



AFRICAN DAWN
CAPITAL LIMITED



Unaudited Consolidated Statements for the six months ended 31 August 2022

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 2022

	Note	31 August 2022 R'000 (Unaudited)	31 August 2021 R'000 (Unaudited)	28 February 2022 R'000 (Audited)
Assets				
Non-Current Assets				
Property, plant and equipment		1,661	1,233	1,034
Intangible assets		343	368	368
Investment in associate		-	19	-
Goodwill	12	500	-	-
		2,504	1,620	1,402
Current Assets				
Trade and other receivables	7	10,873	11,413	10,826
Other receivables	11	2,083	-	2,500
Cash and cash equivalents		385	4,055	1,375
		13,341	15,468	14,701
Total Assets		15,845	17,088	16,103
Equity and Liabilities				
Equity				
Share capital and share premium	10	325,925	325,925	325,925
Accumulated loss		(360,076)	(347,157)	(352,690)
		(34,151)	(21,232)	(26,765)
Liabilities				
Non-Current Liabilities				
Lease obligations		850	770	416
Borrowings	9	23,638	13,337	31,120
		24,488	14,107	31,536
Current Liabilities				
Borrowings	9	19,499	19,766	6,345
Loans from directors		1,221	1,195	1,242
Lease obligations		673	497	469
Trade and other payables		4,115	2,755	3,186
		25,508	24,213	11,242
Total Liabilities		49,996	38,320	42,778
Total Equity and Liabilities		15,845	17,088	16,103

Consolidated Statement of Profit or Loss and other Comprehensive Income for the six months ended 31 August 2022

	Note	31 August 2022 R'000 (Unaudited)	31 August 2021 R'000 (Unaudited) *	28 February 2022 R'000 (Audited)
Interest income*		5,760	4,973	10,459
Commission, Administration, and othe revenue*		1,569	1,260	2,709
Other income		24	59	318
Share of profit from associate		-	-	(19)
Credit losses		(156)	(291)	(1,586)
Impairment trade and other receivables reversed		-	-	4,461
Impairment trade and other receivables	7	(1,423)	(747)	(6,463)
Employee cost including non-executive directors' fees		(4,650)	(4,334)	(9,347)
Depreciation on property, plant and equipment		(330)	(278)	(466)
Amortisation		(25)	(38)	(79)
Finance costs		(3,579)	(2,370)	(5,539)
Other operating expenses		(4,576)	(5,595)	(7,342)
Loss before taxation		(7,386)	(7,361)	(12,894)
Taxation		-	-	-
Total comprehensive loss		(7,386)	(7,361)	(12,894)
Loss attributable to:				
Owners of the parent:		(7,386)	(7,361)	(12,894)
Continuing operations		(7,386)	(7,361)	(12,894)
Basic loss per share (c) - note 16		(11.6)	(11.6)	(20.3)

* The revenue was reclassified to match the updated disclosure in the annual report for the year ended 28 February 2022.

Consolidated Statements of Changes in Equity for the six months ended 31 August 2022

	Share Capital R'000	Share Premium R'000	Total Share Capital R'000	Accumulated loss R'000	Total Equity R'000
Balance at 28 February 2021	25,492	300,433	325,925	(339,796)	(13,871)
Total comprehensive loss for the six months to 31 August 2021	-	-	-	(7,361)	(7,361)
Balance at 31 August 2021	25,492	300,433	325,925	(347,157)	(21,232)
Total comprehensive loss for the six months to February 2022	-	-	-	(5,533)	(5,533)
Balance at 28 February 2022	25,492	300,433	325,925	(352,690)	(26,765)
Total comprehensive loss for the six months to 31 August 2022	-	-	-	(7,386)	(7,386)
Balance at 31 August 2022	25,492	300,433	325,925	(360,076)	(34,151)
Note	10	10			

Consolidated Statement of Cash Flows Income for the six months ended 31 August 2022

	Note	Six months 31 August 2022 R'000 (Unaudited)	Six months 31 August 2021 R'000 (unaudited) *	Year ended 28 February 2022 R'000 (Audited)
Cash flows from operating activities				
Cash used in operations	14	(816)	(7,438)	(11,370)
Interest income		-	-	-
Finance costs		(3,579)	(2,370)	(5,539)
Net cash from operating activities		(4,395)	(9,808)	(16,909)
Cash flows from investing activities				
Purchase of property, plant and equipment		(43)	(3)	(50)
Proceeds from sale of property, plant and equipment		-	-	1
Acquisition of intangible assets		-	-	(41)
Proceeds from other receivables		417	-	400
Business combinations	13	(1,700)	-	-
Net cash (used in) / from investing activities		(1,326)	(3)	310
Cash flows from financing activities				
Borrowings repaid		(2,906)	(1,634)	(3,766)
Borrowings raised		8,030	14,302	20,687
Lease repaid		(276)	(290)	(390)
Directors' loans repaid		(180)	(140)	(230)
Directors' loans raised		63	949	994
Net cash from financing activities		4,731	13,187	17,295
Total cash movement for the year		(990)	3,376	696
Cash at the beginning of the year		1,375	679	679
Total cash at end of the year		385	4,055	1,375

*The prior year cashflow has been restated as indicated in note 17.

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 2022 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; and
- SAICA Financial Reporting Guides as issued by the Accounting Practice Committee.

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 2022.

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 of directors of the Company on 29 November 2022.

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 2022. For a full list of standards and interpretations, which have and have not been adopted, refer to the 28 February 2022 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 2022 (refer to note 1.15 of the consolidated annual financial statements for the year ended 28 February 2022).

6. Events after the reporting period

There was an issue of 6,364,692 new ordinary shares as per the SENS announcement on 20 October 2022 raising R1,9 million in a private placement at 30 cents per share.

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 2022 R'000	31 August 2021 R'000	28 February 2022 R'000
Movement in impairment provision trade and other receivables	1,423	747	2,002

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 August 2022	Investment advisory and investment management R'000	Micro finance R'000	Head office R'000	Total R'000
Interest income	-	5,760	-	5,760
Commission, administration and other revenue	2	1,567	-	1,569
Other income	-	24	-	24
Credit losses	-	(156)	-	(156)
Impairment trade and other receivables	-	(1,423)	-	(1,423)
Employee costs including non-executive directors fees	-	(4,101)	(549)	(4,650)
Depreciation	-	(330)	-	(330)
Amortisation	-	(25)	-	(25)
Finance costs	-	(2,435)	(1,144)	(3,579)
Other operating expenses	(24)	(3,222)	(1,330)	(4,576)
Loss before taxation	(22)	(4,341)	(3,023)	(7,386)
Income tax expense	-	-	-	-
Total comprehensive loss	(22)	(4,341)	(3,023)	(7,386)
Total assets	-	13,702	2,143	15,845
Total liabilities	(7)	(36,521)	(13,468)	(49,996)
Property, plant and equipment	-	(43)	-	(43)
Intangible assets acquired	-	-	-	-
Intergroup revenue	-	(1,671)	1,671	-

Notes to the Consolidated Interim Financial Statements continued

31 August 2021

	Investment advisory and investment management	Micro finance	Head office	Total
	R'000	R'000	R'000	R'000
Interest income*	-	4,973	-	4,973
Commission, administration and other revenue*	-	1,260	-	1,260
Other income	-	59	-	59
Finance costs	-	(1,450)	(920)	(2,370)
Depreciation	(13)	(263)	(2)	(278)
Amortisation	-	(38)	-	(38)
Employee costs	-	(4,011)	(323)	(4,334)
Impairment trade receivables - raised	-	(747)	-	(747)
Credit losses	-	(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)
Property, plant and equipment acquired	-	(3)	-	(3)
Intangible assets acquired	-	(278)	-	-
Intergroup revenue	-	(1,365)	1,365	-

*The revenue was reclassified to match the updated disclosure in the annual report for the year ended 28 February 2022.

Notes to the Consolidated Interim Financial Statements continued

9. Borrowings

	31 August 2022 R'000	31 August 2021 R'000	28 February 2022 R'000
Caleo private equity Proprietary Limited	10,000	10,000	10,000
Interest is charged at 14.4% per annum and a 3.6% 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 after 20 years at Afdawn's discretion. Interest is paid monthly and if the company chooses to repay the loan within the 20 year, an "early termination penalty" amounting to the interest payable up to the full term of the loan, discounted at 4.5% will apply. The loan also included a raising fee paid in shares, which will be amortised over the period of the loan amounting to R89,000 per year.			
Loan raising fee reserve Caleo	(1,596)	(1,782)	(1,730)
Loan raising fee reserve realised through profit and loss	89	96	89
Net value of Caleo	8,493	8,314	8,359
Related Parties – Secured	1,500	600	-
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 12 months.			
Related Parties – Unsecured	3,144	2,315	2,623
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 Caleo loan programme	10,480	8,230	8,280
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	18,145	10,794	17,393
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	-
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.			
Unrelated Parties – Secured single cover short term	1,375	2,730	900
These loans bear Interest of between 10.5% and 18% per annum. The loans are secured on trade receivables with a value of the initial capital and are repayable between 0 - 12 months			
Total	43,137	33,103	37,555

Notes to the Consolidated Interim Financial Statements continued

Non-current liabilities

At amortised cost	23,638	13,337	31,120
	23,638	13,337	31,120

Current liabilities

At amortised cost	19,499	19,766	6,435
	19,499	19,766	6,435
	43,137	33,103	37,555

10. Share Capital

Authorised

	Shares 31 August 2022	Shares 31 August 2021	Shares 29 February 2022
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 2022 amounted to 63,646,916 (2021: 63,646,916).

Reconciliation of number of shares in issue '000

Reported as at 01 March	63,647	63,647	63,647
Closing balance	63,647	63,647	63,647

Reconciliation of share values R'000

Reported as at 01 March	325,925	325,925	325,925
Reported at the end of the period	325,925	325,925	325,925

Total share premium	300,433	300,433	300,433
Ordinary shares of 40c	25,492	25,492	25,492
	325,925	325,925	325,925

There was an issue of 6,364,692 new ordinary shares as per SENS on 20 October 2022 raising R1,9 million in a private placement at 30 cent per share.

Notes to the Consolidated Interim Financial Statements continued

11. Other receivables

During the 2021 financial period the Group issued additional shares in the subsidiary African Dawn Property Transfer Finance 2 Proprietary Limited ("PTF2") which made the company an associate company. There was a loan to PTF2 of R2.9 million. The fair value at the time of disposal of the R2.9 million loan was zero.

	31 August 2022 R'000	31 August 2021 R'000	28 February 2022 R'000
PTF2 loan receivable *	2,083	-	2,500
* At recognition of PTF2 as an associate the group and company tested the loan for impairment as indicated below:			
Reconciliation of movement:			
Gross	2,900	-	2,900
Repayment	(817)	-	(400)
Impairment	-	-	-
Net recoverable	2,083	-	2,500

12. Goodwill

Gross carrying amount			
Acquired through business combination – Elite Port Shepstone	500	-	-
Accumulated Impairment			
Impairment raised	-	-	-

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises as set out below, and is compared to its recoverable value:

Investment advisory and investment management	-	-	-
Micro finance	500	-	-
Head office	-	-	-
	500	-	-

13. Business combinations

During May 2022 the subsidiary Elite group acquired the operations of a micro lender in Port Shepstone South Africa and has been operating it as a branch since then. The assets and liabilities at the time of the acquisition and cash effect are indicated below:

	31 August 2022 R'000
Assets	
Trade receivables book	1,200
Liabilities	-
Net asset value of operation	1,200
Cash paid for the operations	1,700
Goodwill on synergies	500

Notes to the Consolidated Interim Financial Statements continued

14. Cash used in operations and financing activities movement

	31 August 2022 R'000	31 August 2021* R'000	28 February 2022 R'000
Loss before taxation	(7,386)	(7,361)	(12,894)
Adjustments for:			
Depreciation	330	278	466
Finance costs	3,579	2,370	5,539
Share of profit of associate	-	-	19
Non-cash amortisation intangible assets	25	38	79
Impairment PTF2 reversed	-	-	(2,900)
Impairment loss on trade receivables	1,423	747	2,002
Non-cash movement:			
Derecognition of lease liability	-	-	(226)
Directors loan movement	95	75	166
Borrowings movement	459	178	377
Changes in working capital:			
Movement in deferred income	-	-	79
Trade and other receivables	(270)	(3,613)	(4,360)
Trade and other payables	929	(150)	283
	(816)	(7,438)	(11,370)

*The cashflow have been restated for the prior year as indicated in note 17.

15. 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 2022.

Executive and non-executive directors	As per directors' report in the consolidated annual financial statements for the year ended 28 February 2022.
Other key management	DD Breedt
Company controlled by a directors providing services to the group	Arvesco 153 Proprietary Limited Makalu Capital Proprietary Limited Slabcap Proprietary Limited Gowin Capital Proprietary Limited
Directors close relative	SM Danker, R Blieden
Key management close relative	JC Breedt, SM Danker
Significant shareholder with borrowings	Caleo Afdawn Limited Liability Partnership

Notes to the Consolidated Interim Financial Statements continued

	31 August 2022 R'000	31 August 2021 R'000	28 February 2022 R'000
Related party transactions			
Interest paid to related parties			
SM Danker	23	90	165
G Hope	95	75	161
DS Danker	15	28	41
DD Breedt	-	4	4
JC Breedt	42	32	62
R Blieden	36	20	53
S Blieden	4	-	-
Arvesco 153 Proprietary Limited	16	14	27
Slabcap Proprietary Limited	81	30	99
Gowin Capital Proprietary Limited	-	4	4
Caleo Afdawn Limited Liability Partnership	952	945	1,889
Administration fee paid to related parties			
Makalu Capital Proprietary Limited	-	300	350
JC Breedt	54	41	68
Employee cost paid to key management including directors	1,555	632	2,366
Related party balances			
Balance of directors loans relating to short term cash advances			
G Hope	(1,221)	(1,195)	(1,242)
DS Danker	(300)	(200)	(125)
Loan accounts - owing (to) related parties			
R Blieden	(400)	(300)	(400)
S Blieden	(200)	-	-
JC Breedt	(1,013)	(630)	(700)
Arvesco 153 Proprietary Limited	(223)	(194)	(207)
Slabcap Proprietary Limited	(1,146)	(922)	(990)
SM Danker	(250)	(1,000)	(500)
Related parties included in trade payables			
Caleo interest	(265)	-	-
Caleo consulting fee	(116)	(23)	(23)
Non-executive directors fees owing	(478)	(210)	(338)

Notes to the Consolidated Interim Financial Statements continued

16. 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.

Basic loss per share	31 August 2022	31 August 2021	28 February 2022
From continuing operations (cents)	(11.6)	(11.6)	(20.3)
Reconciliation of weighted average number of ordinary shares	'000	'000	'000
Number of ordinary shares in issue	63,647	63,647	63,647
Weighted average number of shares used for loss and headline loss per share	63,647	63,647	63,647
Headline loss per share			
From continuing operations (cents)	(11.6)	(11.6)	(20.3)
Headline loss for the period	R'000	R'000	R'000
From continuing operations	(7,386)	(7,361)	(12,894)

Notes to the Consolidated Interim Financial Statements continued

17. Restatement of cashflow

In the prior period, the cash flow included in the statement of cash flows related to borrowings and loans to and from Group companies and directors were presented on the net basis of cash and non-cash movements other than transfers between current and non-current portions. The prior period error was corrected in the current reporting period by separately disclosing repayments, advancements and non-cash movements in borrowings and loans.

The impact on the statement of cash flows presented for the six months ended 31 August 2021 are as follows:

August 2021 R'000	Previously disclosed	Restated
<i>Cash from operating activities</i>		
Cash used in operations	(7,691)	(7,438)
Finance costs	(2,251)	(2,370)
Net cash from operating activities	(9,942)	(9,808)
<i>Cash from financing activities</i>		
Borrowings raised	13,302	14,302
Borrowings repaid	(500)	(1,634)
Leases paid	(364)	(290)
Directors loans repaid	(66)	(140)
Net cash from financing activities	13,321	13,187

Notes to the cashflow – cash used in operations

Non-cash movements:

Directors loan movement	-	75
Borrowings movement	-	178
Cash from operating activities	(7,691)	(7,438)

18. Comments from The Board

REVIEW FOR THE PERIOD

We remain positive on our core business capabilities and we believe that the Group is still 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 Remuneration Committee	Independent Non-Executive
S Blieden		Non-Executive

*SM Roper resigned on 2 September 2022.

The Board of Afdawn is in the process of identifying a suitable replacement and shareholders will be advised as soon as such appointment has been made.

Notes to the Consolidated Interim Financial Statements continued

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 2022. 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.

CONTINGENT LIABILITIES

The Group received two penalty assessments from SARS related to capital losses claimed in 2016 on the disposal of two subsidiaries Allegro Holdings Proprietary Limited ("Allegro") and Nexus Personnel Finance Proprietary Limited ("Nexus").

The Company has lodged an appeal with SARS on 12 March of 2021 to object to an additional income tax assessment. Subsequently, an Alternative Dispute Resolution (here after referred to as an ADR) was held on the 9th of June 2022 where it was agreed at the outset that 50% of the penalties were incorrectly raised at the time and these were reversed.

The Company had submitted a proposal to SARS whereby they will settle the remaining penalties in the form of giving up income tax losses and capital gains losses but no cash consideration.

SARS have submitted the proposal to their Committee and undertaken to provide feedback by 6th December 2022.

It is the directors' view that in light of the status of these matters and the open SARS investigation and the submission of Afdawn's settlement proposal to their Committee recognising a provision for any of the SARS penalties and related interest which amount to R 4,201 079 is not necessitated.

DIVIDENDS

No dividends have been declared for this interim period (August 2021: R nil).

Registered office

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Tel: +27 (11) 475 7705

Company secretary

A Rich (on behalf of Statucor Proprietary Limited)

Auditors

PKF OCTAGON

Designated Advisor

PSG Capital Proprietary Limited

Transfer secretaries

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

Date: 30 November 2022

