIN: ZAE000223194

Notice is hereby given of the annual general meeting of shareholders of African Dawn Capital Limited ("the Company or "the Group") to be held at the BDO Offices, 9th Floor, 119 – 123 Hertzog Boulevard, Foreshore, Cape Town, on Tuesday, 4 September 2018 at 10h00 ("the Annual General Meeting").

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), the record date for shareholders to be recorded on the securities register of the Company in order to receive Notice of the Annual General Meeting is Friday, 20 July 2018. Further the record date determined by the Board for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 24 August 2018. Accordingly, with the last day to trade being Tuesday, 21 August 2018.

Purpose

The purpose of the Annual General Meeting is to transact the business set out in the agenda below.

Agenda

- Presentation of the audited annual financial statements of the Company, including the reports of the directors and the audit and risk committee for the year ended 28 February 2018. The annual report, of which this notice forms part, contains the summarised group financial statements and the aforementioned reports. The annual financial statements, including the unmodified audit opinion, are available on the Company's website at www.afdawn.co.za, or may be requested and obtained in person, at no charge, at the registered office of the Company during office hours.

- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:
For any of the ordinary resolutions numbers 1 to 6 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 7 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. ORDINARY RESOLUTION

1.1 ORDINARY RESOLUTION NUMBER 1 - RE-ELECTION OF MS V LESSING AS AN INDEPENDENT NON EXECUTIVE DIRECTOR

"Resolved that Ms V Lessing who, in terms of Article 29.3.6 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers herself for re-election be and is hereby re-elected."

Summary of the curriculum vitae of Ms V Lessing ("Vanya"):

Vanya was appointed as an independent non-executive director of the Company on 29 May 2013. Vanya is the CEO of the Sure Travel Group, responsible for managing the interests of shareholders, licensees and suppliers. The Sure Travel Group manages the interests of 100 travel companies in South Africa and Namibia. Vanya is the former CEO of ASATA (Association of Southern African Travel Agents). During her tenure there (2001 - 2005), she led the travel industry through change and a series of sensitive negotiations, resulting in a new industry business model. Vanya has extensive experience in collaboration and interaction with SME's, expediting turnaround strategies. Her strong negotiating skills brings 'on the ground' expertise to the Board. Vanya is also a Board member of Sure Holdings (Pty) Ltd, ASATA and Worldwide Independent Travel Network Ltd (WIN).

The reason for ordinary resolution numbers 1 is that the memorandum of incorporation of the Company, the Listings Requirements of the JSE Ltd and, to the extent applicable, the Companies Act, require that a component of the non-executive directors rotate at every annual general meeting of the Company and, being eligible, may offer themselves for re-election as directors.

Notice of Annual General Meeting of Shareholders continued

1.2 ORDINARY RESOLUTION NUMBER 2 – RE-APPOINTMENT OF MS H HICKEY TO THE AUDIT AND RISK COMMITTEE

“Resolved that pursuant to the requirements of section 94(2) of the Companies Act, Ms H Hickey, a non-executive, independent director of the Company, be and is hereby re-appointed as a member of the Audit and Risk Committee, as recommended by the Board of directors of the Company until the next Annual General Meeting.”

Summary curriculum vitae of Ms H Hickey (“Hester”).

Hester was appointed as a non-executive director on 21 February 2011. She is a chartered accountant and consults to various companies specializing in risk and governance. She also performs the Board evaluation processes for the Institute of Directors. She is currently non-executive director and audit committee Chair for Omnia Holdings Limited, Pan African Resources Plc and a nonexecutive director of Cashbuild Limited. She is a past Chairman of the South African Institute of Chartered Accountants and has worked in senior positions for a number of listed companies and serves on several audit committees. Hester lectured auditing at the University of the Witwatersrand and was a member of the King II task team.

1.3 ORDINARY RESOLUTION NUMBER 3 – RE-APPOINTMENT OF MS V LESSING TO THE AUDIT AND RISK COMMITTEE

“Resolved that pursuant to the requirements of section 94(2) of the Act, and subject to her re-appointment in terms of ordinary resolution number 1 above, Ms V Lessing, a non-executive independent director of the Company, be and is hereby re-appointed as a member of the Audit and Risk Committee as recommended by the Board of directors of the Company until the next Annual General Meeting.”

NOTE: A summary of the curriculum vitae of Ms V Lessing has been included in paragraph 1.1 above.

1.4 ORDINARY RESOLUTION NUMBER 4 – RE-APPOINTMENT OF MR S ROPER TO THE AUDIT AND RISK COMMITTEE

“Resolved that pursuant to the requirements of section 94(2) of the Act to appoint Mr S Roper, a non-executive independent director of the Company, be and is hereby re-appointed as a member of the Audit and Risk Committee as recommended by the Board of directors of the Company until the next Annual General Meeting.”

Note: The curriculum vitae of Mr S Roper has been included in paragraph 1.1 above.

The reason for ordinary resolutions numbers 2 to 4 (inclusive) is that the Company, being a public listed company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

1.5 ORDINARY RESOLUTION NUMBER 5 – RE-APPOINTMENT OF THE INDEPENDENT REGISTERED AUDITOR

“Resolved that pursuant to the requirements of section 90(1) read with section 61(8)(c) of the Companies Act, and as nominated by the Company’s Audit and Risk Committee, Grant Thornton be and is hereby re-appointed as the independent auditors of the Company for the financial year ending 28 February 2019, with Ms Vianca Pretorius being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the Audit and Risk Committee to determine the auditor’s remuneration.”

The reason for ordinary resolution number 5 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the Company as required by the Companies Act.

1.6 ORDINARY RESOLUTION NUMBER 6 – NON- BINDING ADVISORY VOTE ON AFDAWN’S REMUNERATION POLICY

Resolved that the shareholders endorse, by way of on a non-binding advisory vote, the Company’s remuneration policy as set out on pages 9 to 14 of this Integrated Annual Report.”

The reason for ordinary resolution number 6 is that the King IV Report on Corporate Governance™ for, 2016 South Africa (“King IV™”) recommends and the JSE Listings Requirements require, that the remuneration policy of the Company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the Company. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution number 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendment to the Company’s remuneration policy.

Notice of Annual General Meeting of Shareholders continued

1.7 ORDINARY RESOLUTION NUMBER 7 – GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

"Resolved that the directors of the Company from time to time be and are hereby authorised, by way of a general authority, to issue all or any of the authorised but unissued ordinary shares in the capital of the Company, or to allot, issue and grant options to subscribe for, all or any of the authorised but unissued ordinary shares in the capital of the Company, for cash, as and when they in their sole discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements as amended from time to time, provided that:

- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the securities which are the subject of a general issue for cash may not exceed 10% (ten percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 2192505 securities. Any securities issued under this authorisation during the period of 15 (fifteen) months from the date that this authorisation will be deducted from the aforementioned listed securities. In the event of a sub-division or a consolidation during the period contemplated above the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for the securities and the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 10% (ten percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes, it is necessary for the board of the Company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the memorandum of incorporation of the Company. Accordingly, the reason for ordinary resolution number 7 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the memorandum of incorporation of the Company.

For this resolution to be adopted, at least 75% (seventy five percent) of the shareholders present in person or by proxy and entitled to vote on this resolution at the AGM must cast their vote in favour of this resolution.

2. SPECIAL RESOLUTIONS

To consider and if deemed fit, to pass, with or without modification, the following special resolutions. The percentage of voting rights that will be required for the adoption of each special resolution is the support of at least 75% (seventy five percent) of the voting rights exercised on the resolution.

2.1 SPECIAL RESOLUTION NUMBER 1 – NON-EXECUTIVE DIRECTORS' FEES

"Resolved that, as a special resolution, unless otherwise determined by the Company in general meeting, the following annual fees payable by the Company to its non-executive directors for their services as directors, with effect from 01 March 2018, be and hereby is approved:

◊ Notice of Annual General Meeting of Shareholders continued

Position	Proposed fee for the year ended 28 February 2019 R
Committee and Board Member	144,000

The reason for special resolution number 1 is for the Company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number 1 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting of the Company.

2.2 SPECIAL RESOLUTION NUMBER 2 - GENERAL APPROVAL TO ACQUIRE OWN SHARES

"Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company and the Listings Requirements, including, inter alia, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 10% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Company and its subsidiaries ("the Group");
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five business day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements."

The reason for and effect of special resolution number 2 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 2. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2) (b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a Company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

2.3 SPECIAL RESOLUTION NUMBER 3: INTER-COMPANY FINANCIAL ASSISTANCE

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

Notice of Annual General Meeting of Shareholders continued

The reason for and effect of special resolution number 3 is to grant the directors of the Company the authority, until the next annual general meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

2.4 SPECIAL RESOLUTION NUMBER 4: FINANCIAL ASSISTANCE FOR THE SUBSCRIPTION AND/OR PURCHASE OF SHARES IN THE COMPANY OR A RELATED OR INTER-RELATED COMPANY

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related to the Company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company."

The reason for and effect of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries. A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's memorandum of incorporation have been met.

3. OTHER BUSINESS

To transact such other business as may be transacted at the Annual General Meeting of the shareholders.

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

1. The directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company as set out in special resolution number 2 to the extent that the directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:

- the Company's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this Annual General Meeting and for a period of 12 months after the repurchase;
- the consolidated assets of the Company will at the time of the Annual General Meeting and at the time of making such determination be in excess of the consolidated liabilities of the Company. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Company;
- the ordinary capital and reserves of the Company after the repurchase will remain adequate for the purpose of the business of the Company for a period of 12 months after the Annual General Meeting and after the date of the share repurchase; and
- the working capital available to the Company after the repurchase will be sufficient for the Company's requirements for a period of 12 months after the date of the notice of the Annual General Meeting.

Notice of Annual General Meeting of Shareholders continued

General information in respect of major shareholders, material changes and the share capital of the Company is contained in the annual report of which this notice forms part, as well as the full set of annual financial statements, being available on the Company's website at www.afdawn.co.za or which may be requested and obtained in person, at no charge, at the registered office of the Company during office hours.

2. The directors, whose names appear on page 7 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of Annual General Meeting contains all information required by the Listings Requirements.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the Company. Forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, Rosebank Towers,15 Biermann Avenue, Sandton, 2196, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by no later than10h00 on Friday, 31 August 2018 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the Annual General Meeting at any time prior to the commencement of the Annual General Meeting

Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

On a show of hands, every person present and entitled to exercise voting rights shall be entitled to one vote, irrespective of the number of votes that person would otherwise be entitled to exercise. On a poll, every holder of ordinary shares shall be entitled to one vote per ordinary share held.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Shareholders or their proxies may participate in the meeting by way of a teleconference call and, if they wish to do so:

- must contact the Company Secretary: amber@statucor.co.za or +27 21 460 6477;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Please note that shareholders or their proxies will not be entitled to exercise voting rights at the meeting by way of teleconference call; a shareholder or proxy has to be physically present at the meeting in order to vote.

VOTING EXCLUSIONS

Equity securities held by a share trust or scheme, and unlisted securities will not have their votes taken into account at the Annual General Meeting for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

PROOF OF IDENTIFICATION REQUIRED

In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the Annual General Meeting. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the Annual General Meeting as sufficient identification.

By order of the Board

STATUCOR (PTY) LTD
Represented by AJ Rich
Company Secretary

Form of proxy

African Dawn Capital Limited
Incorporated in the Republic of South Africa
Registration number 1998/020520/06
Share code: ADW
ISIN: ZAE000223194
(African Dawn" or "the Company")

For the use of shares who are:
1. Registered as such and who have not dematerialised their African Dawn ordinary shares; or
2. Hold dematerialised African Dawn ordinary shares in their own name.

At the African Dawn annual general meeting to be held in the boardroom, BDO Offices, 9th Floor, 119 – 123 Hertzog Boulevard, Foreshore, Cape Town, on Tuesday, 4 September 2018 at 10h00 ("the annual general meeting").

Dematerialised shareholders holding shares other than with "own name" registration, must inform their Participant or broker of their intention to attend the annual general meeting and request their Participant or broker to issue them with the necessary letter of representation to attend the annual general meeting in person and vote or provide their Participant or broker with their voting instructions should they not wish to attend the annual general meeting in person. These shareholders must not use this form of proxy.

I/We (please print name in full) ______________________________

of (address) ______________________________

Being a shareholder(s) of African Dawn and holding ______________ ordinary shares hereby appoint (name in block letters)

1. ______________________________ or failing him

2. ______________________________ or failing him

3. The Chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting which will be held on Tuesday, 4 September 2018 at 10h00 in the boardroom of BDO, 9th Floor, 119 – 123 Hertzog Boulevard, Foreshore, Cape Town for the purposes of considering and, if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name(s) (see Note 2).

		Number of votes (one vote per ordinary share)		
Ordinary Resolutions	Agenda Item	For	Against	Abstain
Ordinary resolution 1	Re-election of Ms V Lessing as a director			
Ordinary resolution 2	Re-Appointment of Ms H Hickey to the audit and risk committee			
Ordinary resolution 3	Re-Appointment of Ms V Lessing to the audit and risk committee			
Ordinary resolution 4	Re-Appointment of Mr S Roper to the audit and risk committee			
Ordinary resolution 5	Re-Appointment of the independent registered auditor			
Ordinary resolution 6	Non-binding endorsement of the Company's remuneration policy			
Ordinary resolution 7	General authority to issue ordinary shares for cash			
Special resolutions	Agenda item	For	Against	Abstain
Special resolution 1	Approval of the non-executive directors' remuneration			
Special resolution 2	General approval to acquire own shares			
Special resolution 3	Inter-company financial assistance			
Special resolution 4	Financial assistance for acquisition of shares in a related or inter-related company			

Please indicate with an "X" in the appropriate spaces above how you wish your votes to be cast.
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at ______________________________ on ______________________________ 2017

Signature ______________________________

Assisted by (where applicable) ______________________________

Number of shares ______________________________

Form of proxy continued

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Please read the notes below

NOTES TO PROXY

1. A shareholder may insert the name or names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting" but any such deletion must be initialled by the shareholder.

2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or his proxy, or cast them in the same way.

3. An alteration or correction made to this form must be initialled by the signatory/ies.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries or waived by the Chairman of the annual general meeting.

5. The completion and lodging of this form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.

6. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

7. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

8. Where there are joint holders of any shares:

- Any one holder may sign this form of proxy;
- The vote(s) of the senior shareholders (for that purpose seniority will be determined by the order in which the names of shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).

9. Forms of proxy must be lodged with or posted to the Company's transfer secretaries' offices in Johannesburg (Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue , Sandton, 2196; PO Box 61051, Marshalltown, 2107) to be received no later than 10h00 on Friday, 31 August 2018 provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairman of the Annual General Meeting at any time prior to the commencement of the Annual General Meeting .

Shareholders' Diary

Financial year end	28 February 2018
Publication of financial results for the year	30th June 2018
Ordinary share cash dividend	
Annual report posted to shareholders	31st July 2018
Publication of interim results	November 2018

Corporate information

DIRECTORS as at 27th July 2018
Mr. WJ Groenewald * • Ms. HH Hickey # • Ms. V Lessing # • Mr. SM Roper # • Mr. G Hope *
* Executive   # Independent non-executive

Please refer to page 6 and 7 for further details on each director.

AUDITORS
Grant Thornton Johannesburg Partnership

COMPANY REGISTRATION NUMBER
1998/020520/06

DOMICILE
Republic of South Africa

SECRETARY
A Rich (on behalf of Statucor Proprietary Limited)

REGISTERED OFFICE
3RD Floor, The Village at Horizon, Corner of Sonop and Ontdekkers Roads, Horizon View, 1724, Gauteng

POSTAL ADRESS
PO Box 5455, Weltevreden Park, 1715, Gauteng

COUNTRY OF INCORPORATION
Republic of South Africa

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196

BANKERS
Absa Bank Limited
First National Bank Limited

TELEPHONE
(011) 475-7705

DESIGNATED ADVISOR
PSG Capital (Pty) Limited

ENQUIRIES
info@afdawn.co.za