Annual Report 2016

AFRICAN DAWN CAPITAL LIMITED

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 and Grindstone

Accelerator Proprietary Limited

Elite means Elite Group Proprietary Limited

Elite Two means Elite Group Two Proprietary Limited

Elite Cell means Elite Group Cell No 00181 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

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

About us

A brief history

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. As a result of its growth and corresponding increase in share price, Afdawn was able to acquire additional businesses and utilise shareholders' funds to grow its loan books.

By 2009 the Group had significant exposure to the property sector, mainly property developments that it had funded. The financial position of the Group then weakened in 2009 due to the collapse in the property markets and the associated increase in doubtful loans. This not only impacted the Group but also the majority of its executive management who, based on the increase in the share price, had entered into a highly geared single stock structure with Nedbank. The falling Afdawn share price triggered margin calls by Nedbank which, when not settled, led to Nedbank exercising its security and thereby becoming the single biggest shareholder in Afdawn.

The majority of the executive directors were subsequently removed from the Board and from executive management. A new Board had to be constituted.

The results of the forensic review have been handed over to the appropriate authorities and the process is in their hands.

The current position

Since the last annual report we managed to finalise both the Green Oaks and Elite transactions. These transactions will enable us to settle the SARS Liabilities and furthermore take us closer to a clean listed vehicle from which the vision can be implemented.

These now need to be voted on by the shareholders. (For the two transactions.)

Our report

This report builds on the 2015 annual report. The 2016 report is guided by the Global Reporting Initiative (GRI3) reporting guidelines as part of guiding the users to a conclusion on the quantitative (financial indicators) and qualitative (social, environmental and sustainability) events reported on for the 2016 period.

From the Chair

Dear Shareholders

In the few months since our last report we've made good progress on a number of issues.

In summary, the group has been stabilized following the challenges arising from the error disclosed in the previous financial statements and which was dealt with more fully in a memorandum published on the company's website on 8 December 2015. Further progress has been made in disposing of non-core assets. We are moving towards implementing the vision to become an active investment holding company.

Elite

Key goals in turning around the business were to maintain revenue, reduce operating expenses, lower impairments and increase operating cash flows in order to repay funders. Another important goal was to make Elite Group investment ready in order to attract a funding partner. All these goals were achieved.

- Turnover was maintained at R24 million while operating costs were reduced from R26 million to R18 million and bad debt impairments reduced from R15 million to R3,2 million. This resulted in profit before tax of R1,6 million versus a loss in the previous period of R18 million.
- Cash flow from operations increased to R6.3 million versus R1,2 million in the previous period. This made it possible for Elite to adhere to agreed repayment terms of funding facilities.
- In line with our more conservative provisioning policy the debtor book provision increased from 35% to 37,5%. The debtors book was again evaluated by a third party to ensure the new provisioning policy resulted in an appropriate valuation of the debtors' book.
- An agreement was concluded for the sale of a 51% shareholding in Elite Group to Dzothe Investments as the first step to reducing Afdawn's shareholding. Subsequent to the signature date, a SENS was released on 28 June 2016 whereby this transaction was revised to a 100% sale of Elite to Dzothe Investments.

Knife Capital

Knife Capital's purpose is to enable entrepreneurial businesses through securing financial investments, providing ancillary advisory services and conducting a structured entrepreneurial support programme through its subsidiary Grindstone.

Whilst working towards securing investable capital, the business has focused on retaining its relevance to entrepreneurial business through the provision of much-needed advisory and business acceleration services. Both these areas continue to provide the intended enablement to those businesses. The real stakeholder value will however be unleashed when coupled with investable capital.

Securing a pool of investable capital has remained a challenge. That said, the changes to tax legislation providing favourable tax treatment for investors through a section 12J registered vehicle has opened a new opportunity to secure investable capital. We have pursued this alternative and have to date secured very positive traction from interested investors. The aim in the short term is to secure these investments through the SARS approved stand-alone vehicle and then to start placing investments.

From the Chair

continued

SARS

After the failed section 200 applications, a repayment proposal was summited to SARS. We are now also engaging with SARS in connection with another section 200 application. The merit of this new application is based on the funds that will become available from the sale of the Green Oaks property referred to below. Clarity on the SARS matter is critical to making further progress in implementing the vision. The revised Elite transaction will also assist in the matter.

Properties in possession

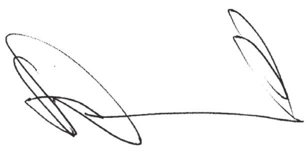
An agreement has been entered into for the sale of the Green Oaks property. All the conditions precedent have been met except the approval of Afdawn shareholders. The buyer has paid a non-refundable deposit and we are confident that the transaction will be consummated. The Almika property sales have also shown good progress and 39 of the 50 units have been sold and transferred.

Looking ahead

All the non-core assets are in the process of being liquidated and this will enable us to reach a settlement agreement with SARS. The focus will then be to rebrand the company and focus it as a active investment holding company with the required management and board expertise.

Appreciation

It has been a very difficult road to get to where we are currently. Nevertheless, the future is starting to look more promising. I would like to thank the board, and also the management and staff of our various operations for their dedication and hard work during a difficult year.



WJ Groenewald

31 May 2016

Key Indicators

Profitability – Comprehensive Income		2016	2015	2014
Income from operations	R ' 000	36,490	39,881	35,736
Sundry income	R ' 000	3,910	7,417	959
Total income	R ' 000	40,400	47,298	36,695
Operational expenses	R ' 000	42,836	65,508	55,496
Net loss	R ' 000	(6,910)	(33,012)	(21,830)
Basic (loss)/earnings per share	Cents	(0,79)	(3,84)	(4,11)
Dividends	Cents	-	-	-

Balances on Reporting Date – Financial Position				
Net recoverable debtors	R ' 000	35,981	39,835	58,525
Cash	R ' 000	3,005	15,397	5,358
Properties in possession	R ' 000	18,247	22,968	24,748
Total Assets	R ' 000	72,036	94,416	96,425
Long term loans	R ' 000	7,829	13,298	8,844
Total Liabilities	R ' 000	49,535	65,005	63,311
Net Asset Value	R ' 000	22,501	29,411	33,114
Net Asset Value per share	Cents	2.56	3.34	6.52
Share price trading at year - end	Cents	2.00	8.00	9.00
Market capitalisation	R ' 000	17,540	70,422	45,737
Number of shares in issue		877,002,273	880,270,597	508,184,155
Number of branches		12	13	15
Number of employees		75	78	97

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.

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. He was appointed as African Dawn Capital's Chief Financial Officer on 11 January 2016.

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.

Ms. V. Lessing ("Vanya")
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 and Worldwide Independent Travel Network Ltd (WIN).

The Board

continued

Mr. SM Roper ("Stephen")
Independent Non-Executive Director

Stephen 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 rescue experience. He currently practices in the area of strategic management.

Mr. Alun Rich ("Alun")
Company Secretary

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

Mr. G Hope was appointed as Chief Financial Officer on 11 January 2016.

Resignations

Mr. JK van Zyl, Mr. EA van Heerden and Mrs. A Bohmert resigned as Directors on 11 January 2016.

The Staff

The current year saw a small decrease in our work force from 78 to 75. Afdawn strives to uplift and enable individuals of all backgrounds and thereto we are proud to report:

	2016	2015	2014
Women (as % of total workforce)	65%	71%	65%
Women of colour (as % of total women employed)	57%	49%	54%
Total people of colour (as % of total workforce)	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
Executives	0	4	0	1	5
Senior management	0	3	0	1	4
Middle management	0	2	0	1	3
Junior management	0	3	3	8	14
Skilled	0	1	0	1	2
Semi-skilled	6	3	12	9	30
Unskilled	4	0	13	0	17
Total permanent	8	16	28	21	73
Temporary employees	2	0	0	0	2
Total employees	10	16	28	21	75
	26		49		75

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	Changes
WJ Groenewald	Chief Executive Officer (CEO) and acting Chairman	Executive	
EA van Heerden	Financial Director	Executive	Resigned 11 January 2016
A Böhmert		Executive	Resigned 11January 2016
JK van Zyl		Executive	Resigned 11 January 2016
V Lessing		Independent non-executive	
HH Hickey	Chair audit committee	Independent non-executive	
SM Roper		Independent non-executive	
G Hope	Chief Financial Officer (CFO)	Executive	Appointed 11 January 2016
CM Bull	Chairperson	Independent non-executive	Appointed 31 October 2014 and resigned on 12 June 2015

Composition:

The board comprised the following directors at the year end:

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

Changes to the board during the year:

New appointments during the year

Mr. G Hope was appointed as Chief Financial Officer on 11 January 2016.

Corporate Governance

1. The Board (continued)

Changes in office

Resignations

Mr. EA van Heerden resigned as a director on 11 January 2016. Mr. JK van Zyl resigned as director on 11 January 2016. Ms. A Bohmert resigned as director on 11 January 2016. Mr. C Bull resigned as a director on 21 June 2015.

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 appointments in the period were important to closely align the skills required for the new vision on the Board. 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. Afdawn's Independent chairman resigned from the board during the year.

The position of the chairman and CEO were separate at the beginning of the previous financial year, with the chairman being a non-executive director. On 24 February 2014 Mr. JS van der Merwe stepped down as CEO, while remaining on in the position of chairman and Mr. WJ Groenewald was appointed as the acting CEO on 27 February 2014 and CEO on 28 March 2014 With the resignation of Mr. JS van der Merwe on 2 June 2014, Mr. WJ Groenewald was appointed as acting chairman. Mr. CM Bull was appointed as independent non-executive chairman on 31 October 2014. 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.

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 yearend. Actual meetings and attendance are set out in the table below.

Member	30 Apr 2015	29 May 2015	12 June 2015	26 Aug 2015	23 Oct 2015	21 Dec 2015
HH Hickey	√	√	√	√	√	√
V Lessing	√	√	√	√	A	√
SM Roper	√	√	√	√	√	√
A Bohmert	√	√	√	√	A	√
JK van Zyl	√	√	√	√	A	√
WJ Groenewald	√	A	√	√	√	√
EA van Heerden	√	√	√	√	√	√
C M Bull **	√	√	√	NA	NA	NA

A Apology

*** Resigned 12 June 2015*

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's developing the new strategy on investment holding in entrepreneurial companies and the realignment of the business in investment advisory and investment management, micro finance, managing properties in possession and collecting historic debtors.

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.

Corporate Governance
continued

1. The Board (continued)

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, Knife Capital and Elite brands as credible names in an ever increasing and difficult market. This was accomplished with good governance built on a solid ethical foundation. The Board embraces the principles of the King Report on Governance for South Africa 2009 ("King Code III"). 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 Code III compliance. The Board is of the opinion that the Group complies in all material respects with the principles embodied in King Code III and the additional requirements for corporate governance stipulated by the JSE.

Where specific principles have not been applied, explanations for these are contained in the application of King III below.

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 have been given via SENS and attendance of the AGM.

Assessing and developing our Board:

Our newly appointed 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. Ms. V Lessing and Ms. A Böhmert attended the programme during 2015. 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 2016 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.

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:

HH Hickey, SM Roper, V Lessing

Corporate Governance
continued

2. Remuneration committee (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.

Members	26 June 2015	18 December 2015
Ms. V Lessing	√	√
Mr. SM Roper	√	√
Mrs. HH Hickey	√	√
Mr. WJ Groenewald #	√	√

invitee

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 committee felt that the current remuneration of directors is in line with the market, and will ensure that the Group retains the required skills and expertise within the Group.

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

	Total remuneration 2016 (R'000)	Total remuneration 2015 (R'000)
Mr. WJ Groenewald	1 263	1,727
Mr. EH van Heerden	1,737	1,342
GP. Hope (appointed as the CFO on 11 January 2016)	168	-
Subsidiaries:		
A. Böhmert	1,560	1,347
JK. van Zyl	1,673	1,345

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

	Total remuneration 2016 (R'000)	Total remuneration 2015 (R'000)
HH Hickey	124	120
V Lessing	124	120
SM Roper	124	100
CM Bull	35	40

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; and
- ensuring that the remuneration packages of the all directors are submitted to the AGM for approval.

Corporate Governance
continued

2. Remuneration committee (continued)

The executive directors earn a fixed salary and a suitable incentive based on their performance.

Remuneration of non-executive directors is fixed and they are not paid per meeting attended due to the high number of ad-hoc meetings. 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.

There are currently no share incentive schemes in place although this matter is still under consideration.

3. 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.

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

- Investment advisory and investment management
- Micro finance
- Rental of properties in possession
- 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 two 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.

4. 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 (Pty) Ltd 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 company and individuals employed by the Company Secretary.

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

5. 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.

Corporate Governance
continued

5. Audit and Risk Committee (continued)

Composition:

At the year end the committee consisted of:

HH Hickey (Chairman), V Lessing, SM Roper

The audit committee comprises of 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 five 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.

	6 Mar 2015	26 Aug 2015	12 Oct 2015	21 Dec 2015	22 Feb 2016
Mrs. HH Hickey	√	√	√	√	√
Mr. SM Roper	√	√	√	√	√
Ms. V Lessing	√	√	√	√	A
Mr. JK van Zyl #	N/a	N/a	N/a	√	N/a
Mr. WJ Groenewald #	√	√	√	√	√
Mr. EA van Heerden #	√	√	√	√	N/a
Mr. G Hope #	N/a	N/a	N/a	N/a	√

invitee

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 Integrated Annual Report;
    - Recommend the Integrated 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 issues noted during the year. The Integrated report will be a journey that the group will embark on over the next few years.

Corporate Governance
continued

5. Audit and Risk Committee (continued)

- 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. Two external experts were consulted during the year, one to value the Elite book and the other to assist with IFRS accounting.

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

- 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;

The following risks received detail attention and mention:

- Financial / liquidity risks,
- Information technology risk
- Human resources risk
- Operational risk
- Legal/compliance risk
- Strategic risk

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

Corporate Governance
continued

6. 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.

7. 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
SM Roper (Chairperson)	Independent Non-executive
JK van Zyl	Executive*
A Böhmert	Executive*

* *Resigned 11 January 2016*

Due to the issues being addressed by the board at present, this committee was informal for the year under review and a more formal process will be introduced in 2017. The Board is in the process of filling the vacancies in this Committee with suitable qualified individuals.

Application of principles in King III

As required by the JSE Listings Requirements, the full details of Afdawn's compliance with King III is available on the Company's website at www.afdawn.co.za however the following table discloses the area's in which Afdawn has partially or not applied the King III recommendations as well as an explanatory note outlining the reason in each case.

Board and directors

King III Principle	Explanatory note
The chairman of the board is an independent non-executive director	Afdawn's independent Chairman resigned from the board during the year.
A framework for the delegation of authority has been established .The board comprises a balance of power, with a majority of non executive directors who are independent	The majority of the board comprises non-executive directors. The board will consider the appropriate time to appoint an independent non-executive chairman.
Evaluations are done informally.	Evaluations are done informally.

Audit committee

King III Principle	Explanatory note
Oversees integrated reporting	An integrated report is not prepared. The audit committee oversees the annual financial statements.
A combined assurance model is applied to improve efficiency in assurance activities	A combined assurance model is not fully implemented. The audit and risk committee does however place reliance on the inputs of management and assurance from the external auditors. As indicated below, the Company does not have a separate internal audit function.
Oversees internal audit	See internal audit below.

Governance of risk

King III Principle	Explanatory note
The board receives assurance regarding the effectiveness of the risk management process	The Group has not complied with this principle in full due to not having an internal audit function. Reports from management to the Board and audit committee provide a balanced assessment of the key risks facing the Group. The board constantly focuses on the critical risks facing the organisation during these challenging times.
Sufficient risk disclosure to stakeholders	The Board has disclosed and discharged its views and responsibility on the effectiveness of the Group's risk management process in the statement of responsibilities of directors in the Group's annual financial statements and furthermore discloses the risks facing the Group and the mitigating actions that will either reduce the probability or lessen the impact thereof.

Application of principles in King III

continued

Governance of information technology

King III Principle	Explanatory note
The board monitors and evaluates significant IT investments and expenditure	The Board, through the audit committee, oversees the proper value delivery of IT and monitors that the expected return on investment are derived and protected.

Internal audit

King III Principle	Explanatory note
The board ensures that there is an effective risk-based internal audit	Due to capital and resource constraints, the Company does not have a separate internal audit function. The oversight of internal control remained with the audit committee and the required testing and investigation was performed in-house by competent financial staff or external consultants as required. A separate internal audit division with a 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 of all internal audit matters. The external expert utilised to value the Elite debtors book and the IFRS consultant are examples of this.
Internal audit follows a risk-based approach to its plan	
Internal audit provides a written assessment of the effectiveness of the company's system of internal controls and risk management	
The audit committee is responsible for overseeing internal audit	
Internal audit should be strategically positioned to achieve its objectives	

Integrated reporting and disclosure

King III Principle	Explanatory note
The board ensures the integrity of the company's integrated report	The company does not prepare an integrated report. It prepares annual financial statements.
Sustainability reporting and disclosure should be integrated with the company's financial reporting	The company does not prepare an integrated report. It prepares annual financial statements.
Sustainability reporting and disclosure should be independently assured	The Board has decided that there would be no further third-party assurances in respect of the Group's annual report, other than that of the independent auditors. The contents of the report have been reviewed by the audit committee and approved by the Board.

The annual financial statements are reviewed by the audit committee and recommended to the board.

Annual Financial Statements

For the year ended 29 February 2016

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

Preparer

Dylan Kohler
Professional Accountant (SA)

Issued

31 May 2016

Level of Assurance

Level of assurance

These 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)

Preparer

D Kohler Professional Accountant (SA) Consultant

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 and Grindstone Accelerator Proprietary Limited Elite means Elite Group Proprietary Limited

Elite Two means Elite Group Two Proprietary Limited

Elite Cell means Elite Group Cell No 00181 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

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

Audit Committee Report

Annual Financial Statements for the year ended 29 February 2016

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 III requirements.

The committee was appointed by the AGM on the 15 January 2016.

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 striven to uphold and improve upon the existing base with specific attention to risk management and sustainability within the group. A great deal of attention was given to the IFRS reporting process and time was spent on ensuring that the financial statements are appropriately disclosed. The controls that were implemented 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. Together with the Board, it was once again agreed to obtain an independent external valuation of the debtors' book. External expertise to assist with the IFRS reporting of the issues was also maintained as it was felt that it was important to ensure that the Annual Financial Statements fairly represent the results.

The Committee and the Board have regular discussions to monitor and discuss both the progress and implications of this process and now 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.

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.

2. 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 Committee Report

Annual Financial Statements for the year ended 29 February 2016 continued

3. 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 four Audit Committee meetings during the period. The attendance of the meetings is set out below:

Member / Invitee	2015/03/06	2015/08/26	2015/10/12	2015/12/21	2016/02/22
HH Hickey (Chairman)	Yes	Yes	Yes	Yes	Yes
V Lessing	Yes	Yes	Yes	Yes	A
SM Roper	Yes	Yes	Yes	Yes	Yes
EA van Heerden #	Yes	Yes	Yes	Yes	N/a
WJ Groenewald #	Yes	Yes	Yes	Yes	Yes
G Hope #	N/a	N/a	N/a	N/a	Yes

 # invitee

A Apologies

4. External auditor

The Committee nominated Grant Thornton Cape Inc. ("Grant Thornton") for reappointment as external auditors of Afdawn. The Committee satisfied itself through enquiry that the external auditors, Grant Thornton and Mr Imtiaaz Hashim, the designated auditor, 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 2015 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.

5. Financial statements

The committee has evaluated the group financial statements for the year ended 29 February 2016 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 III are continuously being assessed and improved on with significant issues resolved. The group substantially complies with the requirements of King III except in respect of those principals highlighted in the corporate governance report.

6. 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.

7. Financial director

Mr. G Hope was appointed as CFO on 11 January 2016. The audit committee has assessed and is satisfied that the Financial Director has the appropriate skill, expertise and experience as required by the JSE Listings Requirements.

The committee has also evaluated the financial capability of the finance team and with the assistance of the IFRS consultant believe that the appropriate skill, expertise and experience resides in the financial function.

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, as amended 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 as amended. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance 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 guidance 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 auditors are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 27 to 28.

The financial statements set out on pages 29 to 109 and the directors' report which is set out on pages 29 to 31, which have been prepared on the going concern basis (refer to note 1.19), were approved by the board on 27 May 2016 and were signed on its behalf by:

WJ Groenewald **G Hope**

Cape Town
31 May 2016

Group Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

A Rich
Independent Company Secretary
(on behalf of Statucor Proprietary Limited)

Independent Auditor's Report

To the shareholders of African Dawn Capital Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of African Dawn Capital Limited set out on pages 29 to 109, which comprise the statements of financial position as at 29 February 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these 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 misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, 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 29 February 2016, 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note1.19 to the consolidated and separate financial statements which indicate the existence of a material uncertainty which may cast significant doubt on the company's and groups' ability to continue as a going concern.

Independent Auditor's Report

continued

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 29 February 2016, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton Cape Incorporated has been the auditor of African Dawn Capital Limited for two years.

Grant Thornton Cape Inc

GRANT THORNTON CAPE INC
Chartered Accountants (SA)
Registered Auditors

I Hashim
Director
Chartered Accountant (SA)
Registered Auditor

31 May 2016

6th Floor Grant Thornton House
119 Hertzog Boulevard
Foreshore
Cape Town
8001

Grant Thornton

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Afdawn for the year ended 29 February 2016.

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).

In 2013, Afdawn Group changed its focus and became an active investment holding company that acquires shares in entrepreneurial companies that have a strong innovation drive and are in a proven growth phase and enhances the capabilities of these entities to accelerate long term sustainable growth. This change of focus began with the acquisition of 100% of Knife Capital Group in March 2014.

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.

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 R6,9 million (2015: R33 million).

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 1.19.

3. Contingencies

There are various contingencies at the reporting date. Refer to note 34.

4. Major transactions, events and disclosure changes

The major transactions and events during the year were:

- SARS – refer to note 12
- Related party transactions – refer to note 35

5. Events after the reporting period

There are various events after the reporting period. Refer to note 38.

Directors' Report

continued

6. Directors

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

Directors	Office	Designation	Changes
WJ Groenewald	Chief Executive Officer (CEO) and acting Chairperson	Executive	
EA Van Heerden		Executive	Resigned 11 January 2016
A Bohmert		Executive	Resigned 11 January 2016
JK Van Zyl		Executive	Resigned 11 January 2016
V Lessing		Independent non-executive	
HH Hickey	Chair audit committee	Independent non-executive	
SM Roper		Independent non-executive	
G Hope	Chief Financial Officer (CFO)	Executive	Appointed 11 January 2016

7. Meetings held by the board:

Member	2015/04/30	2015/05/29	2015/06/12	2015/08/26	2015/10/23	2015/12/21
HH Hickey	Yes	Yes	Yes	Yes	Yes	Yes
V Lessing	Yes	Yes	Yes	Yes	A	Yes
SM Roper	Yes	Yes	Yes	Yes	Yes	Yes
A Bohmert	Yes	Yes	Yes	Yes	A	Yes
JK van Zyl	Yes	Yes	Yes	Yes	A	Yes
WJ Groenewald	Yes	Yes	Yes	Yes	Yes	Yes
EA van Heerden	Yes	A	Yes	Yes	Yes	Yes
CM Bull ##	Yes	Yes	Yes	N/a	N/a	N/a

Resigned 12 June 2015.

A Apologies

8. Directors' interests in shares

As at 29 February 2016, the directors of the company held direct and indirect beneficial interests in 17,1% (2015: 16,9%) of its issued ordinary shares, as set out below.

Interests in shares

Directors	2016 Direct	2015 Direct	2016 Indirect	2015 Indirect
WJ Groenewald	158,100	158,100	46,044,387	46,044,387
JK Van Zyl #	33,333,333	33,333,333	-	-
G Hope	2,350,000	-	-	-
EA Van Heerden #	33,333,333	33,333,333	-	-
A Böhmert #	35,833,333	35,833,333	-	-
	105,008,099	**102,658,099**	**46,044,387**	**46,044,387**

 # Resigned as director on 11 January 2016.

Directors' Report

continued

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:

2016	Direct	Indirect	Total	% Held
WJ Groenewald	158,100	46,044,387	46,202,487	5.3
G Hope	2,350,000	-	2,350,000	0.1
JK Van Zyl #	33,333,333	-	33,333,333	3.8
EA Van Heerden #	33,333,333	-	33,333,333	3.8
A Böhmert #	35,833,333	-	35,833,333	4.1
	105,008,099	**46,044,387**	**151,052,486**	**17,1**

Resigned as director on 11 January 2016.

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

9. 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.

10. Special resolutions

The special resolutions set out below were passed at the Annual General Meeting ("AGM") held on 15 January 2016. All special resolutions were accepted and passed.

- Approval of non-executive directors' remuneration
- General authority to acquire own shares
- Loans or other financial assistance to directors or related or inter-related companies within the group

11. Auditors

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

12. Secretary

The independent company secretary at the year-end is Statucor (Pty) Ltd whose address is as follows:

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

The company secretary evaluation has been completed by the audit committee subsequent to year end.

13. Dividends

No dividends were declared or paid to shareholders' during the period Rnil (2015: Rnil).

14. Shares

The director have been authorized by the shareholders to issue up to an additional 5% of the share capital.

15. Registered office

The company's registered office is:

2nd Floor
Waterfront Terraces
Tygervalley Waterfront
7530

Statement of Financial Position

	Notes	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Assets					
Non-Current Assets					
Property, plant and equipment	3	879	937	129	183
Goodwill	4	8,076	8,076	-	-
Intangible assets	5	5,155	6,479	-	-
Investments in subsidiaries	6	-	-	15,877	15,877
Deferred tax	8	381	-	-	-
		14,491	**15,492**	**16,006**	**16,060**
Current Assets					
Other financial assets	7	312	724	-	-
Properties in possession	9	18,247	22,968	-	-
Loans to group companies	10	-	-	26,723	26,896
Trade and other receivables	11	35,981	39,835	107	1,096
Current tax receivable	12	-	-	-	-
Cash and cash equivalents	13	3,005	15,397	788	10,608
		57,545	**78,924**	**27,618**	**38,600**
Total Assets		**72,036**	**94,416**	**43,624**	**54,660**
Equity and Liabilities					
Equity					
Share capital and share premium	14	313,943	313,943	313,943	313,943
Accumulated loss		(291,442)	(284,532)	(291,738)	(287,491)
		22,501	**29,411**	**22,205**	**26,452**
Liabilities					
Loans from directors	18	-	**1,535**	-	**1,535**
Deferred tax	8	1,125	1,365	-	-
Borrowings	15	7,829	13,298	-	-
Finance lease liabilities	16	-	60	-	-
		8,954	**16,258**	**-**	**1,535**
Current Liabilities					
Loans from group companies	10	-	-	6,929	6,932
Current tax payable	12	15,054	14,840	8,220	7,805
Borrowings	15	12,524	17,782	-	1,658
Finance lease liabilities	16	19	122	-	-
Loans from directors	18	487	3,777	487	3,777
Operating lease liability	19	28	23	28	23
Trade and other payables	20	12,469	11,729	5,755	6,478
Deferred income	21	-	474	-	-
		40,581	**48,747**	**21,419**	**26,673**
Total Liabilities		**49,535**	**65,005**	**21,419**	**28,208**
Total Equity and Liabilities		**72,036**	**94,416**	**43,624**	**54,660**

Statement of Profit or Loss and Other Comprehensive Income

	Notes	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Operations					
Revenue	22	37,329	40,149	811	52
Cost of sales		(839)	(268)	-	-
Gross profit		**36,490**	**39,881**	**811**	**52**
Other income	23	3,910	7,417	2,092	1,678
Operating expenses		(42,836)	(65,508)	(8,729)	(28,384)
Operating loss	24	**(2,436)**	**(18,210)**	**(5,826)**	**(26,654)**
Investment income	25	346	735	256	700
Impairment of investment in subsidiaries	6	-	-	-	(2,710)
Profit/(Loss) on fair value movement - contingent consideration liability	18	2,000	(2,000)	2,000	(2,000)
Impairment of investment in subsidiary Candlestick Park Investment Proprietary Limited		-	-	-	(5,279)
Deemed interest expense	26	(552)	(110)	(92)	-
Impairment to properties in possession	9	(3,284)	(1,500)	-	-
(Loss) from equity accounted investment		-	(2,259)	-	-
Finance costs	27	(3,018)	(8,633)	(585)	(3,609)
Loss before taxation		**(6,944)**	**(31,977)**	**(4,247)**	**(39,552)**
Taxation	28	34	(1,035)	-	-
Loss from Operations		**(6,910)**	**(33,012)**	**(4,247)**	**(39,552)**
Loss attributable to:					
Owners of the parent:					
Operations		(6,910)	(33,012)	(4,247)	(39,552)
		(6,910)	**(33,012)**	**(4,247)**	**(39,552)**
Earnings per share from operations					
Basic and diluted loss per share (c)	41	(0.79)	(3.84)	-	-

Statement of Changes in Equity

	Share capital R '000	Share premium R '000	Total share capital R '000	Accumulated loss R '000	Total equity R '000
Group					
Balance at 01 March 2014	5,074	279,560	284,634	(251,520)	33,114
Total comprehensive loss for the year	-	-	-	(33,012)	(33,012)
Issue of shares	3,729	25,580	29,309	-	29,309
Total contributions by and distributions to owners of company recognised directly in equity	3,729	25,580	29,309	(33,012)	29,411
Balance at 28 February 2015	8,803	305,140	313,943	(284,532)	29,411
Total comprehensive loss for the year	-	-	-	(6,910)	(6.910)
Balance at 29 February 2016	8,803	305,140	313,943	(291,442)	22,501
Note(s)	14	14	14		
Company					
Balance at 01 March 2014	5,074	279,560	284,634	(247,939)	36,695
Total comprehensive loss for the year	-	-	-	(39,552)	(39,552)
Issue of shares	3,729	25,580	29,309	-	29,309
Total attributable to owners of company recognised directly in equity	3,729	25,580	29,309	-	29,309
Balance at 28 February 2015	8,803	305,140	313,943	(287,491)	26,452
Total comprehensive loss for the year	-	-	-	(4,247)	(4,247)
Balance at 29 February 2016	8,803	305,140	313,943	(291,738)	22,205
Note(s)	14	14	14		

Statement of Cash Flows

	Notes	Group 2016 R '000	Group 2015 R '000	Company 2016 R '000	Company 2015 R '000
Cash flows from operating activities					
Cash generated by/(used in) operations	30	3,490	(2,280)	(7,769)	(9,062)
Interest income	25	346	735	256	700
Finance costs	27	(2,080)	(3,115)	-	(265)
Tax paid	31	(1,307)	(574)	-	-
Net cash from operating activities		**449**	**(5,234)**	**(7,513)**	**(8,627)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(570)	(346)	-	(208)
Proceeds on disposal of property, plant and equipment		248	56	3	27
Purchase of intangible assets	5	(346)	-	-	-
Business combinations	32	-	16	-	-
Sale of business	33	-	(396)	-	-
Proceeds from loans from group companies		-	-	173	664
Repayment of loans from group companies		-	-	(3)	(11)
Net cash from investing activities		**(668)**	**(670)**	**173**	**472**
Cash flows from financing activities					
Proceeds on share issue	14	-	20,309	-	20,309
Borrowings (repaid) / raised	15	(11,280)	(4,003)	(1,750)	(1,700)
Finance lease payments	16	(163)	(99)	-	-
Repayment of directors' loans acquired in business combinations (refer to note 32)		-	(21)	-	-
Repayment of directors' loans	18	(730)	(243)	(730)	(243)
Net cash from financing activities		**(12,173)**	**15,943**	**(2,480)**	**18,366**
Total cash movement for the year		**(12,392)**	**10,039**	**(9,820)**	**10,211**
Cash at the beginning of the year		15,397	5,358	10,608	397
Total cash at end of the year	13	**3,005**	**15,397**	**788**	**10,608**

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), the requirements of the Companies Act of 2008 and the JSE Listing Requirements and Financial reporting pronouncements as issued by the FRSC, SAICA financial reporting Guidelines as issued by the APC.

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 1.19.

The consolidated financial statements for the year ended 29 February 2016 (including comparatives) were approved and authorised for issue by the board of directors on 31 May 2016. Amendments to the financial statements are not permitted after approval.

1.2 Changes in accounting policies and basis of preparation

New and revised standards that are effective for annual periods beginning on or after 1 March 2015.

The Group has early adopted an amendment to IAS 27 – Separate Financial Statements, which permits entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group has elected to apply the equity method to account for investments in associates in the separate financial statements of the investor.

A number of new and revised standards are effective for annual periods beginning on or after 1 March 2015. Information on these new standards is presented below. None of these have an impact on the recognition and measurement of assets and liabilities within the Group. However, comparative information is provided for new disclosures where applicable and required in terms of the standards.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (1 March 2015)
- Amendment to IAS 32 – Offsetting financial assets and financial liabilities (1 March 2014)
- Amendment to IAS 36 – Recoverable amount disclosures for non-financial assets (1 March 2014)
- Amendment to IAS 39 – Novation of derivatives and continuation of hedge accounting (1 March 2014)
- IFRIC 21 Levies (1 March 2014)

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are those entities, including unincorporated entities such as trusts and partnerships that are controlled by the Group. Subsidiaries include structured entities that are designed so that its activities are not governed by way of voting rights.

Control

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 is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities of the entity. The group is exposed, or has rights, to variable returns from its involvement with the entity when the investor's returns from its involvement have the potential to vary as a result of the entity's performance.

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.

In assessing whether the group has power over structured entities in which it has an interest, the group considers factors such as the purpose and design of the investee; its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee.

Dates

The group financial statements include the assets, liabilities and results of the company plus subsidiaries, including consolidated structured entities from the date control is established until the date that control ceases.

Where a subsidiary has a reporting period that is different from that of the group, the results of the subsidiary are adjusted to reflect a reporting period consistent with the group's reporting period. Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the Group.

Elimination

Intragroup balances, transactions, income and expenses, and profits and losses are eliminated in preparation of the group financial statements. Unrealised losses are not eliminated to the extent that they provide objective evidence of impairment.

Changes in ownership interest in subsidiaries without change in control

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.

Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date that control is lost, with the change in the carrying amount being recognised in profit or loss. The fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 1.12.

At an intermediate parent level, consolidated financial statements are not prepared and investments in subsidiaries are therefore accounted for in terms of this policy.

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.

Contingent consideration

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be a financial instrument is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Provisional accounting

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete.

Where provisional amounts were reported, these are adjusted during the measurement period (see below). Additional assets or liabilities are recognised to reflect any new information obtained about the facts and circumstances that existed at the date of acquisition, which, if known, would have affected the amounts recognised on that date.

The measurement period is the period from the date of acquisition to the date the group receives complete information about the facts and circumstances that existed at the acquisition date. This measurement period is subject to a maximum of one year after the acquisition date.

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 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred plus the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any), this excess is recognised immediately in profit or loss as gain on bargain purchase.

Amortisation and impairment

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.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Each CGU that contains goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of the value in use and the fair value less costs of disposal. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

Impairment losses that are recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to a CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. However, the carrying amount of these other assets may not be reduced below the highest of its fair value less costs to sell, its value in use and zero.

On disposal of a CGU the goodwill attributable to the CGU is included in the determination of the profit or loss on disposal.

1.5 Investment in associate

Associates

Associates are those entities, including unincorporated entities, over which the group has the ability to exercise significant influence, but no control or joint control, through participation in the financial and operating policy decisions of the investment (that is neither a subsidiary nor an investment in a joint arrangement).

Significant influence

Significant influence is generally demonstrated by the group holding in excess of 20%, but no more than 50%, of the voting rights.

Dates and equity accounting

The profit or loss of the associate and assets and liabilities, including goodwill identified on acquisition, net of any accumulated impairment losses, are included in the group financial statements using the equity method of accounting from the date significant influence commences until the date significant influence ceases.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Where an associate has a reporting period that is different from that of the group, the results of the associate are adjusted to reflect a reporting period consistent with the group's reporting period.

Elimination and accounting policies

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in ownership

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Company - separate financial statements

Investments in associates are accounted for using the equity method in the company financial statements. The carrying amounts of these investments are reviewed annually and impaired when necessary by applying the policy described in policy 1.12.

1.6 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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments, is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessor

Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term. The difference between the amounts recognised as income and the contractual amounts are recognised as an operating lease asset. This asset is not discounted. Any contingent rents are recognised in the period they are incurred by the lessee.

Afdawn Group is a lessor on operating leases related to properties in possession (refer to note 1.14 and 9). All leases are for a maximum of 1 year and are subject to annual renegotiation therefore there is no operating lease asset.

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. Any contingent rents are expensed in the period they are incurred.

1.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognise in profit or loss in the period in which they are incurred.

1.8 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.

1.9 Tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

<u>Current taxation</u>

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).

<u>Deferred tax</u>

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.

Accounting Policies
continued

Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective taxation bases. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is measured at the taxation rates (enacted or substantively enacted at the reporting date) that are expected to be applied to the temporary differences when they reverse.

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.

The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss for the period, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred taxation liabilities are generally recognised for all taxable temporary differences, and deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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.

Deferred taxation assets and liabilities are offset if there is a legally enforceable right to offset current taxation liabilities against current taxation assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxation entities, but they intend to settle current tax liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

Deferred taxation assets and liabilities are not discounted.

1.10 Property, plant and equipment

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

All other repairs and maintenance expenses are recognised in profit or loss when they are incurred.

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
Telephone equipment	Straight line	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 1.13.

Any gain or loss on disposals is determined by comparing the disposal proceeds with the carrying amount of the asset and is recognised in profit or loss.

Accounting Policies

continued

1.11 Intangible assets

Intangible assets acquired in a business combination - contracts with clients

Contractual client relationships acquired in a business combination are recognised at fair value at the date of acquisition. The contractual client relationships have a finite useful life and are carried at cost less accumulated amortisation. The useful lives of these client relationships are reviewed on an annual basis. Amortisation is calculated using the straight-line method over the expected life of the client relationship.

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 following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

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.

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

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

1.12 Impairment testing of goodwill, intangible assets, investments in associate and subsidiaries and property, plant and equipment

The carrying amounts of the group's non-financial assets, other than inventories and 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.

Goodwill, intangible assets that have an indefinite useful life and 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.

1.13 Provisions, contingent assets and liabilities

Recognition

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required and amounts can be estimated reliably.

Measurement

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, taking into account the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Where the effect of discounting is material, the provision is discounted. The discount rate reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Gains from the expected disposal of assets are not taken into account in measuring provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current reasonable estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

Reimbursements

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by a party outside the group, the reimbursement is recognised when it is virtually certain that it will be received if the group settles the obligation. The reimbursement is recorded as a separate asset at an amount not exceeding the related provision. The expense for the provision is presented net of the reimbursement in profit or loss.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Restructuring

A provision for restructuring is recognised when the group has a detailed formal plan for restructuring and has raised a valid expectation, among those parties directly affected, that the plan will be carried out, either by having begun implementation or by publicly announcing the plan's main features. Restructuring provisions include only those costs that arise directly from restructuring that is not associated with the ongoing activities of the group.

Future costs

Future operating costs or losses are not provided for.

1.14 Properties in possession

Repossessed properties acquired in exchange for loans as part of an orderly realisation are reported in property in possession under the inventory assets class, as they are held for sale in the ordinary course of business. The repossessed properties are recognised when the risks and rewards of the properties have been transferred to the Group. The corresponding loans are derecognised when the Group becomes the owner of the property. The property acquired is initially recorded at cost which is the lower of its fair value (less costs to sell) and the carrying amount of the loan (net of impairment) at the date of transferring ownership. It is subsequently measured at the lower of the carrying amount and its net realisable value. Any subsequent write down of the acquired property to net realisable value is recognised in profit/(loss). Any subsequent increase in the net realisable value, to the extent that it does not exceed the cumulative write down, is also recognised in profit/(loss). Gains or losses on disposal of repossessed properties are reported in other operating income or operating expenditure.

1.15 Revenue

Revenue comprises:

- Interest income;
- Non-interest income (administration fees);
- Income from the rendering of services;
- Insurance income;
- Sundry income (rental income from properties in possession);
- Investment income; and
- Dividend 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.

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.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

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 2 months, 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.

Non-interest income

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

Accounting Policies

continued

- 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.

The deferred portion of the fees is recorded in the statement of financial position as a provision for deferred administration fees. 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.

- Monthly service fees

These are fees which form an integral part of the effective interest rate and are charged to the customers on a monthly basis. These fees are recognised as part of the effective interest rate over the shorter of the original contractual term and the actual term of the loans and receivables.

Beyond the original contractual term of the loan, the fee is recognised in profit or loss as it is charged to the customer on a monthly basis.

While both these components are regarded as integral parts of the effective interest rate, they are not accounted for as interest income, but as non-interest income.

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.

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.

Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date for equity instruments and is included in dividend income under non-interest revenue. Dividend income is recognised separately from other fair value movements.

1.16 Financial instruments

Financial instruments, as reflected on the statement of financial position, include all financial assets, financial liabilities, and equity instruments. They exclude prepayments, deferred income, investments in subsidiaries, investments in associates, property and equipment, deferred taxation, taxation receivable / payable, provisions, intangible assets and goodwill.

Financial instruments are accounted for under IAS 32 - Financial Instruments: Presentation and IAS 39 - Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures.

Accounting Policies

continued

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

All disclosures required by IFRS 7 can be found in note 37.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at cost which approximates fair value due to the short-term nature of these instruments.

Initial recognition

Financial instruments are recognised in the statement of financial position when the group becomes a party to the contractual provisions of a financial instrument. All purchases of financial assets that require delivery within the timeframe established by regulation or market convention ('regular way' purchases) are recognised at the trade date, which is the date on which the group commits to purchase the financial asset. The liability to pay for 'regular way' purchases of financial assets is recognised on the trade date, which is when the group becomes a party to the contractual provisions of the financial instrument.

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 of 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.

Initial measurement

Financial instruments that are categorised and designated at initial recognition as being at fair value through profit or loss are recognised at fair value. Transaction costs, which are directly attributable to the acquisition or on issue of these financial instruments, are recognised immediately in profit and loss.

Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

Classification

Financial assets are classified into the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

The Group has no financial instruments that are classified as at fair value though profit or loss, available for sale or held to maturity. The remaining categories are explained further below.

Loans and receivables

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.

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 37.

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.

Accounting Policies
continued

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.
- t 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
  - 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.

Accounting Policies

continued

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. Refer below for properties in possession.

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.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Ordinary share capital and any financial instrument issued by the company is classified as equity when:

- Payment of cash, in the form of a dividend or redemption, is at the discretion of the group;
- The instrument does not provide for the exchange of financial instruments under conditions that are potentially unfavourable to the group
- Settlement in the group's own equity instruments is for a fixed number of equity instruments at a fixed price; and
- The instrument represents a residual interest in the assets of the group after deducting all its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

Financial guarantee contracts are contracts that protect a creditor from a loss it may incur if a debtor fails to make payments when due in accordance with the terms of a debt instrument.

These are accounted for as financial instruments and are initially recognised at fair value, which is usually equal to the premium received, if any.

Financial guarantee contracts are subsequently measured at the higher of:

- The amount determined in accordance with IAS 37 (refer note 1.14 on provisions); and
- The initial fair value less cumulative amortisation in accordance with IAS 18.

The group does not issue any financial guarantee contract for a premium. At each reporting date, it considers whether payment under the guarantee contract is probable (more likely than not) for a provision to be recognised under IAS 37. If a provision is recognised, and the provision amount is greater than the existing carrying amount (after amortisation of revenue under IAS 18), an adjustment is required to reflect the provision and recognise the difference in profit or loss.

Transactions that affect equity

Share capital and share premium and transaction costs

Shares issued by the group are recorded at the value of the proceeds received less the external costs directly attributable to the issue of the shares. All transactions relating to the acquisition and sale or issue of shares in the company, together with their associated costs, are accounted for in equity.

Treasury shares

Where the company or any other member of the group purchases the company's equity share capital, such shares are classified as treasury shares and the par value of these treasury shares is deducted from the share capital, whereas the remainder of the cost price is deducted from the share premium until the treasury shares are cancelled.

Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Treasury shares are deducted from the issued and weighted average number of shares on consolidation. All dividends received on treasury shares are eliminated on consolidation. The company does not recognise any gains or losses through profit or loss when its own shares are repurchased.

1.17 Segment reporting

An operating segment is a component of an entity which engages in business activities from which it may earn revenues and incurs expenses, for which separate financial information is available and whose operating results are regularly reported internally and evaluated by the chief operating decision maker in deciding how to allocate resources and assessing its performance Segment reporting (continued)

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.

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.

1.18 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 effects of all dilutive potential ordinary shares, which comprise convertible notes.

1.19 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, contingent obligations and commitments will occur in the ordinary course of business.

Accounting Policies

continued

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

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

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

The material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern are outlined in the table below. The table also outlines the actions being taken to manage these uncertainties and also the current status of these uncertainties and actions.

Uncertainty	Action	Status
Timing of the amount payable to SARS (refer to note 12).	The directors have engaged with tax advisors to assist them in making a submission to SARS and to negotiate a settlement agreement.	The current relationship with SARS is constructive and conducive to an amicable outcome. The legal advisors are awaiting an appointment to finalise with SARS.
Ability of Afdawn and all of its subsidiaries to meet ongoing commitments. The risk of this uncertainty materialising in a manner that could affect the relevance of the going concern assumption could arise in a period of about 5 months' time, refer note 37.	A number of actions are being taken to mitigate the risk of this uncertainty materialising. These include: (a) Discussions are under way with various parties that could result in the sale or other realization of various assets (or portions thereof). In one instance the possible transaction would also generate additional income streams. (b) The company has a long-enduring and very constructive relationship with its funders. Experience has proved that these relationships can be relied on to support the continued existence of the group.	a) Some of these discussions are at an advanced stage and are considered to have a reasonably high probability of resulting in transactions. b) There is ongoing engagement with funders
Elite has been repaying the Sandown loan on a monthly basis, but has not fully complied with the agreed repayment schedule. Sandown could demand repayment of the loan.	Elite has made arrangement with Sandown on a monthly basis when needed.	Elite has ongoing negotiations with Sandown. These negotiations centre on accommodating Elite's ability to repay the loan over longer period. Sandown's continued support is based on the successful conclusion of the recapitalisation of Elite referred to below. Elite has repaid R4,8m of the original R15m Sandown loan.
Elite needs to be recapitalized.	A third party will acquire 51% of the economic interest in Elite by providing R15m of permanent capital, a further R15m loan funding facility for 5 years and access to a client base. Afdawn will convert a portion of its shareholders loan into equity in Elite. This will give Elite the ability to generate the required cash flow to fund operations, growth and other financial obligations.	The shareholder's loan will be converted into equity as a condition of the sale. A sale agreement has already been signed with a third party.

Having regard to the nature of the uncertainties, the actions being taken and also the current status of these uncertainties,

Accounting Policies

continued

the judgment of the management and board is that it is appropriate that the financial statements be prepared on the going concern basis.

Other significant management judgements

Knife Capital Group Acquisition – shares held in escrow

In terms of the agreements relating to the acquisition of Knife Capital Group, 100 million Afdawn shares at 10 cents per share were issued to the Knife Capital vendors to settle the acquisition price of R10 million. 100% of the shares were issued immediately but 35% are held in escrow for three years.

The guidance in IFRS 3 – Business Combinations, has been applied to assess whether the shares that are held in escrow for three years form part of the purchase price relating to the acquisition of Knife Capital or whether they relate to services to be rendered by the vendors of Knife Capital in the three years after the acquisition.

This assessment revealed that the shares held in escrow form part of the purchase price based on the following:

- All the selling shareholders became employees in the Afdawn Group. The purchase and sale agreement provides for future short term incentives linked to key performance indicators as well as a long-term share incentive scheme and a further long term incentive;
- The shares are not automatically forfeited if employment terminates;
- The remuneration of the Knife Capital directors is in line with that of the Afdawn Group directors;
- The arrangement is not linked to providing services; and
- The purpose of the shares being held in escrow is to protect Afdawn Group against possible claims it may have against the sellers during that three year period. These general warranties and representations are verifying conditions that existed at the acquisition date.

Knife Capital Group acquisition - purchase price amounts

In terms of the agreements relating to the acquisition of Knife Capital Group, the purchase price of R10 million was subject to adjustment in two instances:

1. If the net asset value ("NAV") of Afdawn Group at the 28 February 2014 was less than 10 cents per share. In this case, the difference between 10 cents and the NAV per share would be multiplied by 100 million shares and would be payable in cash to the sellers on or before 1 March 2015. ("NAV liability"); and
2. If the capital raised by Afdawn Group in the year to 26 March 2015 was less than R50 million, the purchase price would be adjusted as follows:

   (R50 million – capital raised) x 20% but limited to a maximum of R2 million.

This is known as the "share issue liability" and would be settled by Afdawn Group issuing a variable number of shares (i.e. it is calculated by dividing the Rand amount of the share issue liability by the 30 day volume weighted average price of the Afdawn shares).

Original issue of shares

In terms of the agreements relating to the acquisition of Knife Capital Group, 100 million Afdawn shares at 10 cents per share were issued to the Knife Capital vendors to settle the acquisition price of R10 million.

At the date that control passed, the ruling share price was 9 cents per share, which resulted in an initial cost of R9 million instead of the R10 million that was initially expected.

First NAV liability

In terms of IFRS 3, the fair value of the contingent consideration should be added to the purchase price at the date of the acquisition. At acquisition, the fair value of the first NAV liability could not be determined because it was based on the NAV per share on the 28 February 2014. It therefore became apparent that the NAV was less than 10 cents per share and an amount of R1 460 000 was owed to the sellers to be paid on or before 1 March 2015. This amount was interest-free. (Refer to note 18 and 32).

In November 2014, the term was renegotiated. It was agreed that this amount would remain interest-free and would be payable to the sellers over twenty four months with effect from November 2014. (Refer to notes 18 and 32).

Second NAV liability

Subsequent to 28 February 2015, a material prior period error relating to the 2014 and 2013 impairment of debtors in Elite was discovered. This resulted in a restatement of the 2014 and 2013 financial statements (refer to note 18) and the impact thereof was that the NAV was restated. This decrease in NAV per share meant that the Knife Capital vendors were entitled to a further payment of R2,095,000, to be settled on the same terms as the first NAV liability.
R2,095,000 was added to the purchase price. (Refer to notes 18 and 32).

Share issue liability

At the time of the Knife Capital acquisition it was expected that Afdawn Group would raise capital of R50 million and therefore the fair value of the share issue liability at the date of acquisition was nil. The fair value was unchanged at the interim reporting date (31 August 2014).

However, at 28 February 2015, it became clear that this capital would not be raised and therefore the fair value of the contingent consideration changed. In terms of IFRS 3, any adjustment to the at-acquisition fair value of the contingent consideration affects profit or loss if it results from an event after the acquisition date and after the finalisation of the measurement period relating to the acquisition. The measurement period relating to the Knife Capital acquisition was finalised by the 31 August 2014.

This adjustment meets the definition of a financial liability in terms of IAS 32 – Financial Instruments: Presentation, because it is an obligation to issue shares to the value of a specified Rand amount (with a maximum of R2 million). A financial liability of R2 million was recognised and will be settled by the issue of a variable number of shares in the short term. Refer to note 32.

Knife Capital Group acquisition - additional remuneration

The agreement relating to the acquisition of Knife Capital Group outlines various future incentives that the sellers would be entitled to. It was agreed that these amounts would be finalised by the effective date of the acquisition of Knife Capital Group. At the year end this additional remuneration had been settled with the directors as announced on SENS.

This was disclosed as a contingent liability. (Refer to note 34).

Subsequent to year end, and as announced on SENS on the 1st July 2015, the vendors of Knife Capital released Afdawn Group from the second NAV liability, the share issues liability and the contingent liability relating to the additional remuneration. (Refer to notes 32 and 18).

Knife Capital Group acquisition – revision to terms (non-adjusting event refer note 32)

As announced on SENS on 1 July 2015 as part of the Voluntary Business Update, the vendors of Knife Capital and Afdawn have entered into an agreement in terms of which the vendors have agreed to release Afdawn from the obligation to pay the second NAV liability of R2,095,000 and the share issue liability of R2,000,000 (refer to notes 18 and 32). In addition, they have agreed to release Afdawn Group from any obligation to pay an amount relating to long-term incentives (Refer to note 32).

In return, Afdawn Group has agreed to waive any potential claim it may have (whether as the shareholder of Knife Capital or otherwise) to the Carried Interest (as defined in annexure C of the Transaction Agreement) and has consented to the Carried Interest being paid by Knife Capital Group to the Knife Capital vendors.

The impact of this agreement is that:

Accounting Policies

continued

Lastly, in terms of the settlement agreement, Mr EA van Heerden would remain as the chief financial officer of the group until the earlier of 31 August 2015 or when a new chief financial officer had been appointed. Mr G Hope has subsequently been appointed as the CFO of Afdawn in 11 January 2016.

Elite Two - associate (2014) and subsidiary (2015)

In 2011, Elite entered into an agreement with Sandown Capital Proprietary Limited ("Sandown"). Sandown assisted Elite by introducing a R10 m facility to Elite to facilitate the growth of Elite through the special purpose vehicle (SPV), being Elite Two, that was in line with, and benefitted, the business of Elite. Elite (with the assistance of Sandown) had set up Elite Two to make short term salary-deducted personal loans – this is the main business of Elite Two and was funded by Sandown (who earned interest) and managed by Elite (who earned management fees). Elite Two was 100% owned by Sandown. Elite and Sandown were each entitled to 50% of the profits assuming that the total bad debts were 3% or less. To the extent that the bad debts exceeded 3%, Elite would forfeit an equal amount of its share of the profit. However, Elite was not exposed to any further losses.

In November 2014, Elite acquired all the shares in Elite Two from Sandown (refer to note 37). A thorough assessment of the requirements in IFRS 10 – Consolidated Financial Statements, and SIC 12 – Consolidation – Special Purpose Entities, revealed that Elite did not control Elite Two prior to this date. Both Sandown and Elite were exposed, or had rights, to variable returns from their involvement with Elite Two. However, on balance, Sandown had more exposure than Elite and had the ability to affect those returns through its power over the investee. Sandown therefore consolidated Elite Two until November 2014.

With effect from November 2014, Elite Two has been consolidated by Elite.

Elite Two - contingent liabilities

At the time that Elite acquired 100% of Elite Two from Sandown, Sandown took over debtors with a value of R14 337 165. The claims against those debtors will be pursued in Sandown's name. However, the costs of the legal proceedings will be shared equally by Elite and Sandown. If at least R10 million of this amount is collected, Elite will be paid a fee of 50% of the excess. However, Elite is not liable for any amount that is not collected.

With respect to the legal claims no legal of R91,554 were incurred in relation to the collection of the debt to 29 February 2016. Litigation is in the process against debtors in Elite Two relating to the settlement of outstanding debt. The company's lawyers and management consider the likelihood of the action against the debtor being successful as likely, and the case should be resolved within the next two years.

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.

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

- Goodwill 2016 and 2015 - refer to note 4
- Intangible assets 2016 and 2015 - refer to note 5

Insurance revenue

Certain of the micro finance debtors choose to purchase insurance from Elite and Elite Two. The insurance covers the debtor in the event of death, disability or loss of employment. The Group does not re-insure the debts and therefore bears the risk in such situations.

IFRS 4 - Insurance Contracts, is not applicable to the company because the company does not administrator the insurance contracts. All the administration of the contracts is conducted by Guardrisk.
Although the Group is not an insurer, the revenue has been described as insurance revenue to differentiate it from other

categories of revenue.

Estimation uncertainty

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 and Elite Two

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 1.13 for the accounting policy regarding the impairment of loans.

The amount recognised in 2015 for the impairment of Elite debtors was R1,3 million (2015:R10,8 million.)

Refer to note 44, for further information on the specific estimates and assumptions used to assess the recoverability of trade receivables.

Goodwill impairment - Knife Capital Group

The goodwill of R8,076,000 relating to the acquisition of Knife Capital Group was tested for impairment at year end. No impairment has been recognised. Refer to note 4 for further information about the estimates and assumptions used.

Goodwill impairment – Elite Two

The share capital of Elite Two was acquired at the same value as the Net Asset Value of Elite Two so no goodwill arose on the acquisition. Refer to note 32 for further information about the estimates and assumptions used.

Discounting of interest free loans

Several loans are interest free or bear interest at a rate that is not market related. 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; and
  - discounted over the repayment period with deemed interest expense being recognised subsequent to the initial recognition.
- Debit loans that have no 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 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

2016

All loans were attracting market related rates during the year so no present value adjustments were made.

2015

	Capital amount R'000	Classification	Initial present value adjustment R'000	Deemed interest (income)/ expense R'000
National Housing Finance Corporation ("NHFC") in note 15	1,750	Liability at amortised cost	91	-
Sandown Capital Elite Two loan (B) in note 15	1,750	Liability at amortised cost	76	(43)
Sandown Capital Interest portion of loan (C) in note 15	3,333	Liability at amortised cost	494	(66)
	6,833	**-**	**661**	**(109)**

The interest rates that have been applied in the discounting is an effective interest rate of 10.16%.

Change in estimate – interest and penalties on income tax and VAT liability

As disclosed in the prior year financial statements an estimate was made of the current tax and VAT liabilities relating to Afdawn, Elite and Bhenka, plus the related interest and penalties that would be due to SARS. However, as a result of the section 200 application to SARS being declined in May 2015 (refer to note 12), additional interest and penalties of R- (2015: R5,518 million) were due.

R2,808 million of the amount relates to VAT and is recognised as an additional VAT liability in note 20 and R2,710 million of this relates to current income tax and is recognised as an additional current tax liability refer to note 12.

This has been accounted for as a change in accounting estimate and recognised in full in the current year.

The total group liabilities (including penalties and interest) are as follows:

- VAT - R5,938 million (2015: R7,709 million (refer to note 20)
- Current tax – R15,054 million (2015: R14, 840 million (refer to note 12).

Notes to the Financial Statements

Annual Financial Statements for the year ended 29 February 2016

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2015 or later periods.

The group has not yet assessed the impact of any of these amendments and will only adopt them in the period they become effective.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations	Annual Improvements 2012 – 2014 Cycle: Amends IFRS 5 to clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of IFRS 5 does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29.	1 July 2016
IFRS 7 Financial Instruments: Disclosures	Annual Improvements 2012 – 2014 Cycle: The amendments provide additional guidance to help entities identify the circumstances under which a servicing contract is considered to be 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E - 42H of IFRS 7. Such circumstances commonly arise when, for example, the servicing fee is dependent on the amount or turning of the cash flows collected from the transferred financial asset or when a fixed fee is not paid in full due to non-performance of that asset.	1 July 2016
	Annual Improvements 2012 – 2014 Cycle: These amendments clarify that the additional disclosure required by the recent amendments to IFRS 7 Disclosure--Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with IAS 34 Interim Financial Reporting when its inclusion would be necessary in order to meet the general principles of IAS 34	1 July 2016
IFRS 9 Financial Instruments	IFRS 9 'Financial Instruments (2014)' replaces IAS 39 'Financial Instruments: Recognition and Measurement'	1 January 2018

2.1 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IFRS 10 Consolidated Financial statements	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary.	1 January 2016
	Amendments confirming that the IFRS 10.4(a) consolidation exemption is also available to parent entities which are subsidiaries of investment entities where the investment entity measures its investments at fair value in terms of IFRS 10.31.	1 January 2016
	Amendments modifying IFRS 10.32 to state that the consolidation requirement only applies to subsidiaries who are not themselves investment entities and whose main purpose is to provide services which relate to the investment entity's investment activities.	1 January 2016
	Amendments providing relief to non-investment entity investors in associates or joint ventures that are investment entities by allowing the non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by the investment entity associates or joint ventures to their interests in subsidiaries.	1 January 2016
IFRS 11 Joint arrangements	Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	1 January 2016
IFRS 15 Revenue from Contracts with Customers	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1 January 2016
IFRS 16 Leases	• IFRS 16 will require lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset and a lease liability. IFRS 16 also: • Changes the definition of a lease • Sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods • Provides exemptions for short-term leases and leases of low value assets • Changes the accounting for sale and leaseback arrangements • Largely retains IAS 17's approach to lessor accounting • Introduces new disclosure requirements.	1 January 2019
IAS 1 Presentation of Financial Statements	Amendments clarifying IAS 1's specified line items on the statement(s) of profit and loss and other comprehensive income and the statement of financial position can be disaggregated.	1 January 2016
IAS 16 Property, Plant and Equipment	Additional requirements of how entities should present subtotals in the statement(s) of profit or loss and other comprehensive income and the statement of financial position.	1 January 2016
	Clarification that entities have flexibility as to the order in which they present their notes to the financial statements, but also emphasising the need to consider fundamental principles of comparability and understandability in determining the order.	1 January 2016

2.1 Standards and interpretations not yet effective (continued)

Standard	Details of amendment	Annual periods beginning on or after
IAS 16 Property, Plant and Equipment	Amendments to prohibit the use of a revenue-based depreciation method for property, plant and equipment, as well as guidance in the application of the diminishing balance method for property, plant and equipment.	1 January 2016
	Amendments specifying that because the operation of bearer plants is similar in nature to manufacturing, they should be accounted for under IAS 16 rather than IAS 41. The produce growing on the bearer plants will continue to be within the scope of IAS 41.	1 January 2016
IAS 19 Employee Benefits	Annual Improvements 2012–2014 Cycle: IAS 19.83 requires that the currency and term of the corporate or government bonds used to determine the discount rate for post- employment benefit obligations must be consistent with the currency and estimated term of the obligations. The amendments clarify that the assessment of the depth of the corporate bond market shall be made at the currency-level rather than the country- level.	1 July 2016
IAS 27 Consolidated and Separate Financial Statements	Amendments to introducing a third option which allows entities to account for investments in subsidiaries, joint ventures and associates under the equity method in their separate financial statements	1 January 2016
IAS 28 Investments in Associates	Amendments to address an acknowledged inconsistency between the requirements in IFRS 10 'Consolidated Financial Statements' and those in IAS 28 (2011) 'Investments in Associates' in dealing with the sale or contribution of a subsidiary. In addition IAS 28 (2011) has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.	1 January 2016
IAS 34 Interim Financial Reporting	Annual Improvements 2012–2014 Cycle: The amendments clarify the meaning of disclosure of information elsewhere in the interim financial report' and require the inclusion of a cross-reference from the interim financial statements to the location of this information. The amendments specify that this information must be available to users of the interim financial statements on the same terms as the interim financial statements and at the same time, or the interim financial statements will be incomplete.	1 July 2016
IAS 38 Intangible Assets	Amendments present a rebuttable presumption that a revenue-based amortisation method for intangible assets is inappropriate except in two limited circumstances, as well as provide guidance in the application of the diminishing balance method for intangible assets	1 January 2016

3. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Group						
Furniture and fixtures	486	(351)	135	458	(312)	146
Motor vehicles	642	(342)	300	782	(493)	289
Office equipment	726	(464)	262	556	(369)	187
IT equipment	1,155	(1000)	155	1,351	(1,080)	271
Leasehold improvements	55	(28)	27	55	(12)	43
Telephone equipment	7	(7)	-	7	(6)	1
Total	**3,071**	**(2,192)**	**879**	**3,209**	**(2,272)**	**937**

	2016			2015		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Company						
Furniture and fixtures	110	(35)	75	110	(15)	95
Motor vehicles	45	(45)	-	45	(45)	-
IT equipment	54	(28)	26	61	(16)	45
Leasehold improvements	55	(27)	28	55	(12)	43
Total	**264**	**(135)**	**129**	**271**	**(88)**	**183**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group – 2016 R'000	Opening balance R '000	Additions R '000	Additions through business combinations R '000	Disposals R '000	Depreciation R '000	Closing balance R '000
Furniture and fixtures	146	28	-	-	(39)	135
Motor vehicles	289	214	-	(120)	(83)	300
Office equipment	187	169	-	-	(94)	262
IT equipment	271	159	-	(114)	(161)	155
Leasehold improvements	43	-	-	-	(16)	27
Telephone equipment	1	-	-	-	(1)	-
	937	**570**	**-**	**(234)**	**(394)**	**879**

Reconciliation of property, plant and equipment - Group – 2015 R'000	Opening balance R '000	Additions R '000	Additions through business combinations R '000	Disposals R '000	Depreciation R '000	Closing balance R '000
Furniture and fixtures	98	132	14	(77)	(21)	146
Motor vehicles	375	-	-	-	(86)	289
Office equipment	244	5	2	(2)	(62)	187
IT equipment	325	154	33	-	(241)	271
Leasehold improvements	-	55	-	-	(12)	43
Telephone equipment	-	-	3	-	(2)	1
	1,042	**346**	**52**	**(79)**	**(424)**	**937**

Reconciliation of property, plant and equipment - Company – 2016 R'000	Opening Balance R '000	Additions R '000	Disposals R '000	Depreciation R '000	Closing balance R '000
Furniture and fixtures	95	-	-	(20)	75
Office equipment	-	-	-	-	-
IT equipment	45	-	-	(18)	27
Leasehold improvements	43	-	-	(16)	27
	183	**-**	**-**	**(54)**	**129**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company – 2015 R'000	Opening Balance R '000	Additions R '000	Disposals R '000	Depreciation R '000	Closing balance R '000
Furniture and fixtures	76	100	(67)	(14)	95
Office equipment	-	2	(2)	-	-
IT equipment	9	51	8	(24)	45
Leasehold improvements	-	55	-	(11)	43
	85	**208**	**(61)**	**(49)**	**183**

Motor vehicles with a cost of R128,900 (2015:R753,241) and a carrying amount of R41,600 (2015: R289,000) are held as security under the finance lease indicated in note 16.

4. Goodwill

			2016
	Cost	Accumulated impairment	Carrying amount
Group			
Goodwill	8,076	-	8,076

Reconciliation of goodwill - Group - 2016	Opening balance	Additions through business combinations	Closing balance
Goodwill	8,076	-	8,076

			2015
	Cost	Accumulated impairment	Carrying amount
Group			
Goodwill	8,076	-	8,076

Reconciliation of goodwill - Group - 2015	Opening balance	Additions through business combinations	Closing balance
Goodwill	-	8,076	8,076

4. Goodwill (continued)

Goodwill impairment

Impairment test for goodwill

During 2015, goodwill of R8,076 million arose on the acquisition of the Knife Capital Group (refer to note 32) and has been allocated to the cash-generating units (CGUs) as follows:

2016 R'000	Opening	Additions	Disposals	Impairment	Closing
Knife Capital	7,133	-	-	-	7,133
Grindstone	943	-	-	-	943
	8,076	-	-	-	8,076

2015 R'000	Opening	Additions	Disposals	Impairment	Closing
Knife Capital	-	7,133	-	-	7,133
Grindstone	-	943	-	-	943
	-	8,076	-	-	8,076

The recoverable amount of the CGUs 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 six-year period in line with the carried interest cycle. Cash flows beyond the six-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	Note	Knife Capital	Grindstone
Compounded annual revenue increase %	1	17%	20%
Compounded annual total operating costs increase %	2	10%	4%
Pre-taxation discount rate		26%	24%
Recoverable amount of the CGU (R'000)		10,964	3,693

Notes

These assumptions have been used for the analysis of each CGU within the Knife Capital Group:

1. Revenue increase is based on past performance and management's expectations of growth.
2. Operating costs are the fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases and these do not reflect any future restructurings or cost saving measures.

No impairment was necessary.

4. Goodwill (continued)

With regard to Knife Capital

- The recoverable amount calculated based on value in use exceeded the carrying amount by R3,831 million(2015: R4,886 million).
- An annual revenue growth rate of 7%, annual operating costs growth rate of 14% or a rise in discount rate to 29% would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

With regard to Grindstone

- The recoverable amount calculated based on value in use exceeded the carrying amount by R2750 million (2015: 1,512 million).
- An annual revenue growth rate of 7%, annual operating costs growth rate of 11% or a rise in discount rate to 42% would, all changes taken in isolation, result in the recoverable amount being equal to the carrying amount.

5. Intangible assets

	2016			2015		
	Cost	Accumulated depreciation and impairment	Carrying amount	Cost	Accumulated depreciation and impairment	Carrying amount
	R '000	R '000	R '000	R '000	R '000	R '000
Group						
Micro finance software	1,756	(911)	845	1,709	(562)	1,147
Medical finance software	-	-	-	1,355	(1,355)	-
Contractual customer contracts on acquisition of Knife Capital Group	6,543	(2,532)	4,011	6,543	(1,211)	5,332
Contractual customer contracts Yuedilligence	299	-	299	-	-	-
Total	**8,598**	**(3,443)**	**5,155**	**9,607**	**(3,128)**	**6,479**

Reconciliation of intangible assets - Group - 2016	Opening balance	Additions through business combinations	Amortisation	Impairment	Closing balance
	R '000	R '000	R '000	R '000	R '000
Micro finance software	1,147	47	(349)	-	845
Contractual customer contracts on acquisition of Knife Capital Group	5,332	-	(1,321)	-	4,011
Contractual customer contracts	-	-	-	-	-
Yuedilligence	-	299	-	-	299
	6,479	**346**	**(1,670)**	**-**	**5,155**

5. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2015	Opening balance R '000	Additions through business combinations R '000	Amortisation R '000	Impairment R '000	Closing balance R '000
Micro finance software	1,489	-	(342)	-	1,147
Medical finance software	1,355	-	(205)	(1,150)	-
Contractual customer contracts on acquisition of Knife Capital Group	-	6,543	(1,211)	-	5,332
	2,844	**6,543**	**(1,758)**	**(1,150)**	**6,479**

Contractual customer contracts

The intangible assets recognised on the acquisition of Knife Capital Group relate to contractual customer relationships and have a useful life of 3 to 6 years.

Internally generated software

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

Medical finance software with a cost of R- (2015: R 1,355 million) was under construction. It was brought into use in 2015 and then impaired. Elite decided to exit the medical finance business with the result that the carrying amount of the medical finance software (R1,150 million) exceeded the recoverable amount of nil. An impairment loss of R1,150 million was therefore recognised in operating expenses.

The impairment of the intangible asset relates to the Micro finance segment.

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

Intangible assets	Carrying amount 2016 R '000	Remaining amortisation period	Carrying amount 2015 R '000	Remaining amortisation period
Micro finance software	845	36 months	1,147	48 months
Branded education	499	13 months	960	25 months
GAP self-assessment and intervention tools	2,376	49 months	2,958	61 months
Fund management agreements	1,136	49 months	1,414	61 months
Yuediligence	299	36 months	-	
	5,155	-	**6,479**	-

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.

Company		% voting power 2016	% voting power 2015	Nature	Carrying amount 2016 R'000	Carrying amount 2015 R'000
ABC Cashplus (Randburg) Proprietary Limited		100 %	100 %	Dormant	-	-
ABC Cashplus Financial Services Proprietary Limited		100 %	100 %	Dormant	-	-
African Dawn Debt Management Proprietary		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 Property Transfer Finance 5 Proprietary Limited		- %	- %	Dormant	-	-
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 1 Proprietary Limited		- %	- %	Dormant	-	-
Elite Group Two Proprietary Limited *		100 %	100 %	Unsecured lending	-	-
Elite Group Cell No, 00181 Proprietary Limited		100 %	100 %	Life insurance	-	-
Elite Group Proprietary Limited		100 %	100 %	Unsecured lending	3,322	3,322
Grindstone Accelerator Proprietary Limited *		100 %	100 %	Consulting	-	-
Knife Capital Proprietary Limited		100 %	100 %	Venture Capital	12,555	12,555
Nexus Personnel Finance 2 Proprietary Limited		- %	- %	Dormant	-	-
Nexus Personnel Finance Proprietary Limited	(A)	- %	- %	Unsecured lending	-	-
Yuediligence Proprietary Limited		100 %	- %	Consulting	-	-
					15,877	**15,877**

(A) Company went into liquidation in October 2014 and has been deconsolidated (refer to note 33).

** Company held indirectly.*

6. Investments in subsidiaries (continued)

Investment reconciliation	2016 R '000	2015 R '000
Carrying amount at the beginning of the year	15,877	8,601
Additional investment Knife Capital Group (refer to note 32)	-	12,555
Present value adjustments on loans (refer to note 26)	-	2,710
Impairment of investment in subsidiaries	-	(2,710)
Impairment of Investment in Candlestick Park Investments Proprietary Limited	-	(5,279)
	15,877	**15,877**

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 the impairment indicated above was recognised. The impairments arose as a result of the present value adjustments on loans which were debited to the investment in the related subsidiary and an impairment to the value of the property.

Reporting period

The end of the reporting period of Elite Cell is 31 March 2016. It was impracticable to obtain financial statements as at 29 February 2016 because the company is controlled by companies with a March year end. No significant transactions took place between the reporting period of February 2016 and the year end of March 2016.

Subsidiaries for which control was lost during the year

The group lost control of Nexus Personnel Finance 2 Proprietary Limited and African Dawn Property Transfer Finance 5 Proprietary Limited on 24 January 2015. Both companies were dormant shelf companies that were deregistered by CIPC. In addition Nexus went into liquidation on the 18th October 2014, a gain has been included in other income (refer to note 23). For details on the deconsolidation refer to note 33.

7. Other financial assets

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Loans and receivables				
Elite Cell	312	724	-	-
A cell captive agreement was entered into with Guardrisk Group (Pty) Ltd ("Guardrisk") that allows trade debtors to insure their loans against death, disability and retrenchment. It is in a closed cell that does not share risk.				
Current assets				
Elite Cell	312	724	-	-

Elite Cell is as subsidiary of Elite. The cash in Elite Cell can only be accessed by submitting a claim to Guardrisk or by Elite Cell declaring a dividend.

8. Deferred tax Asset/ Deferred tax liability

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Deferred tax liability - intangible asset on acquisition of Knife Capital Group	(1,125)	(1,493)	-	-
Deferred tax assets	381	128	-	-
Net deferred tax liability	(744)	(1,365)	-	-
Reconciliation of deferred tax asset/liability				
At beginning of year	(1,365)	-	-	-
Business combination Knife Capital Group assessed loss (refer to note 32)	-	54	-	-
Assessed loss raised/(utilized) during the year against current income tax	152	(54)	-	-
Deferred tax raised on acquisition of Knife Capital Group intangible assets. (Refer to note 32)	-	(1,833)	-	-
Deferred tax effect of amortisation of intangible asset raised on Knife Capital Group (refer to note 32)	370	340	-	-
Temporary difference trade debtors bad debt allowance	138	-	-	-
Temporary difference on leave pay accrual	(39)	51	-	-
Temporary difference on deferred income	-	77	-	-
	(744)	**(1,365)**	-	-

9. Properties in possession

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Almika Properties 81 Proprietary Limited, Benoni, Gauteng	5,312	6,749	-	-
Greenoaks - Centurion, Gauteng	44,415	44,415	-	-
Greenoaks - PTF3 share of property	(16,174)	(16,174)	-	-
	33,553	34,990	-	-
Impairment	(15,306)	(12,022)	-	-
Carrying amount	**18,247**	**22,968**	-	-
Reconciliation of movement 2016	**Almika**	**Greenoaks**		
Opening balance asset	6,749	44,415	-	-
Sold	(1,437)	-	-	-
PTF3 share of Greenoaks	-	(16,174)	-	-
Impairment	(3,609)	(11,697)	-	-
	1,703	**16,544**	-	-
Reconciliation of movement 2015	**Almika**	**Greenoaks**		
Opening balance asset	7,029	44,415	-	-
Sold	(280)	-	-	-
PTF3 share of Greenoaks	-	(16,174)	-	-
Impairment	(3,609)	(8,413)	-	-
	3,140	**19,828**	-	-

9. Properties in possession (continued)

Almika

Almika owns a low-cost residential development consisting of 50 units in Loerie Park, Benoni, Gauteng. The development has now been completed and the units are in the process of being sold. In terms of the agreement with the property developer, Afdawn Group will receive R70 000 on transfer of each unit that is sold. It is estimated that this will amount to approximately R3,4 million.

A total of 26 units have been transferred and payments of R1,8 million have been received by February 2016.

Greenoaks

Candlestick has title to a residential housing complex called Greenoaks in Centurion, Gauteng. These units are currently being rented to tenants on annual leases (with renewal periods and rates subject to negotiation). Rental income of R5 314 558 (2015: R5 345 811) has been recognised.

Greenoaks was transferred to Candlestick in August 2010 in settlement of amounts due to African Dawn Property Transfer Finance 2 Proprietary Limited ("PTF 2") and African Dawn Property Transfer Finance 3 Proprietary Limited ("PTF 3") by Blue Dot Properties 1198 CC ("Blue Dot"). PTF 3 is not part of the Afdawn Group.

In terms of an agreement between PTF 2 and PTF 3, any amount realised on disposal of the property less amounts payable to Nedbank (under the first mortgage bond) less related costs less amounts due to certain other third parties will be shared between PTF 2 and PTF 3 on a 50:50 basis in settlement of the balance of their respective loans to Blue Dot.

For this reason, the reconciliation above is split as follows:

- Amount relating to legal title of entire property
- Less PTF3 share of the property (50%)
- Equals amount relating to Afdawn Group's share of the property (i.e. the 50% referred to above that is in substance Afdawn Group's share of the property).

Blue Dot was placed in liquidation and there was a dispute in terms of which the liquidator is attempting to have the property transferred back into the insolvent estate of Blue Dot. Negotiations between the Blue Dot liquidator and Candlestick were concluded and a settlement was reached whereby on the sale of the building the Nedbank bond and selling costs will be settled first and the balance will be split in the following ratio PTF2 35%, PTF3 35% and Blue Dot liquidator 30%.

The other claims against the property include:

- A Nedbank loan, in terms of which Nedbank registered a first bond against the property. The original facility was R14,100 million and the amount outstanding at the reporting date was R7,5634 million (2015: R8,869 592 million) (refer to note 15).

10. Loans to/(from) group companies

Subsidiaries

	Group		Company	
	Loan balance	Loan impairment	Loan present value adjustment (Refer note 6)	Total
Company 2016 R'000				
African Dawn Social Education Proprietary Limited *	(57)	-	-	(57)
Bhenka Financial Services Proprietary Limited *	(6,872)	-	-	(6,872)
African Dawn Property Transfer Finance 2 Proprietary Limited *	29,913	(14,759)	(824)	14,331
Nexus Personnel Finance Proprietary Limited *	-	-	-	-
African Dawn Property Transfer Finance 1 Proprietary Limited *	6,887	(4,255)	(264)	2,368
African Dawn Wheels Proprietary Limited *	345	(257)	-	88
African Dawn Kwazulu Natal Proprietary Limited *	3,175	(3,175)	-	-
African Dawn Debt Management Proprietary Limited *	14,229	(14,226)	-	3
Candlestick Park Investments Proprietary Limited	149	(149)	-	-
Almika Properties 81 Proprietary Limited *	15	(15)	-	-
Elite Group Proprietary Limited *	22,736	(12,432)	(370)	9,934
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 *	11	(11)	-	-
Knife Capital Proprietary Limited	-	-	-	-
	70,592	(49,340)	(1,458)	19,794

10. Loans to/(from) group companies (continued)

Subsidiaries

	Group		Company	
	Loan balance	Loan impairment	Loan present value adjustment	Total
Company 2015 R'000				
African Dawn Social Education Proprietary Limited *	(57)	-	-	(57)
Bhenka Financial Services Proprietary Limited *	(6,872)	-	-	(6,872)
African Dawn Property Transfer Finance 2 Proprietary Limited *	31,739	(13,442)	(1,693)	16,604
Nexus Personnel Finance Proprietary Limited *	-	-	-	-
African Dawn Property Transfer Finance 1 Proprietary Limited *	7,088	(4,080)	(278)	2,730
African Dawn Wheels Proprietary Limited *	424	(424)	-	-
African Dawn Kwazulu Natal Proprietary Limited *	3,175	(3,175)	-	-
African Dawn Debt Management Proprietary Limited *	14,221	(14,221)	-	-
Candlestick Park Investments Proprietary Limited	149	(149)	-	-
Almika Properties 81 Proprietary Limited*	15	(15)	-	-
Elite Group Proprietary Limited *	21,870	(13,571)	(739)	7,560
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 *	11	(11)	-	-
Knife Capital Proprietary Limited	(2)	-	-	(2)
	71,822	**(49,149)**	**(2,710)**	**19,963**

10. Loans to/(from) group companies (continued)

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

	2016	2015
Movement in impairment		
Opening balance	49,149	50,894
Increase in impairment	1,500	16,474
Reversal of impairment	(1,309)	(271)
Reversal of Nexus loan impairment on liquidation	-	(17,948)
	49,340	**49,149**

All the loans are unsecured, interest free and have no fixed terms of repayment.

* *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.*

Current assets	-	-	26,723	26,896
Current liabilities	-	-	(6,929)	(6,932)
	-	-	**19,794**	**19,964**

Loans to group companies impaired

As of 29 February 2016, loans to group companies of R77,521 million (2015: R78,753 million) were impaired and provided for.

The amount of the impairment was R49,340 million as of 29 February 2016 (2015: R49,149 million).

11. Trade and other receivables

	2016 R'000	2015 R'000	2016 R'000	2016 R'000
Trade receivables	53,865	101,925	-	-
Impairment allowance	(18,934)	(66,489)	-	-
Deposits	293	276	31	31
VAT	145	373	-	-
Other receivables	612	3,750	76	1,065
	35,981	**39,835**	**107**	**1,096**

Refer to note 37 for a detailed analysis of the trade receivables.
Certain trade receivables are used as security on related borrowings from the National Housing Finance Corporation ("NHFCE").
Refer to note 15.

12. Current tax receivable/(payable)

	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Current tax receivable	-	-	-	-
Current tax payable	(15,054)	(14,840)	(8,220)	(7,805)
	(15,054)	**(14,840)**	**(8,220)**	**(7,805)**

The current relationship with SARS is constructive and conducive to an amicable outcome. The legal advisors are awaiting an appointment to finalise with SARS.

A liability has been recognised in full for all interest and penalties that are payable to SARS. Refer to note 27 which includes R0,938 million (2015: R2,710 million) relating to the interest and penalties.

Change in estimate – interest and penalties on income tax and vat liability

As disclosed in the prior year financial statements an estimate was made of the current tax and vat liabilities relating to Afdawn, Elite and Bhenka, plus the related interest and penalties that would be due to SARS. However, as a result of the section 200 application to SARS being declined in May 2015 additional interest and penalties of R0,938 million (2015: R2,710 million) were due.

13. Cash and cash equivalents

	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Cash and cash equivalents consist of:				
Cash on hand	192	214	-	3
Bank balances	2,813	15,183	788	10,605
	3,005	**15,397**	**788**	**10,608**

14. Share capital and share premium

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Authorised				
5,000,000,000 Ordinary shares of 1c each	50,000	50,000	50,000	50,000

The total shares in issue as at 29 February 2016 amounted to 877,002,273 (2015: 880,270,597).

Reconciliation of number of shares in issue				
Reported as at 01 March	880,270	508,184	880,270	508,184
Treasury shares cancelled	(3,268)	-	-	-
Issue of ordinary shares in rights offer	-	272,086	-	272,086
Issue of shares to Knife Capital Vendors	-	100,000	-	100,000
	877,002	**880,270**	**880,270**	**880,270**
Reconciliation of share values 'R000:				
Reported at beginning of period	313,943	284,634	313,943	284,634
Issue of ordinary shares in rights offer	-	21,767	-	21,767
Issue of shares to Knife Capital Vendors (refer to note 36)	-	9,000	-	9,000
Capitalisation of share issue costs	-	(1,458)	-	(1,458)
	313,943	**313,943**	**313,943**	**313,943**

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Share premium	305,140	317,972	305,140	317,972
Treasury shares	-	(12,832)	-	(12,832)
Total share premium	305,140	305,140	305,140	305,140
Ordinary shares	8,803	8,803	8,803	8,803
	313,943	**313,943**	**313,943**	**313,943**

As part of the capital raising completed on 31 October 2011, two convertible bonds were issued which were convertible into ordinary share capital at the option of the holders after 3 years from the commencement date. The conversion option of the bond holders became due during the 2015 financial year and the bond holders decided not to convert the bonds into shares. Further details on the convertible bonds are disclosed in note 17.

During March 2014 a 1 for 1 rights offer of 222,086,442 shares were taken up at 8c per share, with a further 50,000,000 shares being issued to the underwriter of the share issue. At around the same time as the rights issue took place 100,000,000 shares at 9c per share were issued to the vendors of Knife Capital to purchase 100% of the share capital. Refer to note 32 for further details on the acquisition of Knife Capital Group.

14. Share capital and share premium (continued)

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Share issue	-	21,767	-	21,767
Share issue costs	-	(1,458)	-	(1,458)
	-	20,309	-	20,309

15. Borrowings

	Loan Balance	Present Value Adjustment (refer to notes 26)	Deemed interest (refer to note 26)	Balance
GROUP 2016 R'000				
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 11).	2,576	-	-	2,576
Sandown Capital Elite Two loan (B) - The loan is unsecured, bears interest at prime and is repayable in instalments of Up to R80,000 per month plus accrued interest.	580	-	-	580
Sandown Capital loan (A) - The convertible bond was not converted and new terms are as follows: interest is charged at prime, currently 9.25% per annum and repayments of up to R700,000 plus interest per month in the short term. The loan is unsecured.	6,300	-	-	6,300
Sandown Capital Interest free portion loan (A) (C) - The loan bears interest at prime current 10.5% and is repayable in instalments of up to R700,000 starting in December 2016. The loan is unsecured.	3,333	-	-	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 9).	7,564	-	-	7,564
	20,353	-	-	**20,353**

15. Borrowings (continued)

	Loan Balance	Present Value Adjustment (refer to notes 26)	Deemed interest (refer to note 26)	Balance
GROUP 2015 R'000				
National Housing Finance Corporation ("NHFC") Loan Guarantee (D) - The loan is unsecured, interest free and is to be repaid by 30 September 2015.	1,750	(92)	-	1,658
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 42).	3,796	-	-	3,796
Sandown Capital Elite Two loan (B) - The loan is unsecured, interest free and is repayable in instalments of Up to R150,000 per month.	1,750	(76)	44	1,717
Nexus liquidator - The loan arose when Nexus went into liquidation and the balance owed by Elite who was contracted to collect on the debtors book. The loan is unsecured, interest free and payment terms are being negotiated with the liquidator.	**2,535**	-	-	**2,535**
Sandown Capital loan (A) - The convertible bond was not converted and new terms are as follows: interest is charged at prime, currently 9.25% per annum and repayments of up to R700,000 plus interest per month in the short term. The loan is unsecured.	**9,600**	-	-	**9,600**
Sandown Capital Interest free portion loan (A) (C) - The loan does not bear interest and is repayable in instalments of up to R700,000 starting in June 2016. The loan is unsecured.	3,333	(494)	66	2,905
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 R169,450 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 9).	**8,869**	-	-	**8,869**
	31,633	**(662)**	**110**	**31,080**

15. Borrowings (continued)

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
	Loan Balance	Present Value Adjustment (refer to notes 26)	Deemed interest (refer to note 26)	Balance
COMPANY 2016 R'000				
National Housing Finance Corporation ("NHFC") - Loan Guarantee (D) The loan is unsecured, interest free and was repaid by 30 September 2015.	-	-	-	-
	-	-	-	-
	Loan Balance	Present Value Adjustment (refer to notes 26)	Deemed interest (refer to note 26)	Balance
COMPANY 2015 R'000				
National Housing Finance Corporation ("NHFC") - Loan Guarantee (D) The loan is unsecured, interest free and is to be repaid by 30 September 2015	1,750	(92)	-	1,658
	1,750	**(92)**	**-**	**1,658**
Non-current liabilities				
At amortised cost	7,829	13,758	-	-
Present value and interest adjustments	-	(460)	-	-
	7.829	**13,298**	**-**	**-**
Current liabilities				
At amortised cost	12,524	17,874	-	1,750
Present value and interest adjustments	-	(92)	-	(92)
	12,524	**17,782**	**-**	**1,658**
	20,353	**31,080**	**-**	**1,658**

15. Borrowings (continued)

(A) The Sandown Convertible bond was renegotiated and in terms of the new agreement, there is no conversion element and the balance was split into 2 loans, "Sandown Capital Proprietary Limited" and "Sandown Capital interest portion of loan". Sandown Capital Proprietary Limited refers to the original capital advanced and Sandown Capital interest portion of loan being the capitalised interest on the original loan. The original terms of the agreement were a conversion period of 36 months from date of issue, conversion price of R 0.14, interest levied at JIBAR on 3 month discount +600 basis points. The bond arose as part of the recapitalisation and rights issue in 2011. Refer to note 17 for further details.

(B) The loan bore no interest in 2015 and was therefore present valued such that R75,764 deemed interest was recognised over the life of the loan. R43,447 of this has been recognised in 2015, leaving a balance of R32,317 that was recognised in 2016.

(C) The loan bore no interest in 2015 and was therefore present valued such that R493,992 deemed interest will be recognised over the life of the loan. R66,155 of this has been recognised in 2015, leaving a balance of R427,837 recognised in 2016.

(D) The loan bore no interest and has therefore been present valued such that R91,582 deemed interest was recognised over the life of the loan. Nil of this has been recognised in 2015, leaving a balance of R91,582 to be recognised in 2016. In terms of the settlement agreement with the NHFC that was signed on 30 May 2011, Nexus (a wholly owned subsidiary of Afdawn) facility of R5 million became payable in October 2013. Nexus has ceded it debtors book as security for payment of the amount. NHFC demanded payment from Afdawn. Nexus was liquidated in October 2014 and NHFC instituted Arbitration proceedings against Afdawn for the payment of R5 million plus interest and costs in terms of the settlement agreement. In terms of the out-of-court settlement, Afdawn as guarantor is liable for payment of amount of R3,75 million payable as follows: R2 million was paid on 6 February 2015 and the balance was interest-free and was paid on the 30 September 2015.

Total present value adjustment recognised as a gain in 2015 was R661,338. Total deemed interest expense recognised in 2016 is R551 736 (2015: R109 602) (Refer to note 26).

16. Finance lease liabilities

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Minimum lease payments due				
- within one year	19	122	-	-
- in second to fifth year inclusive	-	74	-	-
	19	196	-	-
less: future finance charges	-	(14)	-	-
Present value of minimum lease payments	**19**	**182**	**-**	**-**
Non-current liabilities	-	60	-	-
Current liabilities	19	122	-	-
	19	**182**	**-**	**-**

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

The average lease term is 1-5 years and the average effective borrowing rate is 11% (2015: 10%)

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 3.

17. Compound instruments

Convertible bond

During the 2012 financial year two separate convertible bonds were issued. The holders of the instruments had the ability to elect to redeem the amounts owing in cash or convert the amount owing into equity shares. This discretion gave rise to the existence of a contractual obligation of one party to deliver cash or another financial asset to another party, or to exchange financial assets or liabilities under conditions that are potentially unfavourable. They were therefore classified as financial liabilities.

The terms of the bonds were similar, being convertible over 36 months from issue (3 November 2011), conversion price set at 14 cents for capital plus any arrear interest at JIBAR + 600 points.

- The convertible bond agreement to Sandown was for a subscription of R10 million which was settled. In 2012 Afdawn group negotiated with Sandown to repay the unutilised portion of the convertible bond under an acknowledgment of debt agreement. The remaining portion was drawn down in 2013.

- The PCI convertible bond loan was paid in terms of the agreement to the amount of R1,700,000 and the interest has been raised and repaid quarterly in terms of the agreement.

During the 2013 period, the Board signed a cession that resulted in the PCI convertible bond being transferred to STRB Lewende Trust. The cession stipulates that the new owner has the same rights and responsibilities as the previous owner with all terms and conditions remaining the same.

Both bonds became due during the 2015 financial year and neither Sandown nor PCI chose to convert to shares. The STRB Lewende Trust was paid for the balance due on the bond. Sandown Capital negotiated a repayment of the bond over a 2 year period by Elite with the conversion option falling away.

Refer to note 15 for further details on the liability.

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Sandown Convertible Bond (refer to note 15)				
Opening balance	-	12,486	-	-
Capital drawn	-	-	-	-
Interest on loan capitalized	-	886	-	-
Loan renegotiated no longer convertible (refer to note 15)	-	(13,372)	-	-
	-	-	-	-
STRB Lewende Trust (Previously PCI convertible bond) (refer to note 15)				
Opening balance	-	1,663	-	-
Repaid portion acknowledged	-	(1,700)	-	-
Interest raised	-	37	-	-
	-	-	-	-

18. Loans from directors

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
EA Van Heerden	162	1,770	162	1,770
JK Van Zyl	162	1,771	162	1,771
A Böhmert	162	1,771	162	1,771
	487	**5,312**	**487**	**5,312**

The loans arose as part of the Knife Capital Group acquisition transaction detailed in the circular issued on 7 March 2014. Refer to the significant judgements in the accounting policies note 1.19 and note 32 for further details.

Reconciliation		
First NAV liability	1,217	1,460
(interest free payable at R60 833 per month with effect from November 2014)	-	-
Repayments	(730)	(243)
Subtotal (A)	487	1,217
Second NAV liability (interest free and payable in June 2015)	2,095	2,095
Reversed per agreement reached with shareholders *	(2,095)	-
Share issue liability (to be settled immediately in a variable number of shares)	2,000	2,000
Reversed per agreement reached with shareholders *	(2,000)	-
	487	**5,312**

On 1 July 2015 as announced on SENS, the vendors of Knife Capital have released Afdawn from the second NAV liability and the share issue liability. Refer to the judgement disclosed in note 1.19 as well as notes 32.

(A) The outstanding balance of loans from directors on acquisition of Knife Capital is R486 667 (2015: R1 216 667).

Non-current liabilities	-	(1,535)	-	(1,535)
Current liabilities	(487)	(3,777)	(487)	(3,777)
	(487)	**(5,312)**	(487)	**(5,312)**

19. Operating lease liability

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Current liability	28	23	28	23
	28	**23**	**28**	**23**

20. Trade and other payables

Trade payables	473	1,343	263	159
VAT	5,938	7,709	4,677	5,595
Accrued leave pay	1,055	1,020	100	108
Accrued expenses	4,165	1,124	265	436
Accrued audit fees	450	180	450	180
Deposits received	388	353	-	-
	12,469	**11,729**	**5,755**	**6,478**

R5,781,412 (2015: 7,709,000) of the VAT liability is also the subset of the submission to SARS referred to in note 12.

21. Deferred income

Deferred income relates to service contracts entered into by Knife Capital which are paid in advance by customers and are only partially completed at year end.

Current liability	-	474	-	-
	-	**474**	**-**	**-**

22. Revenue

Rendering of services	7,303	8,740	-	-
Non-interest income (administration fees)	798	1,718	-	-
Rental income (refer to note 9)	5,315	5,346	-	-
Interest received	23,878	23,398	811	52
Insurance revenue (refer to note 1.19)	35	947	-	-
	37,329	**40,149**	**811**	**52**

23. Other income

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Profit on disposal of subsidiary (refer to note 33)	-	3,231	-	-
Gain on present value adjustment of interest free borrowings (refer to note 26)	-	662	-	92
Bad debts recovered on trade receivables	738	1,850	-	-
Sundry income	1,077	232	(3)	232
VAT recovery	-	77	-	-
Fair value adjustment	2,095	-	2,095	38
Penalty received on subsidiary sale cancellation	-	1,316	-	1,316
Sundry other income	-	49	-	-
	3,910	**7,417**	**2,092**	**1,678**

24. Operating loss

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

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Operating lease charges				
Premises	2,608	3,828	-	-
Equipment	498	566	29	29
	3,106	**4,394**	**29**	**29**
Loss on sale of property, plant and equipment	13	23	3	34
Profit on disposal of subsidiary	-	3,231	-	-
Impairment to properties in possession	3,284	1,500	-	-
Legal fees	1,686	935	1,073	407
Loss on call up of NHFC guarantee still due (refer to note 15)	-	1,750	-	1,750
Loss on call up of NHFC guarantee paid during year (refer to note 15)	-	2,000	-	2,000
Impairment on intangible assets	-	1,150	-	-
Amortisation on intangible assets	1,671	1,758	-	-
Depreciation on property, plant and equipment	394	424	54	49
Employee costs	16,968	20,534	3,009	3,848

25. Investment income

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Interest revenue				
Cash and cash equivalents	346	735	256	700

26. Deemed interest

2016 Group borrowings	**Amount**	**Present value adjustment**	**Deemed interest**	**Balance**
Sandown Capital Interest free portion loan (A) in note 15	2,905	-	428	3,333
Sandown Capital Elite Two loan (B) in note 15	1,717	(1,169)	32	580
National Housing Finance Corporation ("NHFC") Loan Guarantee (D) in note 15	1,658	(1,750)	92	-
	6,280	**(2,919)**	**552**	**3,913**

2016 Company borrowings				
National Housing Finance Corporation ("NHFC") Loan Guarantee (D) in note 15	1,658	(1,750)	92	-
	1,658	**(1,750)**	**92**	**-**

2015 Group borrowings	**Amount**	**Present value adjustment**	**Deemed interest**	**Balance**
Sandown Capital Interest free portion loan (A) in note 15	3,333	(494)	66	2,905
Sandown Capital Elite Two loan (B) in note 15	1,750	(76)	44	1,717
National Housing Finance Corporation ("NHFC") Loan Guarantee (D) in note 15	1,750	(92)	-	1,658
	6,833	**(662)**	**110**	**6,280**

2015 Company borrowings				
National Housing Finance Corporation ("NHFC") Loan Guarantee (D) in note 15	1,750	(92)	-	1,658
	1,750	**(92)**	**-**	**1,658**

27. Finance costs

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
2016 Group borrowings				
NHFCE interest	415	491	-	-
Interest on convertible bond	-	1,251	-	-
Interest paid RHLF	-	44	-	-
Finance leases	15	22	-	-
Bank	34	28	-	-
Sandown Capital borrowing	880	196	-	-
STRB convertible bond interest	-	265	-	265
Penalties and interest on income tax	938	5,518	585	3,344
Nedbank bond interest	736	818	-	-
	3,018	**8,633**	**585**	**3,609**

28. Taxation

Major components of the tax expense (income)				
Current				
Local income tax - current period	442	1,353	-	-
Local income tax - recognised in current tax for prior periods	140	95	-	-
	583	**1,448**	**-**	**-**
Deferred				
Temporary difference on Knife Capital assessed loss utilized	-	54	-	-
Temporary difference deferred income	54	(77)	-	-
Temporary difference on bad debt provision	(136)	-	-	-
Temporary difference leave pay accrual	39	(51)	-	-
Temporary difference future assessed losses	(205)	-	-	-
Originating on amortisation of Knife Capital intangible assets	(369)	(339)	-	-
	(617)	**(413)**	**-**	**-**
	34	**1,035**	**-**	**-**

28. Taxation

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000

Reconciliation between accounting loss and tax expense.

Accounting loss	(6,944)	(31,977)	(4,249)	(39,551)
Tax at the applicable tax rate of 28% (2015: 28%)	(1,944)	(8,954)	(1,190)	(11,075)
Tax effect of adjustments on taxable income				
Permanent difference interest and penalties SARS	317	1,281	73	936
Permanent difference Nexus loan guarantee capital in nature	-	1,050	-	1,050
Permanent difference donations not allowed	2	3	-	2
Permanent difference fair value adjustment – Knife acquisition	(560)	560	(560)	560
Permanent difference gain in disposal of subsidiary	-	(905)	-	-
Permanent difference deemed interest	129	-	-	-
Permanent difference fair value adjustment – investment in subs	-	-	-	1,478
Permanent difference fair value adjustment – property in possession	920	420	-	-
Deferred tax assets not raised	1,170	7,580	1,677	7,049
	34	**1,035**	-	-

No tax loss has been recognised as at year end as the final SARS assessments are still pending. The estimated tax loss available for set off against future taxable income is R 152,383,520 (2015: R 126,808,226). The company estimated tax loss available for set off against future taxable income is R65,450,643(2015: R58,822,361).

29. Auditors' remuneration

Fees	1,721	861	1,660	596
Tax and secretarial services	-	36	-	-
	1,721	**897**	**1,660**	**596**

30. Cash used in operations

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Loss before taxation	(6,944)	(31,977)	(4,247)	(39,552)
Adjustments for:				
Depreciation	394	424	54	49
Loss on disposal of property, plant and equipment	(13)	23	(3)	34
Loss on sale of non-current assets held for sale	-	-	-	-
Movement in operating lease liability	5	(151)	5	(151)
Gain on present value adjustments on interest free borrowings	-	(661)	-	(92)
Equity accounted income Elite Two	-	2,259	-	-
Investment income	(346)	(735)	(256)	(700)
Finance costs	2,080	3,115	-	265
Fair value of contingent consideration refer to note 23	(2,095)	-	(2,095)	-
Fair value of contingent consideration refer to note 23	(2,000)	2,000	(2,000)	2,000
Impairment adjustment group loans	-	-	-	16,203
Impairment of investment in subsidiary	-	-	-	2,710
Non-cash finance costs (penalties and interest on income tax)	938	5,518	415	1,077
Impairment of Candlestick Park Investment in Subsidiary	-	-	-	5,279
Amortisation (refer to note 5)	1,670	1,758	-	-
Deemed interest expense (refer to note 26)	552	110	92	-
Profit on disposal of Nexus (Refer to note 33)	-	(3,231)	-	-
Interest raised and paid on borrowings	-	-	-	37
Impairment of properties in possession	3,283	1,500	-	-
Bad debt write off	-	-	-	1,000
Non-cash portion of NHFC guarantee	-	1,750	-	1,750
Impairment of intangible asset	-	1,150	-	-
Changes in working capital:				
Properties in possession	1,439	280	-	-
Trade and other receivables	3,853	14,798	989	55
Trade and other payables	736	(1,514)	(723)	974
Deferred income	(474)	474	-	-
Other financial assets	412	830	-	-
	3,490	**(2,280)**	**(7,769)**	**(9,062)**

31. Tax paid

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Balance at beginning of the year	(14,840)	(17,734)	(7,805)	(6,728)
Current tax for the year recognised in profit or loss	(583)	(1,448)	-	-
Adjustment in respect of business liquidated (refer to note 33)	-	6,497	-	-
Business combination businesses acquired (refer to note 32)	-	(19)	-	-
Adjustment in respect of penalties and interest	(938)	(2,710)	(415)	(1,077)
Balance at end of the year	15,054	14,840	8,220	7,805
	(1,307)	**(574)**	-	-

32. Business combinations

Knife Capital Group

On 28 March 2014 the group acquired 100% of the equity interest in Knife Capital Group which resulted in the group obtaining control over Knife Capital Group. The terms were outlined in the circular issued on 13 December 2013. Knife Capital owns 100% of Grindstone. The Knife Capital Group operates in South Africa and it is principally involved in business development services and investment management. The reason for the acquisition is to realise the new vision for the Afdawn Group.

Goodwill of R8,076,000 arose from the acquisition, (refer to note 4) and is attributable mainly to the synergies and economies of scale expected from combining the operations of the entities, as well as from other intangible assets, including brands, which did not qualify for separate recognition.

Acquisition of Knife Capital Group				
Purchase price calculation	-	-	-	-
100 million shares issued on 28 March 2014 at a share price of 9c (A).	-	9,000	-	9,000
First NAV liability - additional payment of the difference between the 10c per share stipulated in the acquisition agreement and the NAV per share at 28 February 2014 (B).	-	1,460	-	1,460
Second NAV liability - top-up of the First NAV liability due to the Elite prior period error, which further reduced the Group NAV per share at 28 February 2014 (C).	-	2,095	-	2,095
Share issue liability - additional payment due because Afdawn Group did not raise capital of R50 million by 26 March 2015 (D).	-	2,000	-	2,000
Recognition of share issue liability in profit or loss as it relates to the subsequent fair value of the contingent consideration (D).	-	(2,000)	-	(2,000)
	-	**12,555**	-	**12,555**

32. Business combinations (continued)

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Fair value of net assets acquired				
Property, plant and equipment (refer to note 3)	-	52	-	-
Intangible assets on contracts (refer to note 5)	-	6,543	-	-
Deferred tax asset (refer to note 8)	-	54	-	-
Trade and other receivables (11)	-	522	-	-
Cash and cash equivalents	-	26	-	-
Tax payable	-	(15)	-	-
Trade and other payables	-	(836)	-	-
Deferred tax liability (refer to note 8)	-	(1,833)	-	-
Bank overdraft	-	(13)	-	-
Directors' loans	-	(21)	-	-
	-	**4,479**	-	-
Goodwill recognised (refer to note 4)	-	**8,076**	-	**-**

The revenue included in the consolidated statement of comprehensive income since 26 March 2014 contributed by the Knife Capital Group was R8 891 000 and the profit that was contributed was R2 023 000. Had Knife Capital Group been consolidated from 1 March 2014, the consolidated statement of comprehensive income would show pro-forma revenue of R8 891 000 and profit of R2 023 000. The transactions between 1 March and 26 March 2014 were insignificant.

(A) The share price of 9 cents was determined based on the listed share price on 28 March 2014. Acquisition related costs of R550,000 has been recognised in profit or loss. Acquisition costs of R80,000 relating to the issue of shares have been netted against the deemed proceeds.

(B) The first NAV liability was due for payment in March 2015 and was interest free. In November 2014, the terms were renegotiated and remained interest free but the amount is paid on a monthly basis over 24 months (R60 833 per month).

(C) The terms were the same as the first NAV liability. Subsequent to year end, and as announced on SENS on 1 July 2015, the vendors have released the group from the obligation to settle this liability (refer to note 18).

(D) This amount related to contingent consideration in terms of which an additional amount would be payable if the company did not raise capital of R50 million by 26 March 2015. The amount would be determined in accordance with a specific formula but was capped at R2 million. It was due to be settled in a variable number of shares in the short term. At the acquisition date, the fair value of the contingent consideration was nil. At year end, the fair value was R2 million and this amount was therefore recognised in profit or loss. Subsequent to year end, and as announced on SENS on 1 July 2015, the vendors have released the group from the obligation to settle this liability.

(E) The fair value of trade receivables is R522 305. The gross contractual amount for trade receivables due is R522 305, of which R522 305 is expected to be collectible.

32. Business combinations (continued)

Elite Two

In November 2014 the group acquired 100% of the shares in Elite Two which resulted in the group obtaining control over Elite Two. Prior to this the group had significant influence over Elite Group Two Proprietary Limited and it was equity accounted (refer to the judgement disclosed in note 1.19. Elite Two is principally involved in the unsecured lending industry.

Elite Two was equity accounted in the previous period and was deemed to be disposed of in November 2014 at which point the fair value and carrying amount of the net assets were both nil. There was therefore no gain or loss on the step acquisition.

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Fair value of net assets acquired				
Trade and other receivables (A)	-	714	-	-
Cash and cash equivalents	-	3	-	-
Current account Elite	-	(396)	-	-
Current tax payable	-	(4)	-	-
Trade and other payables	-	(317)	-	-
Goodwill	**-**	**-**	**-**	**-**

The revenue included in the consolidated statement of comprehensive income since 1 March 2014 contributed by Elite Two was R201 218 and the loss that was contributed was R678 880. Had Elite Two been consolidated from March 2014 to November 2014, the consolidated statement of comprehensive income would show pro-forma revenue of R1 732 710 and loss of R701 738. This excludes the equity accounted loss of R2 259 181 recognised by the group from 1 March 2014 to October 2014.

(A) The fair value of trade receivables is R714 480. The gross contractual amount for trade receivables due is R1 659 995, and an existing provision of R539 478 has been netted off that resulting in a balance of R1 120 517 of which of R406 037 is expected to be uncollectible.

Cashflows

The cash flow related to Knife Capital Group and Elite Two acquisitions was R16,000 calculated as follows:

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Cash effect of acquisitions				
Cash and cash equivalents Knife Capital Group	-	26	-	-
Bank overdraft Knife Capital Group	-	(13)	-	-
Cash and cash equivalents Elite Two	-	3	-	-
	-	**16**	**-**	**-**

33. Liquidation of Nexus

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Carrying amount of net assets disposed of				
Trade and other receivables gross	-	(43,309)	-	-
Trade and other receivables impairment	-	38,181	-	-
Tax liabilities (refer to note 31)	-	6,497	-	-
Borrowings	-	5,000	-	-
Cash	-	(396)	-	-
Amount due from Elite	-	(2,742)	-	-
Total net assets disposed	-	3,231	-	-
Net assets on disposal	-	3,231	-	-
Profit on disposal (refer to note 23)	-	(3,231)	-	-
	-	-	-	-

No consideration was received.

Cash outflow on liquidation				
Cash disposed of	-	(396)	-	-

34. Contingencies

Knife Capital Group incentive scheme

The agreement relating to the acquisition of Knife Capital Group outlined various future incentives that the sellers would be entitled to. It stated that these amounts would be agreed upon by the effective date (being March 2014). This has not been done and therefore the amount of the liability could not be measured with sufficient reliability. At year end it was not possible to estimate the financial effect of this liability, nor when it would be settled, for this reason a liability was not recognised. There was no possibility of any reimbursement.

As announced on SENS on 1 July 2015, the vendors of Knife Capital have released Afdawn Group from these incentives.

Sandown legal fees

At the time that Elite acquired 100% of Elite Two from Sandown, Sandown took over debtors with a value of R14 337 165. The claims against those debtors will be pursued in Sandown's name. However, the costs of the legal proceedings will be shared equally by Elite and Sandown. If at least R10 million of this amount is collected, Elite will be paid a fee of 50% of the excess. However, Elite is not liable for any amount that is not collected.

With respect to the legal claims, no legal work had been done by the reporting date. Between 1 March 2015 and 31 August 2015, costs of R94 181 had been incurred. A contingent liability exists for possible future legal fees but the amount cannot be reliably determined.

Allegro Holdings Proprietary Limited ("Allegro")

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

35. Related parties

Relationships	
Subsidiaries	Refer to note 6
Subsidiaries loan accounts	Refer to note 10
Associates and equity accounted income from Elite Two	Refer to note 32
Significant shareholder with borrowings	Sandown Capital Proprietary Limited refer to notes 15,17,26 and 34
Significant shareholder controlled by a director who resigned 4 June 2014.	Vaalmac Proprietary Limited
Company controlled by a director providing services to the group	Makalu Capital Proprietary Limited
Directors' loans and subsequent change	Refer to note 18
Penalty paid by a company controlled by a subsidiary company director R1,316 million	Elite Group 1 Proprietary Limited (refer to note 23)
Companies acquired	Refer to note 32
Liquidation of subsidiary	Refer to note 33
Executive and non-executive directors	Refer to directors' report
Key management	PJ Bezuidenhout (Resigned September 2013) DD Breedt GE Stoop (Resigned 11 August 2014) DA Turner (Resigned 11 August 2014)

35. Related parties (continued)

	Group 2016 R'000	Group 2015 R'000	Company 2016 R'000	Company 2015 R'000
Related party balances				
Loan accounts - Owing (to) by related parties				
Elite owes Sandown Capital Proprietary Limited	(10,213)	(12,933)	-	-
Elite owes Elite Two included in group loans in 2015	-	-	-	-
Related party transactions				
Value of shares issued to directors on acquisition of Knife Capital @ 9c per share				
EA Van Heerden (A)	-	3,000	-	3,000
JK Van Zyl	-	3,000	-	3,000
A Böhmert (A)	-	3,000	-	3,000
Cash paid to directors on acquisition of Knife Capital				
EA Van Heerden (A)	243	81	243	81
JK Van Zyl	243	81	243	81
A Böhmert (A)	243	81	243	81
Outstanding loans to directors on acquisition of Knife Capital				
EA Van Heerden (A)	162	406	162	406
JK Van Zyl	162	406	162	406
A Böhmert (A)	163	406	163	406
Rent (received from) paid to related parties				
Afdawn	-	(303)	-	(303)
African Dawn Debt Management Proprietary Limited	-	-	-	-
Elite	-	149	-	149
Grindstone	-	54	-	54
Knife Capital	-	100	-	100
Administration fees (received from) paid to related parties				
African Dawn Wheels Proprietary Limited	-	-	-	-
Afdawn	-	-	-	-
Commission (received from) paid to related parties				
African Dawn Wheels Proprietary Limited	14	21	-	-

35. Related parties (continued)

	Group		Company	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Elite	(156)	(217)	-	-
Nexus	142	196	-	-
Interest (received)/paid from related parties				
Afdawn	(227)	(31)	(31)	(31)
Elite	227	31	31	31
Interest (received)/paid from related parties				
50,000,00 shares issued as underwritter @ 8c per share	-	4,000	-	4,000
Underwritters fee paid cash	-	80	-	80
WJ Groenewald related party transaction				
Knife Capital Group due dilligence fee - via Makalu Capital Proprietary Limited	-	150	-	150
Compensation to key management including directors				
Compensation	7,253	9,552	-	-

(A) The directors indicated became directors of the company after the acquisition of Knife Capital.

36. Directors' emoluments (R'000)

Executive

2016	Salary	Bonus	Directors' fees for services as directors' of subsidiaries	Total
WJ Groenewald	1,264	-	-	1,264
EA Van Heerden*	495	-	1.242	1,737
G Hope	168	-	-	168
JK Van Zyl*	-	-	1,674	1,674
A Böhmert*	-	-	1,560	1,560
	1,927	**-**	**4,476**	**6,403**

* *Resigned 11 January 2016 from African Dawn Capital Limited.*

2015				
WJ Groenewald	1,200	527	-	1,727
JK Van Zyl	-	-	1,345	1,345
JS Van der Merwe	30	-	-	30
EA Van Heerden	1,200	142	-	1,342
A Böhmert	-	-	1,347	1,347
	2,430	**669**	**2,692**	**5,791**

Non-executive

2016	Directors' fees	Total
HH Hickey	124	124
V Lessing	124	124
SM Roper	124	124
CM Bull	35	35
	407	**407**

Non-executive

2015	Directors' fees	Total
HH Hickey	120	120
V Lessing	120	120
SM Roper	100	100
CM Bull	40	40
	380	**380**

37. 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.
  - Not exposed to interest rate risk.
- 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.
- Foreign exchange / currency risk - the risk that the cash flows or fair value of the instrument will change because the foreign exchange 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**
Other financial assets	Yes	No	No	No	Yes
Properties in possession	No	No	No	No	No
Loans to group companies	Yes	No	No	Yes*	No
Trade receivables	Yes	No	Yes	No	No
Other receivables	Yes	No	No	Yes*	Yes
Cash and cash equivalents	Yes	No	Yes	No	No
Borrowings	No	Yes	Yes	Yes*	Yes
Finance lease liability	No	Yes	Yes	No	No
Convertible bond	No	No	Yes	No	No
Loans from group companies	No	Yes	No	No	Yes
Loans from directors	No	Yes	No	Yes	No
Operating lease liabilities	No	Yes	No	No	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.*

37. Risk management Risk (continued)

Management of risk

Cashflow is monitored very closley on a continuous basis.
Credit risk is very closley managed in accordance with the basis as disclosed in the accounting policy 1.16.

Analysis of the statement of financial position

No financial instruments are classified as held to maturity, available for sale or at fair value through profit and loss. The statement of financial position is analysed in the table below:

Group 2016 R'000

	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	879	879
Goodwill	-	-	8,076	8,076
Intangible assets	-	-	5,155	5,155
Other financial assets current	312	-	-	312
Properties in possession	18,247	-	-	18,247
Trade and other receivables	35,836	-	145	35,981
Cash and cash equivalents	3,005	-	-	3,005
Share capital and share premium	-	-	(313,943)	(313,943)
Accumulated loss	-	-	291,442	291,442
Loans from directors non-current	-	-	-	-
Deferred tax	-	-	(744)	(744)
Borrowings non-current	-	(12,524)	-	(12,524)
Finance lease liabilities non-current	-	-	-	-
Current tax payable	-	-	(15,054)	(15,054)
Borrowings current	-	(7,829)	-	(7,829)
Finance lease liabilities current	-	(19)	-	(19)
Loans from directors current	-	(487)	-	(487)
Operating lease liability	-	-	(28)	(28)
Trade and other payables	-	(6,531)	(5,938)	(12,469)
Deferred income	-	-	-	-

37. Risk management Risk (continued)

Group 2015 R'000

	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	937	937
Goodwill	-	-	8,076	8,076
Intangible assets	-	-	6,479	6,479
Other financial assets current	724	-	-	724
Properties in possession	22,968	-	-	22,968
Trade and other receivables	39,462	-	373	39,835
Cash and cash equivalents	15,397	-	-	15,397
Share capital and share premium	-	-	(313,943)	(313,943)
Accumulated loss	-	-	284,532	284,532
Loans from directors non-current	-	(1,535)	-	(1,535)
Deferred tax	-	-	(1,365)	(1,365)
Borrowings non-current	-	(13,298)	-	(13,298)
Finance lease liabilities non-current	-	(60)	-	(60)
Current tax payable	-	-	(14,840)	(14,840)
Borrowings current	-	(17,782)	-	(17,782)
Finance lease liabilities current	-	(122)	-	(122)
Loans from directors current	-	(3,777)	-	(3,777)
Operating lease liability	-	-	(23)	(23)
Trade and other payables	-	(4,019)	(7,710)	(11,729)
Deferred income	-	-	(474)	(474)

37. Risk management Risk (continued)

Company 2016

	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	129	129
Investment in subsidiaries	-	-	15,877	15,877
Loans to group companies current	26,723	-	-	26,723
Trade and other receivables	107	-	-	107
Cash and cash equivalents	788	-	-	788
Share capital and share premium	-	-	(313,943)	(313,943)
Accumulated income	-	-	291,738	291,738
Loans to directors non-current	-	-	-	-
Loans from group companies current	-	(6,929)	-	(6,929)
Current tax liability	-	-	(8,220)	(8,220)
Borrowings current	-	-	-	-
Loans from directors current	-	(487)	-	(487)
Operating lease liability	-	(28)	-	(28)
Trade and other payables	-	(1,078)	(4,677)	(5,755)

Company 2015

	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance statement of financial position
Property, plant and equipment	-	-	183	183
Investment in subsidiaries	-	-	15,877	15,877
Loans to group companies current	26,896	-	-	26,896
Trade and other receivables	1,096	-	-	1,096
Cash and cash equivalents	10,608	-	-	10,608
Share capital and share premium	-	-	(313,943)	(313,943)
Accumulated income	-	-	287,491	287,491
Loans to directors non-current	-	(1,535)	-	(1,535)
Loans from group companies current	-	(6,932)	-	(6,932)
Current tax liability	-	-	(7,805)	(7,805)
Borrowings current	-	(1,658)	-	(1,658)
Loans from directors current	-	(3,777)	-	(3,777)
Operating lease liability	-	-	(23)	(23)
Trade and other payables	-	(883)	(5,595)	(6,478)

The group has not:
a. Applied hedge accounting;
b. Designated any financial instruments as at fair value through profit and loss;
c. Reclassified any financial instruments;
d. Offset any financial instruments; or
e. Derecognised any financial instruments other than when they have been written off because they are not recoverable.

Collateral
f. The group holds cessions and sureties as security on certain trade debtors. The group also holds cash security deposits on property rentals agreements.
g. None of the security has been ceded to other parties during the financial year.

37. Risk management Risk (continued)

Group 2016 R'000

	Carrying amount	Security held
Trade and other receivables for which collateral is held	6,199	5,971

Group 2015 R'000

	Carrying amount	Security held
Trade and other receivables for which collateral is held	11,972	9,361

h. The group has not taken possession of any collateral it holds in 2016 and 2015. The company does not hold any collateral against trade and other receivables.

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

No financial instruments are classified as held to maturity, available for sale or at fair value through profit or loss. The SOCI is analysed below:

Group 2016 R'000

	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	22,992	-	7	22,999
Interest income - on impaired financial assets	2,225	-	-	2,225
Interest expense normal and deemed	-	2,633	937	3,570
Impairment	1,906	-	-	1,906
Gains/losses	-	-	-	-

Group 2015 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	16,514	92	2	16,608
Interest income - on impaired financial assets	7,639	-	-	7,639
Interest expense normal and deemed	-	3,131	3932	7,063
Impairment	(2,307)	-	2,902	(595)
Gains/losses	-	-	-	-

Company 2016 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	753	92	-	845
Interest expense normal and deemed	2,710	265	3,344	6,319
Impairment	17,058	-	-	17,058

Company 2015 R'000	Loans and receivables	Liabilities at amortised cost	Not a financial instrument	Balance SOCI
Interest income - normal and deemed	753	92	-	845
Interest expense normal and deemed	2,710	265	3,344	6,319
Impairment	17,058	-	-	17,058

37. Risk management Risk (continued)

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 34.

Collateral

The following collateral is held as security:

Group R'000	2016		2015	
	Carrying amount	Security held	Carrying amount	Security held
Trade receivables for which collateral is held	6,199	5,971	11,972	9,361

The company did not hold any collateral in 2015 or 2014.

Amount of impairment for each class of financial asset:

Group R'000	Amount of impairment 2016	Amount of impairment 2015
Trade receivables (refer to note 11)	18,934	66,489
Other financial assets (refer to note 7)	-	462
	18,934	**66,951**

Company R'000	Amount of impairment 2016	Amount of impairment 2015
Loans to group companies (refer to note 10 for reconciliation)	49,340	47,527

37. Risk management Risk (continued)

Trade and other receivables - impairment reconciliation

Group	2016	2015
Less actual write off	66,489	102,313
Plus additional impairment provisions	1,906	12,999
Less actual write off	(49,055)	(10,140)
Elite 2 debtors impairment/Nexus disposal	(406)	(38,683)
	18,934	**66,489**

The company does not have a provision for impairment

Group 2016 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	15,279	200	-	-

Group 2015 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	15,926	381	39	1,423

Company 2016 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	-	-	-	-

Company 2015 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	-	-	-	-

Ageing of those financial assets that are impaired:

Group 2016 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	10,849	1,558	859	16,809

Group 2015 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	5,893	5,000	2,974	70,117

Ageing of those financial assets that are passed due but not impaired

Group 2016 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	17	97	88	8,109
Other receivables	-	-	-	-

Group 2015 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	19	89	10	53

Company 2016 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	-	-	-	-

Company 2015 R'000	Current	30-60 days	60-90 days	90 + days
Trade receivables	-	-	-	-

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

37. Risk management Risk (continued)

Group R'000	2016 Carrying amount	2016 Credit quality	2015 Carrying amount	2015 Credit quality
Other financial assets	312	High	724	High
Trade receivables	15,479	Medium	17,769	Medium
Cash and cash equivalents	3,005	High	15,397	High

Company R'000	Carrying amount	Credit quality	Carrying amount	Credit quality
Cash and cash equivalents	788	High	10,608	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 2016	Carrying amount of renegotiated loans 2015
Trade and other receivables	2,802	11,184

Company R'000	Carrying amount of renegotiated loans 2016	Carrying amount of renegotiated loans 2015
Other receivables	-	2,231

37. Risk management Risk (continued)

Liquidity risk

Group 2016 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
Borrowings	173	2,667	10,480	9,025	1,038
Finance lease liabilities	-	10	9	-	-
Loans from directors	61	182	244	-	-
Trade and other payables	1,663	1,755	964	5,620	2,495
	1,897	**4,614**	**11,697**	**14,645**	**3,533**

Group 2015 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
Borrowings	169	2,130	10,648	16,944	2,875
Finance lease liabilities		30	91	75	-
Loans from directors	61	182	487	4,582	-
Trade and other payables	2,785	353	285	3,558	-
	3,015	**2,695**	**11,511**	**25,159**	**2,875**

Company 2016 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
Borrowings	-	-	-	-	-
Loans from group companies	-	-	6,932	-	-
Loans from directors	61	182	487	4,582	-
Trade and other payables	291	715	100	5,372	-
	352	**897**	**7,519**	**9,954**	**-**

Company 2015 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
Borrowings	-	-	1,750	-	-
Loans from group companies	-	-	6,932	-	-
Loans from directors	61	182	487	4,582	-
Trade and other payables	774	-	3,559	-	-
	835	**182**	**12,728**	**4,582**	**-**

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 R190 368 (2015: R50 070) (company: Rnil (2015: Rnil). The group and company's sensitivity to interest rates has dereased during the current period mainly due to the restructuring in variable rate debt instruments (refer to note 15).

A 100 basis points increase would increase revenue on unsecured lending by an estimated R393 900 (2015: R273 522). A 100 basis points increase would increase finance costs on borrowings linked to prime by an estimated R203 532 (2015: R223 452) (refer to note 15).

38. Events after the reporting period

Non-adjusting events

Elite Disposal

On 4 December 2015, Afdawn and Dzothe Investments have entered into an agreement whereby Afdawn will convert a portion of its shareholder loan into equity of Elite and Dzothe Investments will acquire 51% of the economic interest of Elite and recapitalize Elite. This will give Elite the ability to generate the required cash flow to fund operations, growth and other financial obligations. African Dawn shareholders still need to approve this transaction.

Disposal of Rental Enterprise by Candlestick

On 8 April 2016 Candlestick has entered into a sale of rental enterprise agreement ("Green Oaks Transaction") with SJJM Property for a consideration for R32,500 million. Based on the settlement agreement signed on 23 December 2015 Afdawn expects to receive proceeds of R8,700 million on transfer date. Afdawn shareholders still need to approve the Green Oaks transaction.

39. 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 R2,642 million (2015: nil). Net revenue represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis. Segment operating profit before capital items represents segment revenue less segment expenses. Segment expenses consist of operating expenses. Depreciation, amortisation and impairments have been allocated to the segments to which they relate.

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

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

a. Investment advisory and investment management

This segment consists of the Knife Capital Group which 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.

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.

39. Segment report (continued)

2016	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 internal	8,641	24,348	5,315	(975)	37,329
Cost of sales	984			(145)	839
Other income	(8)	922	6	2,990	3,910
Investment income	81	1	2	262	346
Finance costs	-	2,031	736	251	3,018
Operating expenses	8,166	22,342	6,596	5,732	42,836
Impairment trade and other receivables (refer to note 11)	-	1,317	589	-	1,906
Bad debts actually written off	-	2,168	293	44,145	46,606
Fair value adjustments	-	-	-	-	-
Deemed interest expense	-	460	-	92	552
Impairment of property in possession	-	-	3,284	-	3,284
Depreciation and amortisation	39	648	2	1,376	2,065
Profit/(loss) before taxation	(435)	1,617	(2,010)	(6,116)	(6,944)
Taxation	(102)	(62)	499	(369)	(34)
Other comprehensive income	-	-	-	-	-
Total comprehensive	(333)	1,679	(2,509)	(5,747)	(6,910)
Segment total assets	3,340	28,480	17,512	22,704	72,036
Segment total liabilities	1,434	40,911	21,306	(14,116)	49,535
Intangible assets acquired	299	47	-	-	346
Goodwill	-	-	-	8,076	8,076
Property, plant and equipment acquired	55	505	10	-	570

39. Segment report (continued)

2015	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	8,891	25,241	5,346	671	40,149
Revenue internal	-	-	-	-	-
Cost of sales	268	-	-	-	268
Other income	-	2,406	77	4,934	7,417
Investment income	30	1	2	702	735
Finance costs	2	2,590	818	5,223	8,633
Operating expenses	5,836	42,249	2,848	14,575	65,508
Impairment trade and other receivables (refer to note 11)	-	11,400	370	1,229	12,999
Bad debts actually written off	-	14,007	157	42,547	56,711
Fair value adjustments	-		-	2,000	2,000
Deemed interest expense	-	145	-	(35)	110
Equity accounted loss	-	2,259	-	-	2,259
Loss on sale of non-current assets	-	11	-	70	81
Loss on call up of NHFC guarantee(refer to note 15)	-	-	-	3,750	3,750
Depreciation and amortisation	33	875	-	1,274	2,182
Impairment of intangible assets	-	1,150	-	-	1,150
Profit/(loss) before taxation	2,804	(19,595)	259	(15,445)	(31,977)
Taxation	781	-	498	(244)	1,035
Discontinued operations	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Total comprehensive profit/(loss)	2,023	(19,595)	(239)	(15,201)	(33,012)
Segment total assets	4,617	32,173	20,886	36,740	94,416
Segment total liabilities	2,377	46,557	22,171	(6,100)	65,005
Intangible assets acquired	-	-	-	6,543	6,543
Goodwill	-	-	-	8,076	8,076
Property, plant and equipment acquired	81	44	1	220	346

40. 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 29 February 2016 was R2.5 million (2015 R3.5 million). In terms of the guarantee Afdawn will assume responsibility for the loan if Elite defaults on the loan.

41. Loss per share

Basic and diluted loss per share

Basic loss per share and diluted 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 excluding ordinary shares held as treasury shares (refer to note 14).

	2016	2015
Basic and diluted loss per share		
From continuing operations (c per share)	(0.79)	(3.84)
	(0.79)	**(3.84)**
Reconciliation of loss for the year to basic and diluted loss		
Loss from continuing operations	(6,910)	(33,012)
	(6,910)	**(33,012)**
Reconciliation of weighted average number of ordinary shares used for basic and diluted loss per share and headline and diluted headline loss per share		
Number of ordinary shares in issue	877,002	508,184
Adjusted for:		
Rights issue	-	259,110
Shares issued Knife Capital Group acquisition 28 March 2014	-	92,603
Weighted average number of shares used for loss and headline loss per share	**877,002**	**859,897**
Headline loss and diluted headline loss per share		
Headline loss per share continued (c)	(0.79)	(4.08)
	(0.79)	**(4.08)**

2016	Gross	Net
Loss from continuing operations		(6,910)
Profit on disposal of property, plant and equipment	(13)	(9)
Headline loss from operations		**(6,916)**

2015	Gross	Net
Loss from continuing operations		(33,012)
Loss on disposal of property, plant and equipment	23	17
Impairment of intangible asset	1,150	1,150
Profit on disposal of subsidiary	(3,231)	(3,231)
		(35,076)

42. Restrictions

Various contracts have restrictions in them that limit access to the assets by the Group. These restrictions are explained below:

2016 - 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 R10,213 million (2015: R14,222 million) (refer to note 15 which deals with borrowings owed to Sandown).

Elite Cell

The cash in Elite Cell can only be accessed if a claim is submitted to Guardrisk or if Elite Cell declares a dividend. The carrying amount is R0,312 million (2015: R0,724 million). Refer to note 7.

Shareholders' Analysis

African Dawn Capital Limited: Shareholder Analysis Tables

SHAREHOLDER SPREAD	No. of shareholders	%	No. of Shares	%
1 - 1 000 shares	279	279	154 515	0,02
1 001 - 10 000 shares	641	641	2 949 478	0,34
10 001 - 100 000 shares	783	783	34 080 332	3,89
100 001 - 1 000 000 shares	445	445	155 933 166	17,78
1 000 001 and over	97	97	683 884 782	77,98
Total	**2 245**	**2 245**	**877 002 273**	**100**

DISTRIBUTION OF SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Banks	5	0,22	2 712 065	0,31
Brokers	9	0,40	40 897 903	4,66
Close Corporations	32	1,43	58 136 531	6,63
Endowment Funds	2	0,09	20 191	0,00
Individuals	2 059	91,71	507 272 196	57,84
Mutual Funds	1	0,04	35 686 604	4,07
Nominees and Trusts	79	3,52	34 147 607	3,89
Other Corporations	19	0,85	1 084 067	0,12
Pension Funds	1	0,04	91 164	0,01
Private Companies	38	1,69	196 953 945	22,46
Total	**2 245**	**100**	**877 002 273**	**100**

PUBLIC / NON - PUBLIC SHAREHOLDERS	No. of shareholders	%	No. of Shares	%
Non - Public Shareholders	2	0,09	2 508 100	0,29
Directors of the Company	2	0,09	2 508 100	0,29
Public Shareholders	2 243	99,91	874 494 173	99,71
Total	**2 245**	**100**	**877 002 273**	**100**

Beneficial shareholders holding of 2% or more	No. of Shares	%
Sandown Capital (Pty) Ltd	79 700 000	9,09
Brown, NRO	65 000 000	7,41
Shock Proof Investment 20 (Pty) Ltd	46 049 693	5,25
Arbores Investments (Pty) Ltd	40 000 000	4,56
RMB Securities Pty Ltd - Proprietary Account	37 000 000	4,22
Bohmert, A	35 833 333	4,09
Flagship IP Flexible Value Fund	35 686 604	4,07
Van Heerden, EA	33 333 334	3,80
Van Zyl, JK	33 333 333	3,80
Toothrock Investments CC	30 659 160	3,50
Universal Pulse Trading 132 (Pty) Ltd	20 000 000	2,28

Notice of Annual General Meeting of Shareholders

African Dawn Capital Limited
Imcorporated in the Republic of South Africa
Registration number: 1995/020520/06
ISIN: ZAE000060703

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 202 Waterfront Terraces 1, Tygerwaterfront, 7530, on Tuesday, 18 October 2016, at 10:00 ("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, 26 August 2016. 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, 7 October 2016. Accordingly, the last day to trade Company's shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 4 October 2016.

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 29 February 2016. 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 7 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 8 to be adopted, at least 75% of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1.1 ORDINARY RESOLUTION NUMBER 1 – APPOINTMENT OF MR GB HOPE AS A DIRECTOR

"Resolved that Mr GB Hope's appointment as director, in terms of the Memorandum of Incorporation of the Company, be and is hereby confirmed."

Summary curriculum vitae of Mr GB Hope ("Graham"):

Graham is a Chartered Accountant CA(SA). Graham has 20 years of experience in trading banking and private equity investments. He was appointed as African Dawn Capital's Chief Financial Officer on 11 January 2016.

The reason for ordinary resolution number 1 is that the memorandum of incorporation of the Company and the Listings requirements of the JSE Limited ("JSE") require that any director appointed by the board of the Company be confirmed by shareholders at the Annual General Meeting of the Company.

1.2 ORDINARY RESOLUTION NUMBER 2 - RE-ELECTION OF MS H HICKEY AS A DIRECTOR

"Resolved that Ms H Hickey 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."

Notice of Annual General Meeting

continued

1.2 ORDINARY RESOLUTION NUMBER 2 - RE-ELECTION OF MS H HICKEY AS A DIRECTOR (continued)

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 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.

The reason for ordinary resolution number 2 is that the memorandum of incorporation of the Company, the Listings Requirements of the JSE Ltd and, to the extent applicable, the South African Companies Act, 71 of 2008, as amended ("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.

1.3 ORDINARY RESOLUTION NUMBER 3 – 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, but subject to the passing of ordinary resolution number 2 above, to appoint Ms H Hickey, a non-executive, independent director of the Company, as a member of the Audit and Risk Committee be and is hereby appointed, as recommended by the Board of directors of the Company until the next Annual General Meeting."

A summary of Ms H Hickey's curriculum vitae has been included in paragraph 1.2 above.

1.4 ORDINARY RESOLUTION NUMBER 4 – APPOINTMENT OF MS V LESSING TO THE AUDIT AND RISK COMMITTEE

"Resolved that pursuant to the requirements of section 94(2) of the Act, to appoint Ms V Lessing, a non-executive independent director of the Company, be and is hereby 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 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).

1.5 ORDINARY RESOLUTION NUMBER 5 – 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 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 Mr S Roper ("Stephen"):

Stephen holds a 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 rescue experience. He currently practices in the area of strategic management.

The reason for ordinary resolutions numbers 3 to 5 (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.

Notice of Annual General Meeting

continued

1.6 ORDINARY RESOLUTION NUMBER 6 – 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 2017, with Mr Imtiaaz Hashim 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 6 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.

1.7 ORDINARY RESOLUTION NUMBER 7 – ENDORSEMENT OF THE REMUNERATION POLICY

"Resolved that the shareholders endorse, on a non-binding advisory basis, the Remuneration Policy of the Company."
Note: In terms of principle 2.27 of the King Report on Corporate Governance for South Africa ("King lll"), the Company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at each Annual General Meeting. The remuneration policy is included in the Remuneration Report on pages 12 to 13 of the Integrated Annual Report.

The reason for ordinary resolution number 7 is that King III recommends that the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders

1.8 ORDINARY RESOLUTION NUMBER 8 – GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's memorandum of incorporation, the Companies Act and the Listings Requirements of the JSE ("Listings Requirements"), provided that:

- the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond fifteen months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 10% of the Company's issued share capital (number of securities) of that class as at the date of this notice of Annual General Meeting, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders or shares issued pursuant to an acquisition, shall not diminish the number of ordinary shares that comprise the 10% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 10% of the Company's issued ordinary share capital (net of treasury shares) amounts to 87,700,000 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements and not to related parties;
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 10% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on SENS."

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 8 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% 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.

Notice of Annual General Meeting

continued

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 2016, be and hereby are approved:

Position	Proposed fee for the year ending 28 February 2017 R
Committee and Board Member	R144 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, provided 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 prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, 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."

Notice of Annual General Meeting

continued

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."

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 or acquiring any 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.

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 (continued)

Additional disclosure in respect of special resolution number 3 and special resolution number 4.

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 3 and 4 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.

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 and page 8 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.

Notice of Annual General Meeting

continued

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, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by no later than 09:00 on 14 October 2016 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

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: alun@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

24 Auguts 2016

Company Secretary

Statucor (Pty) Limited

AFRICAN DAWN CAPITAL LIMITED

Form of proxy

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, African Dawn Capital Ltd, 202 Waterfront Terraces, Waterfront Road, Tygervalley Waterfront, Bellville, 7530, ("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, 18 October 2016 at 10h00 in the boardroom of African Dawn Capital Ltd at 202 Waterfront Terraces, Waterfront Road, Tygervalley Waterfront, Bellville, 7530 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 per share)		
Ordinary resolutions	**Agenda item**	**For**	**Against**	**Abstain**
Ordinary resolution 1	Appointment of Mr GB Hope as a director			
Ordinary resolution 2	Re-election of Ms H Hickey as a director			
Ordinary resolution 3	Appointment of Ms H Hickey to the audit and risk committee			
Ordinary resolution 4	Appointment of Ms V Lessing to the audit and risk committee			
Ordinary resolution 5	Appointment of Mr S Roper to the audit and risk committee			
Ordinary resolution 6	Re-appointment of the independent registered auditor			
Ordinary resolution 7	Endorsement of the remuneration policy			
Ordinary resolution 8	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 ____________________ 2016

Signature ______________________________

Assisted by (where applicable) ______________________________

Number of shares ______________________________

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

Form of proxy

continued

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, Ground Floor, 70 Marshall Street, Johannesburg, 2001; PO Box 61051, Marshalltown, 2107) to be received no later than 09h00 on Friday, 14 October 2016.

Shareholders' Diary

Financial year end	28 February 2016
Declaration of final ordinary share dividend	N/A
Publication of financial results for the year	31 May 2016
Ordinary share cash dividend	
Last day to trade "CUM" dividend	N/A
Trading "EX" dividend commences	N/A
Record date	N/A
Payment date	N/A
Annual Report posted to shareholders	31 August 2016
Annual general meeting	18 October 2016
Publication of interim results	November 2016

Corporate information

DIRECTORS as at 21 August 2016
WJ Groenewald * • HH Hickey # • V Lessing # • SM Roper # • G Hope *
* Executive # Independent non-executive

Please refer to page 7 and 8 for further details on each director.

AUDITORS
Grant Thornton Cape Inc

COMPANY REGISTRATION NUMBER
1998/020520/06

DOMICILE
Republic of South Africa

SECRETARY
A Rich (on behalf of Statucor Proprietary Limited)

REGISTERED OFFICE
202 Waterfront Terraces, Waterfront Road, Bellville, 7530

POSTAL ADRESS
PO.Box 5405, Tygervalley, 7536

COUNTRY OF INCORPORATION
Republic of South Africa

TRANSFER SECRETARY
Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown, 2107

BANKERS
Absa Bank Limited
First National Bank Limited

TELEPHONE
(021) 914 5566

DESIGNATED ADVISOR
PSG Capital (Pty) Limited

ENQUIRIES
info@afdawn.co.za