



DALE CAPITAL GROUP

DALE CAPITAL GROUP LIMITED AND ITS SUBSIDIARIES
AUDITED ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2013

STATEMENTS OF FINANCIAL POSITION

	THE GROUP		THE COMPANY	
	2013 USD	2012 USD	2013 USD	2012 USD
ASSETS				
Non-current assets				
Property, plant and equipment	9,605,677	20,168,631	-	-
Investment Property	873,600	1,062,400	-	-
Intangible assets	-	-	-	-
Investments in subsidiary	-	-	2,708,270	9,321,928
Investment in financial assets	1,123,200	4,713,877	-	231,257
Deferred taxation	-	-	-	-
	11,602,477	25,944,908	2,708,270	9,553,185
Current assets	1,087,222	2,159,783	1,576,613	2,624,931
	12,689,699	28,104,691	4,284,883	12,178,116
EQUITY AND LIABILITIES				
Stated capital	21,818,315	21,818,315	21,818,315	21,818,315
Reserves	(22,118,431)	(10,425,832)	(20,446,361)	(12,638,705)
Shareholders' interest	(300,116)	11,392,483	1,371,954	9,179,610
Non-controlling interest	1,986,861	5,204,546	-	-
Total equity	1,686,745	16,597,029	1,371,954	9,179,610
Non-current liabilities	-	8,363,952	-	2,132,661
Current liabilities	11,002,954	3,143,710	2,912,929	865,845
	12,689,699	28,104,691	4,284,883	12,178,116
Net Asset Value per share :	(0.01)	0.49	0.06	0.39
Number of shares in issue*	23,416,696	23,416,696	23,416,696	23,416,696

CONTINUING ACTIVITIES

	THE GROUP		THE COMPANY	
	2013 USD	2012 USD	2013 USD	2012 USD
REVENUE				
Investment Income	54,766	128,325	-	-
Turnover	2,691,604	2,443,975	2,932	250,000
	2,746,370	2,572,300	2,932	250,000
Administrative expenses	(193,150)	(623,058)	(35,417)	(438,236)
Operating expenses	(2,967,532)	(3,974,116)	(120,518)	(14,928)
Loss from operations	(414,312)	(2,024,874)	(153,003)	(203,164)
Finance costs	(890,166)	(1,482,811)	(122,673)	(735,730)
Net loss on investments	(9,203,983)	(982,650)	(7,531,980)	(8,770,933)
Loss for the year from continued operations	(10,508,461)	(4,490,335)	(7,807,656)	(9,709,827)
Income tax income	(6,644)	(87,026)	-	-
Discontinued Operations	-	(162,771)	-	-
Loss for the period	(10,515,105)	(4,740,132)	(7,807,656)	(9,709,827)
Other comprehensive income	(4,395,179)	(1,275,798)	-	-
Total comprehensive loss for the period	(14,910,284)	(6,015,930)	(7,807,656)	(9,709,827)
Loss attributable to:				
Shareholders of the parent	(7,297,420)	(3,694,670)	(7,807,656)	(9,709,827)
Non-controlling interest	(3,217,685)	(1,045,462)	-	-
Total comprehensive loss attributable to:				
Shareholders of the parent	(11,692,599)	(4,970,468)	(7,807,656)	(9,709,827)
Non-controlling interest	(3,217,685)	(1,045,462)	-	-
Loss per share continuing and discontinuing operations	(0.31)	(0.16)	(0.33)	(0.41)
Loss per share continuing operations	(0.31)	(0.16)	(0.33)	(0.41)
Dividend per share	-	-	-	-

STATEMENTS OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2013 USD	2012 USD	2013 USD	2012 USD
Net cash flow from operating activities	(741,832)	(3,837,201)	(313,628)	(812,554)
Net cash flow from investing activities	630,598	3,601,570	25,000	1,258,631
Net cash flow from financing activities	529,048	28,458	310,683	(549,982)
Net decrease	417,814	(207,173)	22,055	(103,905)
Cash and cash equivalents at beginning	(1,501,353)	(1,294,180)	(65,602)	38,303
Cash and cash equivalents at end	(1,083,539)	(1,501,353)	(43,547)	(65,602)

STATEMENTS OF CHANGES IN EQUITY

	THE GROUP			THE COMPANY			
	Stated Capital USD	Reserves USD	Non-Controlling interest USD	Total USD	Stated Capital USD	Reserves USD	Total USD
Balance at 1st March 2011	21,818,315	(5,850,364)	6,250,008	22,217,959	21,818,315	(3,323,878)	18,494,437
Total Comprehensive loss for the period	-	(4,970,468)	(1,045,462)	(6,015,930)	-	(9,709,827)	(9,709,827)
Net movement in Treasury shares	-	395,000	-	395,000	-	395,000	395,000
Balance at 28 February 2012	21,818,315	(10,425,832)	5,204,546	16,597,029	21,818,315	(12,638,705)	9,179,610
Balance at 1st March 2012	21,818,315	(10,425,832)	5,204,546	16,597,029	21,818,315	(12,638,705)	9,179,610
Total Comprehensive loss for the period	-	(11,692,599)	(3,217,685)	(14,910,284)	-	(7,807,656)	(7,807,656)
Balance at 28 February 2013	21,818,315	(22,118,431)	1,986,861	1,686,745	21,818,315	(20,446,361)	1,371,954

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DALE CAPITAL GROUP LIMITED

We have carried out a special purpose audit on the accompanying consolidated financial statements of **DALE CAPITAL GROUP LIMITED**, the "Company" which include the financial statements of its subsidiaries together referred as the "Group, and which comprise of the consolidated statement of financial position as at 28 February 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended.

Directors' responsibilities for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error. They are also responsible for keeping proper accounting records and also for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated 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 financial statements present fairly, in all material respects, the financial position of Dale Capital Group Limited as at 28 February 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matters

(i) Going Concern

As stated in Note 3(a), the consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The ability of the Company to continue as a going concern is valid on the basis that the sale of the underlying assets of the Group will be completed within the next 3 months and that the proceeds from the disposal of those underlying assets shall be sufficient to settle all the Group's indebtedness.

(ii) Impairment – Investment in Amara Group of Companies

The entire investment of the Group in the Amara companies has been fully impaired during the year by the directors based on the fact that the South African Reserve Bank unexpectedly would not support the Group's application for the issuance of a MasterCard Issuers license and thus allow the Amara Group to participate in the South African National Payment System (NPS) payment platform, despite legal opinion supporting the application.

Report on Other Legal and Regulatory Requirements

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (Code). Our responsibility is to report these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

Other Matter

Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in our auditors' report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Crowe Horwath (Mur) Co.

Public Accountants

Commentary of Directors

Investments in the Amara Group

The valuation of investment in the Amara Group of Companies required total impairment. Illiquidity of all of the shareholders in Amara has resulted in a rights offer being taken up by a new group of investors. This action has become necessary due to the fact that The South African Reserve Bank unexpectedly would not support the Group's application for the issuance of a MasterCard Issuers license and thus allow the Amara Group to participate in the South African National Payment System (NPS) Payment Platform, despite legal opinion supporting the application. In spite of the fact that the Amara Group's South operation had been granted a MasterCard Processors License, the required entry into MasterCard Issuers Space appears to have been retained for registered banks only. This controversial decision has cost Dale Group and all of the Amara shareholders dearly and shareholders have found it unfortunate to the extent that they have had to abort the investment and hand the company over to new shareholders who have the banking relationships to pursue a new longer term strategy.

Going concern and repositioning of the Group

The extremely difficult operating environment, primarily influenced by extremely limited cash availability overlaid by the problem caused by the global recession, presented executives and directors with no alternative other than to sell assets and withdraw from projects, and investments requiring additional capital.

Senior lenders involved with the Group's largest asset, Shelley Point, presented the South African based directorate with only two options, sell or foreclosure. The executive team have been successful in concluding a sale of Shelley Point and sale agreement, subject to normal conditions precedent, was concluded on 23rd May 2013 with fulfilment date being 15th June 2013.

Plans for a carefully structured corporate merger into Botswana and Zimbabwe have been deferred until the sale of hotel property assets and elimination of all debt has been finalized. This has been the major condition precedent of the potential merger. Given the recent cautionary announcement, sale of the Beach-Club and the potential sale of the Groups major asset Shelley Point Resort, the Group will soon be in a position to announce the elimination of all debt.

Commentary in respect of audit opinions

Reference is made to the basis for qualification in respect of the Group's major asset, Shelley Point Hotel, Spa and Country Club and which is as follows.

The Hotel property was formally valued by qualified assessors in August 2010 for a combined value on a depreciated replacement cost basis of ZAR 169 Million. Based on offers tabled last year the directors continued to be of the opinion that the "bricks and mortar" replacement value would be in the region of the last assessment. The financial performance of the investment however, has continued to show improvement but has not improved at a rate where directors are able to have confidence in terms of short to medium term sustainability. Continued downturn in the tourism market would entail the requirement of continuous injection of cash resources to maintain the facility. Given the shareholders decision to exit the investment left directors with any alternative other than to continue in its attempts to sell the investment. Unfortunately the market is not buoyant enough to sell a property such as this at what would be regarded as reasonable values. In post year end events notification of imminent litigation by Bond holders of the property, has forced directors to aggressively pursue potential sales. A number of offers have been received and on 23rd May 2013, contracts were signed to sell the groups South African assets. The recoverable amount of the property, plant and equipment was based on fair values less cost of disposal. The fair value of the property was based on potential sales contracts between willing investors ranging from ZAR 101,000,000 to ZAR 105,000,000, before disposal costs of ZAR 20,000,000.

As soon as the elimination of debt has occurred, executives plan to seek shareholders' approval and re-engage with prospective partners in the financial services and information technology operations. Further announcements in this respect will take place after the Annual Meeting.

Appreciation. The Chairman and Board of directors wish to convey a sincere appreciation to all management and staff, shareholders, bankers and advisors for commitment towards assisting in the year.

Notes to the Accounts:

*The number of shares in issue excludes 2,360,376 ordinary shares of no par value held in Treasury. Condensed Financial Statements have been prepared in accordance with International Financial Reporting Standards in accordance with the accounting policies used in the preparation of the financial statements for the year ended 28 February 2013. The Statement of direct and Indirect interests pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available free of charge at the administrative office of the Company. The Financial Statements are issued pursuant to Listing rules 12.14 and Securities Act 2005. Copies of the Abridged report are available free of charge at the administrative office of the Company at 519 St James Court, St Denis Street, Port-Louis.

The Board of Dale Capital Group Limited accepts full responsibility for the accuracy of the information.