

RH BOPHELO LIMITED

(Previously Newshelf 1388 Proprietary Limited)

Incorporated in the Republic of South Africa

(Registration number: 2016/533398/06)

JSE share code: RHB, ISIN: ZAE000244737

("RHB" or "the Company")



PROVISIONAL AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

INTRODUCTION

The board of directors ("the Board") of the Company is pleased to present the results for the year ended 28 February 2018.

RHB was incorporated on 13 December 2016 and successfully listed as a Special Purpose Acquisition Company ("SPAC") on the Johannesburg Stock Exchange ("JSE") on 12 July 2017, raising R500 000 000 through the issue of 49 999 999 "A" ordinary shares at R10 a share, and 1 "B" share at R1.

The purpose of RHB whilst it is a SPAC is to pursue the acquisition of viable healthcare assets. Shareholders will be notified once the JSE/FTSE has completed the reclassification process to an investment entity after the acquisition of assets on the 26 April 2018.

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2018

	Feb-18	Feb-17
	R	R
Administrative and other operating expenditure	(12 522 732)	-
Finance income	20 827 263	-
Profit before taxation	8 304 531	-
Taxation	(468 619)	-
Profit for the year	7 835 912	-
Other comprehensive income	-	-
Total comprehensive income for the year	7 835 912	-
Earnings per share (cents)		
Basic earnings per share (cents)	24,7	-

Note: There are no dilutive instruments in issue

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2018

	Feb-18	Feb-17
	R	R
ASSETS		
Current assets		
Cash and cash equivalents	499 177 878	1
Total assets	<u>499 177 878</u>	<u>1</u>
EQUITY AND LIABILITIES		
Share capital	487 826 373	1
Retained income	7 835 912	-
Total equity	<u>495 662 285</u>	<u>1</u>
Current liabilities		
Other payables	<u>3 515 593</u>	-
Total equity and liabilities	<u>499 177 878</u>	<u>1</u>

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2018

	Share capital	Retained income	Total equity
	R	R	R
Issue of share capital	1	-	1
			-
Balance as at 28 February 2017	1	-	1
Shares issued	500 000 000	-	500 000 000
Transactional costs	(12 173 628)		(12 173 628)
Total comprehensive income for the year	-	7 835 912	7 835 912
Balance at 28 February 2018	487 826 373	7 835 912	495 662 285

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2018

	Feb-18	Feb-17
	R	R
Cash generated from operating activities		
Profit before tax	8 304 531	-
Income tax	(468 619)	
Changes in working capital		
Increase in payables	3 515 593	-
Net cash inflow from operating activities	<u>11 351 505</u>	<u>-</u>
Cash flow from financing activities		
Proceeds on share issue*	487 826 372	1
Net cash inflow from financing activities	<u>487 826 372</u>	<u>1</u>
Net movement in cash and cash equivalents	<u>499 177 877</u>	<u>1</u>
Cash and cash equivalents at beginning of the year	1	-
Cash and cash equivalents at the end of the year	<u><u>499 177 878</u></u>	<u><u>1</u></u>

*The proceeds on share issue have been shown net of transaction costs of R12 173 628.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The accounting policies applied in the preparation of these annual results for the year ended 28 February 2018 are in terms of IFRS and are consistent with those applied in the preparation of the audited annual financial statements. These are consistent with prior year.

BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the framework concepts and the recognition and measurement principles of International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council presented in accordance with the minimum content, including disclosures, prescribed by IAS 34: Interim Financial Reporting applied to year-end reporting, the Companies Act of South Africa, and the JSE Limited’s Listings Requirements (“Listings Requirements”).

These summarised financial results have been extracted from the annual financial statements of RHB which have been prepared under the supervision of the Financial Director, Dion Mhlaba CA(SA). These summarised annual financial results have been audited by the auditors. The Board takes full responsibility for the preparation of this report and ensuring that the financial information has been correctly prepared.

SEGMENTAL REPORTING

The Board has considered the implications of IFRS 8: Operating segments and are of the opinion that the current operations of the Group constitute one operating segment.

RELATED PARTIES

Management fees

Management fees have been paid by the Company to RH Bophelo Management Company Proprietary Limited for providing operational management services. Management fees are 0,7% per quarter of the total capital raised, while the Company is classified as a Special Purpose Acquisition Company (“SPAC”). Management fees paid to RH Bophelo Management Company Proprietary Limited in the current year amounted to R2 458 055 (nil in the prior year). An amount of R776 616 (nil in the prior year) was included in other payables at year end.

Subsidiary

Fees of R2 900 000 (nil in the prior year) were paid by the Company to RH Bophelo Operating Company Proprietary Limited, a wholly owned subsidiary of the Company, for the costs related to the operations of the business. An amount of R26 403 (nil in the prior year) was included in other payables at year end.

Professional fees

Professional fees of R11 508 300 were paid by the Company to Thirdway Investments Proprietary Limited. These payments were made for capital raising and corporate advisory services. Thirdway Investments Proprietary Limited owns 30% of RH Bophelo Management Company Proprietary Limited and a non executive director of the Company is a partner in Thirdway Investments Proprietary Limited.

ISSUE OF STATED CAPITAL

During the year, the Company raised R499 999 999 through the issue of 49 999 999 “A” ordinary shares at R10 a share. In the prior year, the Company had 1 “A” ordinary share in issue.

The Company also issued 1 “B” share for R1 to RH Bophelo Management Company Proprietary Limited. In the prior year, the Company had no “B” shares in issue.

The net asset value per share at year end is R9,91 (prior year: R1).

FINANCIAL OVERVIEW

The key financial results reflected in these inaugural financial results are:

- RHB recorded an operating group profit of R7 835 912 for its first period of operation, comprised almost entirely of costs associated with the listing of the Company on the JSE, due diligence expenses and interests earned from the funds raised.
- Basic earnings per share and headline earnings per share amounted 24,7 cents. The reported net income should be viewed in the context of the following:
 - RHB listed on the JSE on 12 July 2017, and did not engage in any commercial trade prior to listing;
 - Apart from the 50 000 000 shares issued in preparation of the listing, no other shares were issued;
 - The subscription amount of R500 million less all permissible expenses is kept in the escrow account with RMB until the Company is reclassified from a SPAC to the investment entity sector of the JSE;
 - Total Interest earned as at 28 February 2018 was R20 827 263;
 - The expenses reported for this period is therefore comprised of permissible expenses incurred to advance and achieve RHB's JSE listing, and operational expenses of R12 522 732; and
 - RHB acquired assets only on 26 April 2018 and therefore any income earned is not indicative of the Company's future prospects.

At the time of listing, the Board made it known to the market that the Company was seeking the acquisition of a viable asset in the Healthcare industry. Since the listing, management has been diligently reviewing various potential acquisition opportunities and is continuously engaging with potential vendors on propositions that could satisfy the Company's vision and values. The Company has sufficient resources to make a significant investment, using cash, equity and debt, or any combination thereof as deemed appropriate by management and the Board.

BASIC AND HEADLINES EARNINGS PER SHARE

Basic earnings per share was based on profit after tax of R7 835 912 and weighted average number of ordinary shares of 31 780 822 issued and subscribed on 12 July 2017.

At reporting date RHB had not concluded a viable asset acquisition, therefore the income earned in the current year is not indicative of the Company's prospects.

	Feb-18	Feb-17
Headline earnings per share (cents)	24,7	-
Diluted headline earnings per share (cents)	24,7	-
Reconciliation between earnings and headline earnings		
Earnings and headline earnings	7 835 912	-

SUBSEQUENT EVENTS

The directors are not aware of any other material items that arose subsequent to 28 February 2018 that affect the financial statements as at the same date that should either be adjusted or disclosed other than the below acquisitions.

The Company acquired Vryburg Private Hospital ("VPH") and African Healthcare ("AHC") on 26 April 2018, which was classified as a Category 1 acquisitions in terms of the JSE Listings Requirements per a JSE Limited ruling. The Acquisitions resulted in the Company applying for a classification as an investment entity in terms of the JSE Listings Requirements. The Company is waiting for the JSE/FTSE approval process to conclude.

The acquisitions were successfully concluded as at 26 April 2018.

Details of the Vryburg Hospital acquisition:

The Company has, through RH Bophelo Operating Company Proprietary Limited, acquired 76% of the equity in the newly formed VPH Holding Company (“Vryburg Hospital”) for a total consideration of R24 320 000 which will be paid from existing cash resources raised on Listing.

Details of the African Healthcare acquisition:

The Company has acquired 60% of the equity in AHC for a total initial purchase consideration of R62 500 000, where R50 000 000 in cash was paid for a fresh subscription of shares in AHC); and R12 500 000 will be paid to the shareholders of AHC through the issue of 1 250 000 A Ordinary Shares issued at the Company’s 30 day VWAP of R10 per share. The 1 250 000 A Ordinary shares have been listed by JSE.

Details of the potential Rondebosch Medical Centre acquisition

On 14 May 2018, the Company entered into transaction agreements to acquire 30% of the equity in Rondebosch Medical Centre Proprietary Limited (“RMC”) by way of a subscription of new RMC shares and the provision of a shareholder loan, and acquire a call option which entitles the Company to acquire an additional 21% of the issued shares in RMC on the 4th anniversary of the Company’s initial investment. This acquisition is still subject to final Board approval.

GOING CONCERN

The Board has undertaken a detailed review of the going concern capability of the Company with reference to certain assumptions and plans underlying various internal cash flow forecasts.

The Board has not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company to continue as a going concern.

DIVIDENDS

No dividend has been declared during the period under review.

DIRECTORS

The following director appointments took place during the year ended 28 February 2018:

Katekani Dion Mhlaba, Executive (appointed – 23 June 2017)
Vuyokazi Phatheka Nomvalo, Executive (appointed – 23 June 2017)
Maunatlala Peter Mehlaphe, Executive (appointed – 23 June 2017)
John Rabagadi Oliphant, Non-executive (appointed – 23 June 2017)
Phetole David Sekete, Non-executive (appointed – 23 June 2017)
Solomon Gabriel Motuba, Lead Independent (appointed – 23 June 2017)
Kgaogelo Rachel Ntshwana, Independent (appointed – 23 June 2017)
Londeka Shezi, Independent (appointed - 21 December 2017)

AUDIT REPORT

The external auditors, Deloitte & Touche, have issued their opinion on the Group’s consolidated financial statements for the year ended 28 February 2018. The audit was conducted in accordance with International Standards on Auditing. The auditor responsible for the audit is P Ndlovu. They have issued an unmodified audit opinion on the consolidated financial statements and provisional summarised consolidated financial statements. These provisional summarised consolidated financial statements have been derived and are consistent in all material respects with the Group’s consolidated financial statements. A copy of their audit reports on the consolidated financial statements, together with the Group consolidated financial statements, are available for inspection at the Company’s registered office. Any reference to future financial performance included in this announcement has not been audited and reported on by the Group’s external auditors. The auditor’s report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor’s engagement they should obtain a copy of that report together with the accompanying financial information from the issuer’s registered office.

INDEPENDENT AUDITOR'S REPORT ON SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF RH BOPHELO LIMITED

Opinion

The summarised consolidated financial statements of RH Bophelo Limited, which comprise the summarised consolidated statement of financial position as at 28 February 2018, and the summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of RH Bophelo Limited for the year ended 28 February 2018.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of RH Bophelo Limited, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the notes to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised Consolidated Financial Statements

The summarised consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of RH Bophelo Limited and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 25 May 2018. That report also includes:

- The communication of other key audit matters as reported in the auditor's report of the audited financial statements

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, set out in the notes to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34, *Interim Financial Reporting*.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Deloitte & Touche

Registered Auditor

Per: P Ndlovu

Partner

25 May 2018

Deloitte & Touche, Registered Auditors

Audit – Gauteng, Buildings 1 And 2, Deloitte Place

The Woodlands, Woodlands Drive, Woodmead Sandton

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens X6, Pretoria 0081

On behalf of the Board
Quinton Zunga
CEO

Johannesburg
25 May 2018

Registered Office

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Melrose Arch, Melrose North
Johannesburg, 2076
South Africa

Directors

Q Zunga (Chief executive officer)
KD Mhlaba (Chief financial officer)
VP Nomvalo (Executive director)
MP Mehlahe (Chief operating officer)
Dr. SG Motuba (Lead independent non-executive Director)
Dr. KR Ntshwana (Independent non-executive Director)
JR Oliphant (Non-executive chairman)
Dr. PD Sekete (Non-executive Director)
L Shezi (Independent non-executive Director)

Company Secretary

Corporate Vision Consulting Proprietary Limited
(Registration number 2015/006536/07)
3 Decotah, Canart Street, Kyalami Hills
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Auditors

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Transfer Secretaries

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