



AFRICAN DAWN
CAPITAL LIMITED

Unaudited Consolidated Statements for the six months ended 31 August 2020

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

Consolidated Statements of Financial Position as at 31 August 2020

	Note	31 August 2020 R'000 (Unaudited)	31 August 2019 R'000 (Unaudited/ Restated)	29 February 2020 R'000 (Audited)
Assets				
Non-Current Assets				
Property, plant and equipment		1,637	1,551	1,970
Intangible assets		391	468	440
		2,028	2,019	2,410
Current Assets				
Trade and other receivables	7	6,905	14,319	9,161
Cash and cash equivalents		1,569	1,064	411
		8,474	15,383	9,572
Total Assets		10,502	17,402	11,982
Equity and Liabilities				
Equity				
Share capital and share premium	10	325,257	324,143	324,143
Accumulated loss		(333,211)	(322,204)	(327,045)
		(7,954)	1,939	(2,902)
Liabilities				
Non-Current Liabilities				
Lease obligations		1,104	739	1,381
Borrowings	9	10,490	600	4,600
		11,594	1,339	5,981
Current Liabilities				
Borrowings	9	4,200	6,869	5,161
Loans from directors		346	3,398	626
Lease obligations		537	444	528
Trade and other payables		1,779	3,413	2,588
		6,862	14,124	8,903
Total Liabilities		18,456	15,463	14,884
Total Equity and Liabilities		10,502	17,402	11,982

Consolidated Statement of Profit or Loss and other Comprehensive Income for the six months ended 31 August 2020

	Note	31 August 2020 R'000 (Unaudited)	31 August 2019 R'000 (Unaudited/ Restated)	29 February 2020 R'000 (Audited)
Revenue		3,264	6,385	12,035
Other income		87	187	333
Investment income		1	1	4
Bad debts written off*		(1,497)	(5)	(721)
Impairment trade and other receivables reversed*		1,420	-	1,052
Impairment trade and other receivables raised*		(785)	(1,056)	(2,104)
Employee cost including non-executive directors fees*		(3,065)	(4,024)	(7,804)
Depreciation on property, plant and equipment*		(333)	(68)	(727)
Finance costs		(818)	(400)	(1,201)
Other operating expenses		(4,440)	(6,524)	(11,212)
Loss before taxation		(6,166)	(5,504)	(10,345)
Taxation		-	-	-
Total comprehensive loss		(6,166)	(5,504)	(10,345)
Loss attributable to:				
Owners of the parent:		(6,166)	(5,504)	(10,345)
Continuing operations		(6,166)	(5,504)	(10,345)
Basic loss per share (c)	13	(11.8)	(11.1)	(20.6)

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

Consolidated Statements of Changes in Equity for the six months ended 31 August 2020

	Share Capital	Share Premium	Share based payment reserve	Total Share Capital	Accumulated loss	Total Equity
	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 28 February 2019	19,523	303,800	-	323,323	(316,700)	6,623
Shares issued	877	(57)	-	820	-	820
Total comprehensive loss for the six months 31 Aug 2019	-	-	-	-	(5,504)	(5,504)
Balance at 31 August 2019	20,400	303,743	-	324,143	(322,204)	1,939
Total comprehensive loss for the six months Sep 2019 to Feb 2020	-	-	-	-	(4,841)	(4,841)
Balance at 29 February 2020	20,400	303,743	-	324,143	(327,045)	(2,902)
Share issue	1,975	(1,284)	423	1,114	-	1,114
Total comprehensive loss for the six months 31 Aug 2020	-	-	-	-	(6,166)	(6,166)
Balance at 31 August 2020	22,375	302,459	423	325,257	(333,211)	(7,954)
Note	10	10	10			

Consolidated Statement of Cash Flows Income for the six months ended 31 August 2020

	Note	Six months 31 August 2020 R'000 (Unaudited)	Six months 31 August 2019 R'000 (Unaudited)	Year ended 29 February 2020 R'000 (Audited)
Cash flows from operating activities				
Cash used in operations	11	(3,516)	(2,587)	(4,860)
Interest income		1	1	4
Finance costs		(818)	(400)	(889)
Net cash from operating activities		(4,333)	(2,986)	(5,745)
Cash flows from investing activities				
Purchase of property, plant and equipment		-	-	-
Purchase of intangible assets		-	-	-
Sale of subsidiary cash effect		-	-	-
Net cash from investing activities		-	-	-
Cash flows from financing activities				
Shares issue	10	-	820	820
Borrowings repaid		(1,261)	(2,190)	(3,311)
Borrowings raised		7,300	2,454	6,226
Lease payments		(268)	-	(670)
Directors' loans repaid		(463)	-	(505)
Directors' loans raised		183	578	1,208
Net cash from financing activities		5,491	1,662	3,768
Total cash movement for the year		1,158	(1,324)	(1,977)
Cash at the beginning of the year		411	2,388	2,388
Total cash at end of the year		1,569	1,064	411

Notes to the Consolidated Interim Financial Statements

1. Reporting entity

African Dawn Capital Limited is domiciled in the Republic of South Africa. The unaudited consolidated interim financial statements for the six months ended 31 August 2020 comprise the results of the Company and its subsidiaries ("the Group").

2. Basis of preparation

The consolidated interim financial statements have been prepared using the historical cost convention, as modified for certain items measured at fair value.

The consolidated interim financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS);
- IAS 34 - Interim Financial Reporting;
- The requirements of the South African Companies Act (Act No 71 of 2008), as amended,
- The JSE Listings Requirements; and
- The Financial Pronouncements as issued by Financial Reporting Standards Council.

These consolidated interim financial statements have not been audited or reviewed by the company's auditors.

These consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 29 February 2020.

3. Approval

The consolidated interim financial statements were prepared by Dylan Kohler Professional Accountant (SA) and supervised by the chief financial officer, G Hope CA (SA). They were approved by the Board on 30 November 2020.

4. Significant accounting policies

The accounting policies adopted in the preparation of the consolidated interim financial information are consistent with those applied in the consolidated annual financial statements for the year ended 29 February 2020. For a full list of standards and interpretations, which have and have not been adopted, refer to the 29 February 2020 consolidated annual financial statements.

IFRS 16 was adopted on 1 March 2019 and no retrospective adjustments were made. Detailed disclosure of the implications will be in the full annual financial statements on 29 February 2020.

5. Significant judgements and accounting estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the consolidated financial statements for the year ended 29 February 2020 (refer to note 1.18 of the consolidated annual financial statements for the year ended 29 February 2020).

6. Events after the reporting period

The Caleo transaction was completed on 15th October 2020 with the last tranche of the R10 million received and the loan raising fee paid via share issues in July 2020 and November 2020.

Notes to the Consolidated Interim Financial Statements continued

7. Trade receivables

Impairment of trade and other receivables

The carrying amount of trade and other receivables was assessed for impairment at the interim dates and resulted in the following changes:

Impairment	31 August 2020 R'000	31 August 2019 R'000	28 February 2020 R'000
Movement in impairment provision trade and other receivables	(635)	1,056	1,052

8. Segment report

The Group's reportable segments were changed in February 2019 from those disclosed in the consolidated annual financial statements for the year ended 29 February 2020. The rentals of properties in possession have been merged with other under the control of Head office. The segment report for the six-month period to 31 August 2020 included for comparative purposes and have been restated to account for the new segments.

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

31 Aug 2020	Investment advisory and investment management R'000	Micro finance R'000	Head office R'000	Total R'000
Revenue	6	3,258	-	3,264
Other income	-	87	-	87
Investment income	-	1	-	1
Finance costs	-	609	209	818
Depreciation	-	331	2	333
Employee costs	-	2,743	322	3,065
Impairment trade receivables - reversed	-	(1,420)	-	(1,420)
Impairment trade receivables - raised	-	785	-	785
Bad debts written off	-	1,497	-	1,497
Operating expenses	45	3,343	1,052	4,440
Loss before taxation	(39)	(4,542)	(1,585)	(6,166)
Taxation	-	-	-	-
Total comprehensive loss	(39)	(4,542)	(1,585)	(6,166)
Total assets	30	10,252	220	10,502
Total liabilities	7	12,398	6,051	18,456

Notes to the Consolidated Interim Financial Statements continued

31 August 2019 (Restated)	Investment advisory and investment management	Micro finance	Head office	Total
	R'000	R'000	R'000	R'000
Revenue	40	6,345	-	6,385
Other income	-	182	5	187
Investment income	-	1	-	1
Finance costs	-	400	-	400
Depreciation	-	62	6	68
Employee costs	-	3,701	323	4,024
Impairment trade receivables - raised	-	1,056	-	1,056
Impairment trade receivables - reversed	-	-	-	-
Bad debts written off	-	5	-	5
Operating expenses	140	4,127	2,257	6,524
Loss before taxation	(100)	(2,823)	(2,581)	(5,504)
Taxation	-	-	-	-
Total comprehensive loss	(100)	(2,823)	(2,581)	(5,504)
Total assets	48	13,760	3,594	17,402
Total liabilities	24	9,704	5,735	15,463
Intangible assets	47	421	-	468
Property, plant and equipment	-	301	9	310

Notes to the Consolidated Interim Financial Statements continued

9. Borrowings

	31 August 2020 R'000	31 August 2019 R'000	29 February 2020 R'000
Caleo#	6,000	-	-
Interest is charged at 18% per annum, the loan is unsecured and is repayable in 20 years. Interest is paid monthly and if the company chooses to repay the loan within 20 years, an "early termination penalty" amounting to the interest payable up to the 20th anniversary of the loan, discounted at 4.5%, will apply.			
Peregrine Financial Services Holdings Limited loan (C)	631	2,581	932
Interest is charged at prime +2.5%, currently at 9.5% (2019: 11.25%). The loan terms have been renegotiated to only interest payments from March 2020 to May 2020 and then Capital repayments of R100,000 + interest per month, and a final settlement was paid on 30 September 2020. The loan is unsecured.			
Related Parties – Secured	630	550	630
The loans bear interest between 10.5% and 18% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable in 6 months.			
Related Parties – Unsecured	1,605	809	778
These loans bear Interest of between 10.5% and 18% per annum. The loans are unsecured and are repayable between 0 and 12 months.			
Unrelated Parties – Secured	2,334	2,279	2,671
The loans bears Interest of 10.5% per annum. The loans are secured on trade receivables with a value of twice the initial capital and are repayable between 0 - 12 months.			
Unrelated Parties – Unsecured	4,600	1,250	4,750
These loans bears Interest of between 10.5% and 17% per annum. The loans are unsecured and are repayable between 0 - 36 months.			
Loan raising fee reserve Caleo #	(1,114)	-	-
Loan raising fee reserve realised through profit and loss #	4	-	-
Total	14,690	7,469	9,761
Non-current liabilities			
At amortised cost	11,600	600	4,600
Loan raising fee reserve #	(1,110)	-	-
	10,490	600	4,600
Current liabilities			
At amortised cost	4,200	6,869	5,161
	4,200	6,869	5,161
	14,690	7,469	9,761

In terms of the loan agreement entered into with Caleo a loan raising fee of 7,955,865 shares at 14c per share was raised. The total fee of R1,113,821 is realised over the full period of the loan which is 20 years. Refer to note 10 for details on the shares issued.

Notes to the Consolidated Interim Financial Statements continued

10. Share Capital

Authorised

	Shares 31 August 2020	Shares 31 August 2019	Shares 29 February 2020
125,000,000 Ordinary shares of 40c each	50,000,000	50,000,000	50,000,000
The total shares in issue as at 31 Aug 2020 amounted to 55,854,457 (2019: 50,917,533).			
Reconciliation of number of shares in issue	'000	'000	'000
Reported as at 01 March	50,918	48,725	48,725
Share issue 17 July 2020 *	4,937	-	-
Share issue 14 June 2019	-	1,143	1,143
Share issue 17 July 2019	-	1,050	1,050
Closing balance	55,855	50,918	50,918
Reconciliation of share values R'000			
Reported at beginning of period	324,143	323,323	323,323
Share-based payment reserve created *	423	-	-
Share issue 17 July 2020 *	691	-	-
Share issue 14 June 2019	-	400	400
Share issue 17 July 2019	-	420	420
Reported at the end of the period	325,257	324,143	324,143
Total share premium	302,459	303,743	303,743
Ordinary shares @ 40c	22,375	20,400	20,400
Share-based payment reserve	423	-	-
	325,257	324,143	324,143

* In terms of the Caleo agreement and the share issue limit granted to directors at the AGM on 4 August 2019 4,936,924 shares were issued to Caleo at 14c per share. The Caleo agreement with the Group allows for a loan raising fee of 20% of the issued share capital at the time of the agreement. This works out to the issue of 12,729,383 new shares. The share issues are to take place as the loan tranches are issued. There are 3 tranches of which 2 tranches have been issued by 31 August 2020 which should have resulted in the issue of 7,955,865 shares being issued at 14c each, but due to the limits on the number of shares available to be issued only 4,936,924 shares were issued. The balance of the shares were issued after being authorised under resolution 9 at the AGM on 4 November 2020. The shares that have not yet been issued have created a share-based payment reserve as at 31 August 2020.

Notes to the Consolidated Interim Financial Statements continued

11. Cash used in operations and financing activities movement

	31 August 2020 R'000	31 August 2019 R'000	29 February 2020 R'000
Loss before taxation	(6,166)	(5,504)	(10,345)
Adjustments for:			
Depreciation	333	68	727
Investment income	(1)	(1)	(4)
Finance costs	818	400	1,201
No-cash amortisation intangible assets	48	55	-
Non-cash amortisation	-	-	114
Non-cash movement in deferred income	-	39	196
Non-cash movement in loan raising fee reserve	4	-	-
Non-cash impairment of debtors loss allowance	(635)	1,056	1,052
Non-cash settlement of debtors	1,497	5	721
Changes in working capital:			
Trade and other receivables	1,394	6	912
Trade and other payables	(808)	1,295	566
	(3,516)	(2,587)	(4,860)

Cash movements from financing activities

Six months 31 Aug 2020	Borrowings non-current R'000	Borrowings current R'000	Directors loans R'000	Leases R'000	Total R'000
Opening balance	4,600	5,161	626	1,909	12,296
<i>Cash movements</i>					
Borrowings repaid	-	(1,298)	(463)	(268)	(2,029)
Advances on existing	-	100	180	-	280
Advances new	7,000	200	3	-	7,203
<i>Non-cash movements</i>					
Transfer from current to non-current	-	-	-	-	-
Finance costs capitalised	-	37	-	-	37
Loan raising reserve raised and amortised	(1,110)	-	-	-	(1,110)
<i>Closing balance</i>	10,490	4,200	346	1,641	16,677

Notes to the Consolidated Interim Financial Statements continued

Six months 31 Aug 2019	Borrowings non-current	Borrowings current	Directors loans	Total
	R'000	R'000	R'000	R'000
<i>Opening balance</i>	431	6,774	2,820	10,025
<i>Cash movements</i>				
Borrowings repaid	-	(2,190)	-	(2,190)
Advances on existing	-	1,234	578	1,812
Advances new	600	620	-	1,220
<i>Non-cash movements</i>				
Transfer from current to non-current	(431)	431	-	-
<i>Closing balance</i>	600	6,869	3,398	10,867

Notes to the Consolidated Interim Financial Statements continued

12. Related parties

Related party relationships – other than as disclosed below, there have been no significant changes from the disclosures in the consolidated annual financial statements for the year ended 29 February 2020.

Executive and non-executive directors	As per directors' report in the consolidated annual financial statements for the year ended 29 February 2020.
Other key management	DD Breedt
Company controlled by a directors	As per directors' report in the consolidated annual financial statements for the year ended 29 February 2020 as well as below.
	Slabcap
Directors close relative	SM Danker
Key management close relative	JC Breedt

	31 August 2020 R'000	31 August 2019 R'000	29 February 2020 R'000
Related party transactions			
Interest paid to related parties			
WJ Groenewald	-	-	-
G Hope	42	-	49
DS Danker	32	-	63
DD Breedt	4	-	10
JC Breedt	76	-	134
Arvesco 153 Proprietary Limited	21	-	38
Slabcap	11	-	-
Administration fee paid to related parties			
Makalu Capital Proprietary Limited	300	-	360
Compensation to key management including directors compensation	632	632	1,265
Related party balances			
Balance of directors loans relating to short term cash advances			
WJ Groenewald	-	(518)	-
G Hope	(346)	(2,880)	(646)
DS Danker	(350)	-	(350)
Loan accounts - owing (to) related parties			
DD Breedt	-	(80)	(70)
JC Breedt	(630)	(550)	(630)
Arvesco 153 Proprietary Limited	(169)	(300)	(338)
Slabcap	(86)	-	-
Makalu Capital Proprietary Limited	-	(397)	-
Shockproof Investments Proprietary Limited	-	(12)	-
SM Danker	(1,000)	-	-

Notes to the Consolidated Interim Financial Statements continued

13. Loss per share

Basic and diluted loss per share

Basic 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 period.

	31 August 2020	31 August 2019	29 February 2020
Basic loss per share			
From continuing operations (c)	(11.8)	(11.1)	(20.6)
Reconciliation of weighted average number of ordinary shares	'000	'000	'000
Number of ordinary shares in issue	50,918	48,725	48,725
Adjusted for:			
Ordinary share issue on 17 July 2020	1,234	-	-
Ordinary share issue on 14 June 2019	-	491	817
Ordinary share issue on 17 July 2019	-	263	656
Weighted average number of shares used for loss and headline loss per share	52,152	49,479	50,198
	31 August 2020	31 August 2019	29 February 2020
Headline loss per share			
From continuing operations (c)	(11.8)	(11.1)	(20.6)
Headline loss reconciliation			
Loss for the period for continuing operations	(6,166)	(5,504)	(10,345)
Adjusted for:			
Headline loss for the period	(6,166)	(5,504)	(10,345)

Notes to the Consolidated Interim Financial Statements continued

14. Comments from The Board

REVIEW FOR THE PERIOD

We remain positive on our core business capabilities and we believe that the Group is still well positioned for the future. Especially now with the new funding raised, in probably the worst environment ever, and the proactive steps taken by management and the board to position Elite for growth in a "new era".

Management will continue to work hard on this and other ways to build and extract value and revenue streams from its other subsidiaries.

DIRECTORATE

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

Director	Office	Designation
J Slabbert	Chairman	Executive
GB Hope	Chief Financial Officer (CFO)	Executive
DS Danker	Chief Executive Officer (CEO)	Executive
V Lessing*		Independent Non-Executive
SM Roper	Chairman Audit Committee	Independent Non-Executive
B Stagman		Independent Non-Executive

* V Lessing resigned as an Independent Non-executive director on 2 November 2020 as announced on SENS, with the boards thanks. The Board has commenced a process of identifying a suitable replacement and shareholders will be advised as soon as such appointment has been made.

GOING CONCERN

These results 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.

Certain material uncertainties relating to events or conditions which may cast doubt upon the ability to continue as a going concern were outlined in note 1.18. of the Annual Financial Statements for the year ended 29 February 2020. The following actions were implemented to reduce these uncertainties:

Risk - Afdawn's ability to pay ongoing operational expenses.

Action taken

The Caleo agreement and new borrowings with long term repayment terms have alleviated the cashflow situation and allowed group to meet all current operational expenses.

Risk - Covid-19 effect on going concern – expected future credit losses on customers affected by COVID-19 through job losses and salary reductions. Ongoing support from creditors and the resumption of profitable lending operations.

Action taken

The action plan indicated in the Annual Financial statements has been implemented with the following effect. R10 million in additional funding was raised and additional funding is being sought. The Mobile APP and popup branches are 5% complete and expect to be fully functional by 24 December 2020.

Notes to the Consolidated Interim Financial Statements continued

DIVIDENDS

No dividends have been declared for this interim period (August 2019: R nil)

Registered office

3RD Floor, The Village at Horizon
Corner of Sonop and Ontdekkers Roads
Horizon View, 1724, Gauteng
Tel: +27 (11) 475 7705

Company secretary

A Rich (on behalf of Statucor Proprietary Limited)

Auditors

Mazars

Designated Advisor

PSG Capital

Transfer secretaries

Computershare Investor Services Proprietary Limited 70 Marshall Street, Johannesburg, 2001

Date: 30 November 2020

