



AFRICAN DAWN
CAPITAL LIMITED



Unaudited Consolidated Statements for the six months ended 31 August 2021

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 2021

	Note	31 August 2021 R'000 (Unaudited)	31 August 2020 R'000 (Unaudited)	28 February 2021 R'000 (Audited)
Assets				
Non-Current Assets				
Property, plant and equipment		1,233	1,637	1,333
Intangible assets		368	391	406
Investment in associate		19	-	19
		1,620	2,028	1,758
Current Assets				
Trade and other receivables	7	11,413	6,905	8,547
Cash and cash equivalents		4,055	1,569	682
		15,468	8,474	9,229
Total Assets		17,088	10,502	10,987
Equity and Liabilities				
Equity				
Share capital and share premium	10	325,925	325,257	325,925
Accumulated loss		(347,157)	(333,211)	(339,796)
		(21,232)	(7,954)	(13,871)
Liabilities				
Non-Current Liabilities				
Lease obligations		770	1,104	912
Borrowings	9	13,337	10,490	15,029
		14,107	11,594	15,941
Current Liabilities				
Borrowings	9	19,766	4,200	5,227
Loans from directors		1,195	346	312
Lease obligations		497	537	469
Trade and other payables		2,755	1,779	2,906
Bank overdraft		-	-	3
		24,213	6,862	8,917
Total Liabilities		38,320	18,456	24,858
Total Equity and Liabilities		17,088	10,502	10,987

Consolidated Statement of Profit or Loss and other Comprehensive Income for the six months ended 31 August 2021

	Note	31 August 2021 R'000 (Unaudited)	31 August 2020 R'000 (Unaudited)	28 February 2021 R'000 (Audited)
Revenue		6,233	3,264	8,324
Other income		59	87	219
Investment income		-	1	1
Profit on sale of subsidiary		-	-	200
Share of profit from associate		-	-	19
Bad debts written off		(291)	(1,497)	(1,687)
Impairment trade and other receivables reversed		-	1,420	1,687
Impairment trade and other receivables raised		(747)	(785)	(1,583)
Employee cost including non-executive directors fees		(4,334)	(3,065)	(6,746)
Depreciation on property, plant and equipment		(316)	(333)	(651)
Finance costs		(2,370)	(818)	(2,687)
Other operating expenses		(5,595)	(4,440)	(9,847)
Loss before taxation		(7,361)	(6,166)	(12,751)
Taxation		-	-	-
Total comprehensive loss		(7,361)	(6,166)	(12,751)
Loss attributable to:				
Owners of the parent:		(7,361)	(6,166)	(12,751)
Continuing operations		(7,361)	(6,166)	(12,751)
Basic loss per share (c)	13	(11.6)	(11.8)	(22.8)

Consolidated Statements of Changes in Equity for the six months ended 31 August 2021

	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 29 February 2020	20,400	303,743	-	324,143	(327,045)	(2,902)
Shares issued	1,975	(1,284)	423	1,114	-	1,114
Total comprehensive loss for the six months 31 August 2020	-	-	-	-	(6,166)	(6,166)
Balance at 31 August 2020	22,375	302,459	423	325,257	(333,211)	(7,954)
Share issued	3,117	(2,026)	(423)	668	-	668
Total comprehensive loss for the six months September 2020 to February 2021	-	-	-	-	(6,585)	(6,585)
Balance at 28 February 2021	25,492	300,433	-	325,925	(339,796)	(13,871)
Total comprehensive loss for the six months 31 Aug 2021	-	-	-	-	(7,361)	(7,361)
Balance at 31 August 2021	25,492	300,433	-	325,925	(347,157)	(21,232)
Note	10	10	10			

Consolidated Statement of Cash Flows Income for the six months ended 31 August 2021

	Note	Six months 31 August 2021 R'000 (Unaudited)	Six months 31 August 2020 R'000 (Unaudited)	Year ended 28 February 2021 R'000 (Audited)
Cash flows from operating activities				
Cash used in operations	11	(7,691)	(3,516)	(8,653)
Interest income		-	1	1
Finance costs		(2,251)	(818)	(2,448)
Net cash from operating activities		(9,942)	(4,333)	(11,100)
Cash flows from investing activities				
Purchase of property, plant and equipment		(3)	-	(14)
Proceeds from sale of property, plant and equipment		-	-	32
Purchase of intangible assets		-	-	(46)
Sale of subsidiary cash effect		-	-	200
Net cash from investing activities		(3)	-	172
Cash flows from financing activities				
Borrowings repaid	11	(500)	(1,261)	(2,128)
Borrowings raised	11	13,302	7,300	14,353
Lease repaid	11	(364)	(268)	(715)
Directors' loans repaid	11	(66)	(463)	(707)
Directors' loans raised	11	949	183	393
Net cash from financing activities		13,321	5,491	11,196
Total cash movement for the year		3,376	1,158	268
Cash at the beginning of the year		679	411	411
Total cash at end of the year		4,055	1,569	679

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 2021 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;
- 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 28 February 2021.

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 29 November 2021.

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 28 February 2021. For a full list of standards and interpretations, which have and have not been adopted, refer to the 28 February 2021 consolidated annual financial statements.

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 28 February 2021 (refer to note 1.18 of the consolidated annual financial statements for the year ended 28 February 2021).

6. Events after the reporting period

There were no events after the year end and before the reporting date that affect the financial statements.

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 2021 R'000	31 August 2020 R'000	28 February 2021 R'000
Movement in impairment provision trade and other receivables	747	(635)	1,052

8. Segment report

Refer to the annual financial statement for description of the 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 2021	Investment advisory and investment management R'000	Micro finance R'000	Head office R'000	Total R'000
Revenue	-	6,233	-	6,233
Other income	-	59	-	59
Finance costs	-	(1,450)	(920)	(2,370)
Depreciation	(13)	(301)	(2)	(316)
Employee costs	-	(4,011)	(323)	(4,334)
Impairment trade receivables - raised	-	(747)	-	(747)
Bad debts written off	-	(291)	-	(291)
Operating expenses	(31)	(4,156)	(1,408)	(5,595)
Loss before taxation	(44)	(4,664)	(2,653)	(7,361)
Taxation	-	-	-	-
Total comprehensive loss	(44)	(4,664)	(2,653)	(7,361)
Total assets	19	16,861	208	17,088
Total liabilities	(7)	(26,961)	(11,352)	(38,320)

Notes to the Consolidated Interim Financial Statements continued

31 August 2020

	Investment advisory and investment management	Micro finance	Head office	Total
	R'000	R'000	R'000	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

9. Borrowings

	31 August 2021 R'000	31 August 2020 R'000	28 February 2021 R'000
Caleo Afdawn Limited Liability Partnership	10,000	6,000	10,000
Interest is charged at 15.6% per annum and a 2.4% consulting fees per annum which is an integral part of the effective interest rate, based on the cumulative balance, the loan is unsecured and is repayable in 20 years at Afdawn's discretion. 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 full term of the loan, discounted at 4.5%, will apply. The loan also included a raising fee paid in shares, refer to note 10., which will be amortised over the period of the loan amounting to R89 thousand rand per year.			
Loan raising fee reserve Caleo	(1,782)	(1,114)	(1,782)
Loan raising fee reserve realised through profit and loss	96	4	52
Net value of Caleo	8,314	4,890	8,270
Caleo – Elite loan	8,230	-	-
The loan bears interest of 15% per annum and a 3% management fee per annum which is an integral part of the effective interest rate, based on the cumulative balance, the loan is secured by trade debtors to the value of 1.2 times the original loan and is repayable 12 months after receiving each tranche of funds. The loan is made up of various lenders managed by Caleo Private Equity Proprietary Limited.			
Peregrine Financial Services Holdings Limited loan (C)	-	631	-
The loan was settled in the prior year.			
Related Parties – Secured	600	630	1,630
These loans bear interest of 10.5% per annum. The loan is secured on trade receivables with a value of twice the initial capital and are repayable in 6 months.			
Related Parties – Unsecured	2,315	1,605	722
These loans bear Interest of between 10.5% and 18% per annum. The loans are unsecured and are repayable between 0 and 12 months.			
3rd Party loans			
Unrelated Parties – Unsecured short term	5,860	-	-
These loans bear Interest of between 10.5% - 18% per annum. The loans are unsecured and are repayable between 0 - 12 months.			
Unrelated Parties – Unsecured long term	4,934	4,600	7,138
These loans bear Interest of between 10.5% and 18% per annum. The loans are unsecured and are repayable between 0 - 36 months.			
Unrelated Parties – Secured double cover short term	120	2,334	2,096
The loan bears Interest of 10.5% per annum. The loan is secured on trade receivables with a value of twice the initial capital and is repayable between 0 - 12 months.			

Notes to the Consolidated Interim Financial Statements continued

Unrelated Parties – Secured single cover short term

These loans bear Interest of between 10.5% and 14% per annum. The loans are secured on trade receivables with a value of the initial capital and are repayable between 0 - 12 months

Total	2,730	-	400
	33,103	14,690	20,256
Non-current liabilities			
At amortised cost	13,337	10,490	15,029
	13,337	10,490	15,029
Current liabilities			
At amortised cost	19,766	4,200	5,227
	19,766	4,200	5,227
	33,103	14,690	20,256

10. Share Capital

Authorised

	Shares 31 August 2021	Shares 31 August 2020	Shares 29 February 2021
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 August 2021 amounted to 63,646,916 (2020: 55,854,457).

Reconciliation of number of shares in issue

	'000	'000	'000
Reported as at 01 March	63,647	50,918	50,918
Share issue 17 July 2020 #	-	4,937	4,937
Share issue 27 November 2020 #	-	-	7,792
Closing balance	63,647	55,855	63,647

Reconciliation of share values R'000

Reported at beginning of period	325,925	324,143	324,143
Share-based payment reserve created #	-	423	-
Share issue 17 July 2020 #	-	691	691
Share issue 27 November 2020 #	-	-	1,091
Reported at the end of the period	325,925	325,257	325,925

Total share premium	300,433	302,459	300,433
Ordinary shares @ 40c	25,492	22,375	25,492
Share-based payment reserve	-	423	-
	325,925	325,257	325,925

The group entered into a loan agreement with Caleo during the current year (refer to Note 13). As part of the loan agreement, African Dawn was to issue share capital in settlement of the origination fees and transaction costs relating to the provision of this funding. This works out to the issue of 12,729,383 new shares. The shares were issued at 14c each which is the 30-day weighted average traded price measured prior to the transactions. The shares were issued in tranches of 4,936,924 shares on 17 July 2020 and 7,792,459 on 27 November 2020 which coincides with the draw down dates of the loan received.

This arrangement is accounted for as an equity settled share-based payment in accordance with IFRS 2. The equity instruments granted vested upon the condition that the funding has been provided per the agreement, which it has, and the full value of the share-based payment was recognised shortly after grant date. There are no further vesting rights going forward. The fair value of the equity instruments granted represent debt raising and origination fees as well as other unidentifiable goods or services representing transaction costs incurred in issuing the Caleo loan. These costs and fees are treated as an integral part of the effective interest rate of the loan. Refer to Note 9 where disclosure relating to the loan has been made.

Notes to the Consolidated Interim Financial Statements continued

11. Cash used in operations and financing activities movement

	31 August 2021 R'000	31 August 2020 R'000	28 February 2021 R'000
Loss before taxation	(7,361)	(6,166)	(12,751)
Adjustments for:			
Depreciation	278	333	651
Investment income	-	(1)	(1)
Finance costs	2,370	818	2,687
Non-cash on sale of subsidiary	-	-	(200)
Non-cash from equity accounted investment	-	-	(19)
No-cash amortisation intangible assets	38	48	80
Non-cash profit on sale of property, plant and equipment	-	-	(32)
Non-cash movement in deferred income	-	-	8
Non-cash loan raising fee	-	4	-
Non-cash impairment of debtors loss allowance	747	(635)	(104)
Non-cash settlement of debtors	-	1,497	-
Changes in working capital:			
Trade and other receivables	(3,613)	1,394	710
Trade and other payables	(150)	(808)	318
	(7,691)	(3,516)	(8,653)

Cash movements from financing activities

Six months 31 August 2021	Borrowings non-current R'000	Borrowings current R'000	Directors loans R'000	Leases R'000	Total R'000
Opening balance	15,029	5,227	312	1,381	21,949
Cash movements	2,083	10,719	883	(364)	13,321
Borrowings repaid	-	(500)	(66)	(364)	(930)
Advances on existing	-	1,922	949	-	2,871
Advances new	2,083	9,297	-	-	11,380
Non-cash movements	(3,776)	3,820	-	250	294
Transfer from current to non-current	(3,820)	3,820	-	-	-
New leases entered into	-	-	-	176	176
Realisation of deemed interest and finance costs	44	-	-	74	118
Closing balance	13,337	19,766	1,195	1,267	35,564

Notes to the Consolidated Interim Financial Statements continued

Six months 31 August 2020	Borrowings non-current	Borrowings current	Directors loans	Leases	Total
	R'000	R'000	R'000	R'000	R'000
<i>Opening balance</i>	4,600	5,161	626	1,909	12,296
<i>Cash movements</i>	7,000	(998)	(280)	(268)	5,454
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>	(1,110)	37	-	-	(1,073)
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

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 28 February 2021.

Executive and non-executive directors	As per directors' report in the consolidated annual financial statements for the year ended 28 February 2021.
Other key management	DD Breedt
Company controlled by a directors	Arvesco 153 Proprietary Limited Makalu Capital Proprietary Limited Slabcap Proprietary Limited Gowan Capital Proprietary Limited
Directors close relative	SM Danker
Key management close relative	JC Breedt , SM Danker , R Blieden

Notes to the Consolidated Interim Financial Statements continued

	31 August 2021 R'000	31 August 2020 R'000	28 February 2021 R'000
Related party transactions			
Interest paid to related parties			
SM Danker	90	-	99
G Hope	75	42	61
DS Danker	28	32	63
DD Breedt	4	4	3
JC Breedt	32	76	66
R Blieden	20	-	8
Arvesco 153 Proprietary Limited	14	21	32
Slabcap Proprietary Limited	30	-	17
Gowan Capital Proprietary Limited	4	-	7
Administration fee paid to related parties			
Makalu Capital Proprietary Limited	300	300	600
JC Breedt	41	-	85
Compensation to key management including directors compensation	632	632	1,277
Related party balances			
Balance of directors loans relating to short term cash advances			
G Hope	(1,195)	(346)	(646)
DS Danker	(200)	(350)	(350)
Loan accounts - owing (to) related parties			
R Blieden	(300)	-	(300)
JC Breedt	(600)	(630)	(630)
Arvesco 153 Proprietary Limited	(194)	(169)	(180)
Slabcap Proprietary Limited	(922)	(86)	(92)
SM Danker	(1,000)	(1,000)	(1,000)
Related parties included in trade payables			
Caleo interest	-	-	(252)
Caleo consulting fee	(23)	-	(45)
Non-executive directors fees owing	(210)	-	(163)

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 2021	31 August 2020	28 February 2021
Basic loss per share			
From continuing operations (c)	(11.6)	(11.8)	(22.8)
Reconciliation of weighted average number of ordinary shares	R'000	R'000	R'000
Number of ordinary shares in issue	63,647	50,918	50,918
Adjusted for:			
Ordinary share issue on 17 July 2020	-	1,234	3,070
Ordinary share issue on 27 November 2020			2,007
Weighted average number of shares used for loss and headline loss per share	63,647	52,152	55,995

	31 August 2021	31 August 2020	28 February 2021
Headline loss per share			
From continuing operations (c)	(11.6)	(11.8)	(23.1)
Headline loss reconciliation	R'000	R'000	R'000
Loss for the period for continuing operations	(7,361)	(6,166)	(12,751)
Adjusted for:			
Profit on sale of property, plant and equipment	-	-	(32)
Tax on sale of property, plant and equipment	-	-	7
Profit on sale of subsidiary	-	-	(200)
Tax on sale of subsidiary	-	-	45
Headline loss for the period	(7,361)	(6,166)	(12,931)

Notes to the Consolidated Interim Financial Statements continued

14. Comments from The Board

REVIEW FOR THE PERIOD

The group has seen a sharp 91% increase in revenue over the comparative periods. This is directly attributable to the growing debtors book in Elite. Management is confident with additional funding it is raising, through its groups platform and origination capabilities that it will continue to grow revenues. Management is also in the process of implementing other revenue streams to compliment the revenue growth across the group.

While cost comparative periods under review are normally simple to compare, there are a number of key items to highlight from last year due to covid that have an impact on the review. The first 6 months of the 2020 year ending August 2020 included assistance from various stakeholders (Landlords, UIF and other creditors) who afforded us assistance during the initial peak of the pandemic. This included delaying various costs and, in some instances, a permanent non-payment was afforded. This has the effect of creating timing and factual differences across the comparative periods. During the 6 months ended August 2020, the group was afforded the following :

Employee Costs (increase employee base 2021 R4.3m (2020: R3.1m).

§ TERS assistance of approximately R560k which offset the employee costs for August 2020.

Other Operating Costs (increase in operating costs 2021 R5.6m (2020: R4.4m).

§ Property rentals were deferred in the lockdown period and repaid in the 6 months after August 2020.

§ Audit, Consulting and Reporting costs of close to R733k we deferred into the next six months due to impact of Covid and the first lockdown which resulted in the delay of the February 2020 reporting by three months.

In addition during the 6 months ended August 2021, the group has been gearing up for the increase in revenues forecasted and has increased the groups capabilities (and thus cost base) to accommodate the increased revenues. This includes raising additional capital to grow the debtors book resulting in an increase in finance costs R2.3m (2020: R818k).

The above costs are largely fixed in nature and therefore the continued revenue growth will be accompanied by lower increases in variable costs. This will result in closing the loss without the resultant direct increase in costs.

Management remain positive on our core business capabilities and we believe that the Group is well positioned for the future.

Management will continue to grow revenues and increase value for all stakeholders

DIRECTORATE

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

Director	Office	Designation
J Slabbert	Chairman	Executive
DS Danker	Chief Executive Officer (CEO)	Executive
GB Hope	Chief Financial Officer (CFO)	Executive
SM Roper	Chair Audit and Risk Committee and Social and Ethics Committee	Independent Non-Executive
B Stagman	Chair of Remuneration Committee and Lead independent non executive director	Independent Non-Executive
S Blieden		Non-Executive

Notes to the Consolidated Interim Financial Statements continued

There has been no changes to the board for the period.

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 28 February 2021. The following actions were implemented to reduce these uncertainties:

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

Action taken

Afdawn continues to raise additional funding as and when required from external parties and supportive shareholders. Management believes that the group should be generating positive cash flows within the next 12 months".

Risk - Covid 19 has not materially changed the business/Going concern of the business. Elite's assessment showed that its client base is predominantly essential workers who were not materially affected directly by Covid and its economic impact).

Action taken

Elite has continued to grow its debtors book with additional funding and has maintained its core credit policies leading to low levels of non-performing loans.

DIVIDENDS

No dividends have been declared for this interim period (August 2020: 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

PFK OCTAGON

Designated Advisor

PSG Capital

Transfer secretaries

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

Date: 30 November 2021

