RH BOPHELO LIMITED
Incorporated in the Republic of South Africa
(Registration number 2016/533398/06)
(JSE and RSE Share Code: RHB, ISIN: ZAE000244737)

Audited Annual Financial Statements

For the year ended 28 February 2021

RH BOPHELO LIMITED
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2021

Contents

Preparation of annual financial statements
The audited annual financial statements for the year ended 28 February 2021, as set out on pages 14 to 65 were prepared under the supervision of Mr Dion Mhlaba CA(SA). The financial statements have been audited in compliance with the applicable requirements of the Companies Act.

General Information

Company name	RH Bophelo Limited
Registration number	2016/533398/06
Registered business address	Unit 12, 1 Melrose Boulevard Melrose Arch Johannesburg 2076
Investment manager	RH Bophelo Management Company Proprietary Limited 1 Melrose Boulevard Melrose Arch 2076
Auditors	Mazars South Africa 54 Glenhove Road Melrose Estate Johannesburg Gauteng 2196
Sponsor	Deloitte & Touche Sponsor Services Proprietary Ltd 5 Magwa Crescent Waterfall City Johannesburg Gauteng 2090
Sponsor	Faida Securities Rwanda Centenary House 4th Floor 124 Kigali Rwanda

Statement of Directors' Responsibilities

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of RH Bophelo Limited ("the company"). The annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), including interpretations of such standards as issued by the Interpretations Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the requirements of the Companies Act, 71 of 2008, the King Code on Corporate Governance IV (King IV), Johannesburg Stock Exchange (JSE) Listing Requirements, the Rwanda Stock Exchange (RSE) Listing Requirements and compliance with applicable laws.

The directors confirm that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all International Financial Reporting Standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the company at the end of the financial year.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company, and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, an endeavour is made to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements were prepared on the going concern basis. The assets of the company, fairly valued, exceed its liabilities fairly valued. The valuation of assets and liabilities includes the current and projected impacts of COVID-19. Having considered the collective effects of the operating environment, the projected cash flows and all COVID-19-related matters the directors are of the opinion that the company will continue as a going concern in the foreseeable future.

The annual financial statements were audited by the independent auditors, to whom unrestricted access was given to all financial records and related information, including minutes of all meetings of shareholders, the board of directors and committees of the board.

In terms of JSE Listings Requirements 3.84(k), the directors, whose names are stated below, hereby confirm that:

a. The annual financial statements set out on pages 14 - 65, fairly present in all material respects the financial position, financial performance, changes in equity and cash flows of the Company in terms of IFRS;
b. No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
c. Internal financial controls have been put in place to ensure that material information relating to the Company and its subsidiaries has been provided to effectively prepare the financial statements of the Company; and
d. The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls.

CEO	**CFO**
Quinton Zunga	**Dion Mhlaba**
31 May 2021	**31 May 2021**

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In my capacity as the Company Secretary, I hereby confirm, in terms of the South African Companies Act, No. 71 of 2008, as amended, that for the year ended 28 February 2021, RH Bophelo Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

The Board of RH Bophelo Limited hereby confirms that the relationship with the Company Secretary is at arm's length and satisfies itself of the competence, qualifications and experience of the Company Secretary.

Corporate Vision Proprietary Limited
Company Secretary
Ragni Naicker

Date: 31 May 2021

AUDIT AND RISK COMMITTEE REPORT

Introduction

The Audit and Risk Committee ("ARC") presents its report for the financial year ended 28 February 2021. The Committee reports that it has adopted formal terms of reference as its Audit and Risk Committee Charter ("the Charter"), and that it has discharged all of its responsibilities for the current financial year, in compliance with the Charter.

Responsibilities of the ARC

In discharging its responsibilities, the ARC, among other functions:

- Examined and reviewed the Annual Financial Statements and other financial announcements to ensure balanced and faithful presentation consistent with the application of appropriate accounting policies and standards;
- Reviewed and considered the appropriateness of the going concern basis in preparing the Annual Financial Statements
- Considered material risks and internal controls to the financial reporting and fraud;
- Nominated an auditor (Mazars South Africa) that the Audit Committee regards as independent;
- Determined the audit fee and the auditor's terms of engagement ensuring that the appointment of the auditor complies with the Companies Act and other relevant legislation;
- Made submissions to the board regarding the company's accounting policies, financial controls, records and reporting;
- Satisfied itself with regard to the expertise, resources and experience of the finance function;
- Ensured that the proposed individual auditor does not appear on the JSE list of disqualified individual auditors when recommending the auditor for appointment or re-appointment at the annual general meeting; and
- Reviewed the JSE proactive monitoring reports and assessed the company's compliance with the recommendations and commitments made in response to the JSE proactive monitoring reports.

Composition of the Committee

The Committee consisted of four independent non-executive directors, who are appropriately qualified and experienced to execute their responsibilities. Two members are required to have a quorum. Whilst the Committee had 4 members throughout the period under review, Ms Refiloe Nkadimeng subsequently resigned on 8 March 2021.
During the year under review, the members of the Committee were as follows:

- Dr Solly Motuba (Chairperson)
- Ms Refiloe Nkadimeng (Resigned 8 March 2021)
- Ms Dinao Lerutla
- Dr Kgaogelo Ntshwana

In addition, Mr Quinton Zunga (Chief Executive Officer), Mr Dion Mhlaba (Chief Financial Officer), Ms Vuyokazi Nomvalo (Investment Executive), Colin Clarke (Chief Investment Officer) and Mazars South Africa (the external auditors) are also permanent invitees to the meetings of the committee.

Meetings

The Committee held seven scheduled meetings during the year and the quorum was met at all the meetings.

2021 Overview

The Committee is satisfied that an adequate system of internal controls is in place to reduce significant risks faced by the company to an acceptable level, and that these controls have been effective throughout the period under review. The system is designed to manage, rather than eliminate, the risk of failure and to maximise opportunities to achieve business objectives. This can provide only reasonable, but not absolute assurance that the financial records may be relied on for the preparation of the annual financial statements. In addition, the Committee reviewed the financial control systems, the accounting systems and is satisfied with the design and effectiveness of the systems in the current period.

As required by the JSE Limited Listing Requirements 3.84(f), the Audit and Risk Committee has satisfied itself that
Mr Dion Mhlaba, who served as the Chief Financial Officer ("CFO") throughout the financial year under review, has the appropriate experience and expertise to fulfil the responsibilities of the finance function.

AUDIT AND RISK COMMITTEE REPORT

The Committee has considered the key audit matters set out in the independent auditor's report and is satisfied that the key audit matters have been appropriately presented.

Key audit matter	How the matter was addressed
Valuation of financial assets at fair value through profit or loss	The Audit and Risk Committee (ARC) received presentations on valuation of the material investments across the group including an analysis of the key judgements and assumptions applied and approved the valuation adjustments proposed by management for the year ended 28 February 2021 and the appropriateness of the IFRS 13 and IFRS 7 disclosures on fair value. The judgements and assumptions used in the process of valuation for the investments in unlisted equities were consistent to those applied in the prior years. The ARC, alongside the Investment Committee, challenged and debated the significant subjective inputs and assumptions, and the valuation principles applied in the valuation of unlisted investments and properties. The ARC was satisfied that the process applied in the valuation process was sufficiently robust to give a fair indication of the fair value of all investments.
Going concern assessment - the impact of COVID-19	In the aftermath of the Coronavirus outbreak, the Board has revisited the key ratios used in the assessment – including solvency, profitability and liquidity indicators – and concluded that they remain within the range that the Board deems appropriate to support the going concern assumption. A key factor in this assessment was the fact that the company's operating units are in the healthcare sector and were classified as essential services, while the financial services sector continued to operate. The impact of this classification is that the decline in occupancy rates and capacity utilisation was marginal and a majority of our investee companies continued to operate within the normal range. To this end, the going concern assumption has been determined to be the appropriate basis for financial reporting as at 28 February 2021.

The review of the Integrated Report together with the annual financial statements are also the responsibility of the Audit and Risk Committee. The committee has evaluated the integrated report and annual financial statements of RH Bophelo Limited for the year ended 28 February 2021 and based on the information provided to the Audit and Risk Committee, considers that it complies, in all material respects, with the requirements of the various acts and regulations governing disclosure and reporting.

Internal Audit

The Committee considered the nature, risks and internal control environment at RH Bophelo Ltd and concluded that due to the nature of the business, and size of the business, a full-scope internal audit function is not deemed necessary. The Committee evaluates the decision on a continuous basis. As part of its Charter, the committee has adopted the following approach in relation to internal audit:

- By practice, the Audit and Risk Committee assesses and updates its risk register and tasks and has mandated management to perform a risk rating on each risk identified monitors the related mitigating risks; and
- In the current year, a special risk assessment meeting was scheduled in order to review and where necessary, update the current risk register and to update the risk ratings for all risks identified.

AUDIT AND RISK COMMITTEE REPORT

External audit

In the current year, Mazars was appointed as new auditors by the shareholders at the AGM on 30 September 2020, as successors to Deloitte. In line with its Charter, the Committee assessed Mazars' independence and was satisfied with their independence in relation to the company.

The Committee is further satisfied that Mrs Rochelle Murugan (Engagement Partner), who has been designated as the lead partner for the current year, complies with the relevant provisions of the JSE Listing Requirements. The Committee is satisfied with Mrs Murugan's independence in relation to the company and also with her fitness after having reviewed her qualifications and past experience.

Non-audit services

There were no non-audit services rendered by Mazars in the current year.

Other matters

The Committee applied its judgement to the treatment of the various post-reporting period events, including the classification of the events and the additional disclosures provided in note 24. The Committee is satisfied that the post-reporting period events have been adequately assessed and where applicable are disclosed appropriately.

Recommendation for approval

Based on the information obtained and discussions with management and the external auditors, the Committee has no reason to believe that there was any material breakdown in the design and operational effectiveness of the internal financial controls during the year. The Committee therefore believes that the financial records may be relied upon as the basis for the preparation of the annual financial statements.

In discharging its responsibilities, the Committee evaluated significant judgements and reporting decisions; determined that the going concern basis of reporting is appropriate; evaluated the material factors and risks that impact the annual financial statements and associated reports; and evaluated the completeness of the annual financial statements and the disclosures included therein.

The Committee is of the opinion that the annual financial statements comply in all material respects with the statutory requirements of the various regulations governing their disclosure and reporting. These include IFRS and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act, the JSE Listing Requirements and the RSE Listing Requirements for Investment Entities.

The Committee accordingly recommended the annual financial statements to the board for its approval.

Dr Solly Motuba
Audit and Risk Committee Chairperson
31 May 2021

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Independent Auditor's Report

To the Shareholders of RH Bophelo Limited

Opinion

We have audited the separate financial statements of RH Bophelo Limited set out on pages 17 to 65, which comprise the separate statement of financial position as at 28 February 2021, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of RH Bophelo Limited as at 28 February 2021, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key matter
Valuation of financial assets- Note 6 The financial assets disclosed as note 6 in the Financial Statements of RH Bophelo Limited include Investments and Loans to the amount of R 842,778,946 which amounts to 91% of Total Assets. There are a number of key areas of estimation and judgement made in determining the inputs of these valuations which include: • future revenue, operating margins and other items impacting projected cash flows; • interest rates;	Our audit procedures performed included the following: ○ evaluating the company's fair value calculations and the principles and methodology of the discounted cash flow models; ○ testing of inputs into the cash flow forecast; ○ testing the assumptions used to calculate the discount rates and recalculating those rates; ○ re-computing of the fair values;

• discount rates applied to projected future cash flows; and • assumptions applied in the budgeting process These assumptions have a material impact on the valuation of the financial assets. There is the risk for the financial statements that impairment has not been identified. In addition, there is also a risk that the disclosures in the Notes on the key assumptions are not appropriate. Due to the level of judgment, market environment and significance to RH Bophelo's financial position, this is considered to be a key audit matter.	○ comparing the growth rates used to strategic plans and historical performance, and ○ utilising the expertise of our internal valuation specialists in the afore-mentioned procedures as required. ○ evaluating whether the disclosures in the notes are appropriate and meet the requirements of the International Financial Report Standards.
2. Impact of the outbreak of Covid-19 on the going concern assumptions made by management, the business operations and the valuation of financial assets – Note 23 The potential impact of COVID-19 is causing widespread disruption to normal patterns of business activity across the world, including South Africa and became significant on the 15th of March 2020 when the President of the Republic of South Africa declared the COVID-19 outbreak a national disaster and called for a nationwide lockdown from the 26th of March 2020 to the 16th April 2020. On 9 April 2020, the President announced a two-week extension of the lockdown. On 23 April 2020, the President announced a risk-adjusted strategy for re-opening the economy from midnight 30 April 2020. The impact of the outbreak of Covid-19 had taken place during the financial year end of the RH Bophelo Limited and is reflected in their results. Management's further consideration of the impact on the financial statements are disclosed in note 23. Whilst the situation is still evolving, based on the information available at this point in time, the directors have assessed the impact of COVID-19	We received an assessment of the appropriateness of the going concern assumption performed by management. We reviewed management's assessment, which included, inter alia the following: • obtaining an understanding of the impact of COVID-19 on RH Bophelo Limited including any current and potential future disruption to operations, forced closures by government and impact on demand, through discussions with the client, the review of budget forecasts for the next 12 months as well as staying abreast of notable events announced by the media and the government; • reviewing management's going concern assessment incorporating the impact of COVID-19 implications; • evaluating the key assumptions in the assessment prepared by management and assessing the reasonableness of assumptions used given the information existing at the date of the audit procedures; • examining and testing the cash flow forecasts provided by management; and • evaluating RH Bophelo Limited's relationship with its bank and whether the entity had any difficulty renewing or extending its available facilities by inspecting correspondence and reviewing the existing debt structure and

on the business operations, the valuation of the financial assets and the entity's ability to continue as a going concern. Management have concluded that adopting the going concern basis of preparation is appropriate Due to the impact of COVID-19 and the uncertainty surrounding the final impact of COVID-19 on the entity, it was judged to be a key audit matter.	facilities currently available; In relation to the valuation of the financial assets, we had assessed the items noted in the key audit matter above, Valuation of financial assets, and ensured that the impact of Covid-19 was accounted for in the assumptions that have been applied to determine the fair value of the financial assets. In relation to the business operations, we had assessed the plans that management had in place to continue its operations during the various lockdown levels and we had further assessed the policies implemented during this time. We had discussions with management and inspected minutes of meetings to verify these discussions held in relation to their business operations. Lastly we evaluated the adequacy and appropriateness of management's disclosure in respect of COVID-19 implications.

Other Matters

The financial statements of RH Bophelo Limited for the year ended 28 February 2020 were audited by another auditor who expressed an unmodified opinion on those statements on 31 August 2020.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “RH Bophelo Limited Separate Financial Statements for the year ended 28 February 2021” and the document titled “RH Bophelo Limited Integrated Report 2021”, which includes the Directors' Report, the Audit Committee's Report, Company Secretary's Certificate and supplementary information as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's reports thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of RH Bophelo Limited for one year.

Mazars

Mazars
Partner: Rochelle Murugan
Registered Auditor
31 May 2021
Johannesburg

DIRECTORS' REPORT

1. THE COMPANY

RH Bophelo Limited (“the company”) is an investment entity listed on the Johannesburg Stock Exchange ("JSE") and the Rwanda Stock Exchange ("RSE").

The company's annual financial statements have been prepared for the year ended 28 February 2021.

2. PRINCIPAL ACTIVITIES

The Company seeks to generate returns for its shareholders through various investments in the healthcare sector and financial services. The Company is involved in making equity, quasi-equity, and equity-related investments in healthcare and financial services, specifically in operational infrastructure, health insurance, private hospital infrastructure, pharmaceuticals, retail and distribution. The Company executes on its investment mandate primarily through two wholly-owned subsidiaries, RH Bophelo Operating Company Proprietary Limited (“RHBO”) and RH Financial Services Proprietary Limited (“RHFS”). These subsidiaries are utilised to acquire various investments on behalf of the company.

3. FINANCIAL RESULTS

The directors are responsible for ensuring that the company produces a set of annual financial statements which fairly present the state of affairs of the company at the end of each financial year and the profit or loss for the year, in accordance with IFRS, the Companies Act, and the interpretations adopted by the International Accounting Standards Board, the Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council), the RSE Listing Requirements and the JSE Listing Requirements.

For the financial period ending 28 February 2021, the company recorded total comprehensive income of R131 217 214 (2020: R69 988 958). Full details of the financial position and financial performance of the company are contained in the detailed annual financial statements as set out on pages 17 - 66.

4. DIVIDENDS

The board approved and declared a final gross dividend of 15 ZAR cents per "A" ordinary share from income reserves for the year ended 28 February 2021 (2020: 0 ZAR cents per share).

5. DIRECTORS’ FEES AND REMUNERATION

The directors' emoluments and earnings have been disclosed under note 20.

6. DIRECTORATE

During the period covered by this report, the directors of the company were:

Solomon Motuba	Independent, Non-executive	
Kgaugelo Ntshwana	Independent, Non-executive	
Refiloe Nkadimeng	Independent, Non-executive	Resigned - 8 March 2021
Dinao Lerutla	Independent, Non-executive	
Bojane Segooa	Independent, Non-executive	
John Oliphant	Non-executive Chairman	
David Sekete	Non-executive	
Quinton Zunga	Executive	
Dion Mhlaba	Executive	
Vuyokazi Nomvalo	Executive	
Colin Clarke	Executive	

DIRECTORS' REPORT

7. GOING CONCERN

The annual financial statements are prepared on the going concern basis, as the directors are of the view that the company has adequate financial resources to continue for the foreseeable future, based on cash flow forecasts and available cash resources. As at year end the company had a positive net asset value of R864 076 058 (2020: R646 608 844) and a positive net current asset position of R39 668 699 (2020: R123 476 138). In addition to its normal assessments regarding the company's going concern, the company undertook additional assessments relating to the impact of the ongoing Covid-19 pandemic in the short and medium term.

8. STATED CAPITAL

The company's authorised stated capital is 10 000 000 000 "A" no par value ordinary shares with voting rights.
(2020: 10 000 000 000 "A" no par value ordinary shares with voting rights).

The company also has 1 "B" restrictive class of shares with voting rights. (2020: 1 "B" restrictive class of shares with voting rights).

During the period, the company issued 8 765 244 "A" ordinary shares at a market average price of R9,84 per share (2020: 4 684 179 shares at an average price of R9,93 per share).

The total number of ordinary shares in issue as at 28 February 2021 is 64 691 298 (2020: 55 934 179).

9. MATERIAL EVENTS

Investments

During the year, the company increased its investments in unlisted equity investments. The amount allocated to investments for the current year was R161,4 million (2020: R272,9 million).

The amounts were allocated as follows:
- Investment in RH Bophelo Financial Services Proprietary Limited (RHFS) – R52,5 million; and
- Investment in RH Bophelo Operating Company Proprietary Limited (RHBO) – R108,9 million.

The investments were deployed to facilitate the following transactions:

New acquisitions made by RHFS:
- Acquisition of 25% in Genric Insurance for R52,5 million split between an equity injection of R45 million and shareholder loan of R7,5 million

Additional investments made by RHBO:
- Acquisition of an additional 70% in Rondebosch Medical Centre for R93,75 million split between a cash consideration of R15 million and issue of RHB shares for R78,7 million.
- Capital contribution for R2,5 million to Magnacorp Proprietary Limited ("Medicare Private Hospital") for the expansion of the property.
- In addition, shareholder loans of R7,4 million were advanced to Vryburg Holdings Proprietary Limited ("Vryburg Private Hospital") as part of a board approved Covid relief. An amount of R4,5 million was advanced to Fauchard Tandheelkundige Sentrum Proprietary Limited ("Fauchard Day Hospital") for refurbishment of its property.

Further details regarding the investments made in the current year are contained in note 6.

DIRECTORS' REPORT

Dual listing

On 1 June 2020, the company concluded its secondary listing on the Rwanda Stock Exchange (“RSE”) by way of an introduction (“RSE Listing”). The company’s primary listing and exchange will remain as the Johannesburg Stock Exchange with the RSE Listing being a secondary listing (“Secondary Listing”). The purpose of the RSE Listing is to enable the company’s A Ordinary Shares (“Shares”) to be available to the wider East African investor public, in order to further diversify the company’s investor base and provide an easy and efficient way for the company’s stakeholders and partners in the region to participate beneficially in the growth and fortunes of the company through direct ownership.

COVID-19 Impact

The year ending February 2021 was unprecedented as the COVID-19 pandemic and subsequent lockdowns led to a rapid slowdown in global economic growth. In South Africa, the pandemic and resultant domestic lockdowns had a severe impact on economic activity that led to a decline in the country's Gross Domestic Product (GDP). As such, the Directors have undertaken an assessment of COVID -19 on the following key areas:

- Effect on valuation of investments;
- Effects on going concern status;
- Effect on funding and deal pipeline; and
- Effects on operations.

Refer to note 23 for more information.

10. EVENTS AFTER THE REPORTING PERIOD

On 31 May 2021, the board approved and declared a final gross dividend of 15 ZAR cents per "A" ordinary share from income reserves for the year ended 28 February 2021 (2020: No dividends declared).

Changes in Investments
The company acquired additional 5% of equity investment in Genric Insurance Limited for R9 million.
The company's interest in RH 12J Limited was sold for R2,1 million, as the 12J tax incentive scheme for Venture Capital Companies had been discontinued in South Africa.
Refer to note 24 for further details.

RH BOPHELO LIMITED
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2021

Statement of Financial Position as at 28 February 2021

	Note	2021 R	2020 R
Assets			
Non-Current Assets			
Financial assets at fair value through profit or loss	6	842 778 946	509 735 040
Loans to group companies	7	38 453 570	35 945 632
Property, plant and equipment	8	4 041 260	-
		885 273 776	**545 680 672**
Current Assets			
Loans to group companies	7	5 365 502	4 307 909
Other receivables	10	322 507	1 120 555
Current tax receivable	11	19 562	-
Cash and cash equivalents	12	34 699 084	120 069 140
		40 406 655	**125 497 604**
Total Assets		**925 680 431**	**671 178 276**
Equity and Liabilities			
Equity			
Stated capital	13	633 589 672	547 339 672
Retained income		230 486 386	99 269 172
		864 076 058	**646 608 844**
Liabilities			
Non-Current Liabilities			
Lease liabilities	9	3 017 866	-
Deferred tax	14	57 848 552	22 547 966
		60 866 418	**22 547 966**
Current Liabilities			
Other payables	15	116 063	1 582 078
Current tax payable	11	-	439 388
Lease liabilities	9	621 892	-
		737 955	**2 021 466**
Total Liabilities		**61 604 373**	**24 569 432**
Total Equity and Liabilities		**925 680 431**	**671 178 276**

Statement of Profit or Loss and Other Comprehensive Income

	Note	2021 R	2020 R
Investment income			
Interest income	16	7 020 713	21 526 749
Interest expense	16	-	(203 859)
Dividend income	16	7 336 107	-
Gains from financial assets at fair value through profit or loss	17	174 477 925	84 063 771
Total investment income		**188 834 745**	**105 386 661**
Other income	18	**430 411**	**1 984 110**
Expenses			
Professional services fees		(9 207 269)	(7 911 712)
Management fees		(6 904 402)	(3 374 698)
Other operating expenses		(6 635 685)	(5 625 632)
	19	(22 747 356)	(16 912 042)
Total income before tax		**166 517 800**	**90 458 729**
Income tax	11	(35 300 586)	(20 469 771)
Total income after tax		**131 217 214**	**69 988 958**
Other comprehensive income		-	-
Total comprehensive income		**131 217 214**	**69 988 958**
Earnings and diluted earnings per share (R)		2.18	1.31

Statement of Changes in Equity

	Total stated capital R	Retained income R	Total equity R
Balance at 1 March 2019	**500 839 672**	**29 280 214**	**530 119 886**
Total comprehensive income for the year - profit	-	69 988 958	69 988 958
Shares issued	46 500 000	-	46 500 000
Balance at 1 March 2020	**547 339 672**	**99 269 172**	**646 608 844**
Total comprehensive income for the year - profit	-	131 217 214	131 217 214
Shares issued	86 250 000	-	86 250 000
Balance at 28 February 2021	**633 589 672**	**230 486 386**	**864 076 058**
Notes	13		

Statement of Cash Flows

	Note	2021 R	2020 R
Cash flows from operating activities			
Cash (used in)/generated from operations	30	(10 929 279)	5 471 338
Income tax paid	11	(807 122)	(867 882)
Net cash generated/(utilised) from operating activities		**(11 736 401)**	**4 603 456**
Cash flows from investing activities			
Increase in financial assets at fair value through profit or loss	6	(75 214 343)	(226 421 515)
Decrease in loans to group companies	7	1 866 862	2 338 541
Increase in loans to group companies	7	-	(34 000 000)
Net cash utilised from investing activities		**(73 347 481)**	**(258 082 974)**
Cash flows from financing activities			
Capital repayment on lease liabilities	9	(286 174)	-
Net decrease in cash and cash equivalents		**(85 370 056)**	**(253 479 518)**
Cash and cash equivalents at the beginning of the year		120 069 140	373 548 658
Cash and cash equivalents at the end of the year	12	**34 699 084**	**120 069 140**

Notes to the Annual Financial Statements

1 General information

RH Bophelo Limited ("the Company") is a legal entity registered in the Republic of South Africa. The Company engages in making equity, quasi-equity and equity-related investments in healthcare and financial services, specifically in operational infrastructure, including health insurance, private hospital-related infrastructure, pharmaceuticals, retails and distributions. The Company was incorporated on 13 December 2016.

RH Bophelo Operating Proprietary Limited Company ("RHBO") and RH Financial Services Proprietary Limited ("RHFS") are wholly-owned subsidiaries of the Company, which are utilised to acquire investments on behalf of the Company.

The Company has appointed RH Bophelo Management Company Proprietary Limited ("RHBM") as its investment manager, to manage its investment portfolio which includes advice on the Company's investment decisions, in line with section 15 of JSE listing requirements. The relationship between the Company and RHBM is governed by a shareholder-approved management agreement.

2 New and revised International Financial Reporting Standards in issue

2.1 The following accounting standards, interpretations and amendments became effective during the current year.

Amendments to IFRS 9, IAS 39 and IFRS 7
On 26 September 2019, the IASB issued 'Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)' as a first reaction to the potential effects the IBOR reform could have on financial reporting.

Amendments to IAS 1 and IAS 8
On 31 October 2018, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

The Conceptual Framework for Financial Reporting
The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts.

Amendments to IFRS 3 Business Combinations
Clarifies that a minimum requirement for a business includes inputs and a substantive process that together significantly contribute to create outputs. Narrows the definition of a business and outputs by placing emphasis on goods and services provided to customers and de-emphasising the ability to reduce costs. Adds an optional concentration test that permits a simplified assessment of whether an asset or a group of similar assets is not a business.

Amendments to IFRS 9, IAS 39 and IFRS 7
Amendments: provide relief from the potential effects on hedge accounting due to the uncertainties caused by interest rate benchmark reform (the phasing out of interest-rate benchmarks such as the interbank offered rates (IBOR)).

The amendments of the above new standards had no material impact on the financial results of the company.

2.2 The following accounting standards, interpretations and amendments have been issued but are not yet effective as at 28 February 2021:

Effective for years beginning on or after 01 June 2020: IFRS 16 *Leases* - Rent Concessions
On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions (Amendment to IFRS 16) amending the standard to provide lessees with an exemption from assessing whether a COVID-19-Related Rent Concessions is a lease modification. The exemption previously covered COVID-19 rent concessions for lease payments due on or before 30 June 2021, this has been extended to cover lease payments due on or before 30 June 2022, it is effective from 01 April 2021. The amendment is unlikely to impact the company because it has not received any rental concessions related to COVID-19.

Effective for years beginning on or after 01 January 2021: IBOR reform Phase 2 amendments
On 27 August 2020, the IASB issued 'Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)' with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The change is less likely to impact the company due to the fact that most of the loans bear interest at the companies cost of capital, which is 15% and is not linked to the IBOR.

Effective for years beginning on or after 01 January 2021: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

Amendments provide temporary relief to address financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR) ('IBOR reform').

Effective for years beginning on or after 01 January 2023: Amendments to IAS 1
On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The change is most likely to impact the company because some of its liabilities are classified as current and some as non-current based on their nature and when they will be settled.

Effective for years beginning on or after 01 January 2022: Amendments to IFRS 1
Amendment: Subsidiary as a first-time adopter. A subsidiary is permitted to measure cumulative translation differences at transition date using the amounts reported by its parent, based on the parent's transition date.

Effective for years beginning on or after 01 January 2022: Amendments to IFRS 3
Update to refer to the 2018 Conceptual Framework; adds a requirement that transactions and other events within the scope of IAS 37 or IFRIC 21 must be accounted for per IAS 37 and IFRIC 21 to identify the liabilities assumed in a business combination; and adds an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Effective for years beginning on or after 01 January 2021: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
Amendments provide temporary relief to address financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR) ('IBOR reform').

Effective for years beginning on or after 01 January 2022: Amendments to IFRS 9
Clarifies which fees must be applied in the application of the '10 per cent' test when assessing whether to derecognise a financial liability. Only include fees paid or received between the borrower and the lender, including those paid or received on the other's behalf.

Effective for years beginning on or after 01 January 2023: IFRS 17
New standard establishing the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The single accounting model makes use of current estimates.

Effective for years beginning on or after 01 January 2023: IAS 1
Clarifies that materiality will depend on the nature and/or magnitude of information individually or in combination in the context of the financial statements.

Effective for years beginning on or after 01 January 2022: IAS 16
Prohibits the deduction of proceeds from selling items produced while brings an asset into use from the cost of that asset. The entity must recognise the proceeds from sale, and the cost of producing those items, in profit or loss.

Effective for years beginning on or after 01 January 2022: IAS 37
Specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Effective for years beginning on or after 01 January 2023: Amendments to IAS 1

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The change is most likely to impact the company because some of its liabilities are classified as current and some as non-current based on their nature and when they will be settled.

Effective for years beginning on or after 01 January 2023: IFRS 17

New standard establishing the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The single accounting model makes use of current estimates.

Effective for years beginning on or after 01 January 2023: IAS 1

Clarifies that materiality will depend on the nature and/or magnitude of information individually or in combination in the context of the financial statements.

3. Basis of preparation

3.1 Statement of compliance and basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of South Africa, the RSE Listing Requirements and the JSE Listing Requirements. These annual financial statements have been prepared on the historical cost basis, except where indicated otherwise.

3.2 Functional and presentation currency

Items included in the annual financial statements of the company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The annual financial statements are presented in South African Rand, which is also considered by the directors to be the company’s functional currency.

4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements includes the determination of fair value for assets that are carried at fair value through profit or loss.

4.1 Investment entities

The Company, its subsidiaries and indirectly held associates – RH Bophelo Operating Company Proprietary Limited ("RHBO") and RH Bophelo Financial Services Proprietary Limited ("RHFS") are classified as investment entities in line with IFRS 10 *Consolidated Financial Statements.*

According to IFRS 10, RH Bophelo as an investment entity measures its investments in subsidiaries and its indirectly held associates at fair value through profit or loss in accordance with IFRS 9.

After conducting an assessment of the Company’s activities and business purpose, the Board of Directors have concluded that the Company meets the definition of an investment entity as per IFRS 10 based on the following factors:

- The Company and its subsidiaries obtained funds from more than one investor with the purpose of providing those investors with investment management services;

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

- The Company and its subsidiaries also committed to its investors that its business purpose is to invest in commercially viable healthcare and financial services assets that are cashflow positive or will be cashflow positive within 12 months; and
- The Company and its subsidiaries measure and evaluates the performance of all its investments on a fair value basis.

Furthermore, the Company, its subsidiaries and its indirectly held associates has more than one investment; the Company also has more than one investor and its investors are not related parties, additionally our interest is mainly in equity form in all our investments. The Company's approved investment policy, documents the Company's exit strategy which outlines the Company's approach to managing its investments.

The Company has set up RHBO and RHFS as separate legal entities in line with the business model for managing healthcare and financial services as discrete business segments. RHBO and RHFS also committed to investors that the business purpose is to invest in commercially viable healthcare and financial assets that are cashflow positive or will be cashflow positive within 12 months. The two subsidiaries measure and evaluate the performance of all investments on a fair value basis.

Based on the above assessment it was concluded that the company and its subsidiaries (RHBO and RHFS) are investment entities and are therefore exempt from consolidation in line with paragraph 31 of IFRS 10. The underlying investments in subsidiaries held by the company are accounted for as financial assets measured at fair value through profit or loss in accordance with IFRS 9. Additionally, as RHBO and RHFS are investment entities in their own capacity that have been structured separately in order to distinguish between the healthcare and the financial services portfolio, they are accounted for at fair value through profit or loss.

The Company received its investment management services from RH Bophelo Management Company Proprietary Limited ("RHBM"), an entity that is not controlled by the Company. The investment management company is an autonomous entity, that is not influenced or controlled by RH Bophelo Limited, as RH Bophelo has no shareholding or managerial involvement in RHBM. RHBM is able to provide investment management services and to raise capital for parties other than RH Bophelo. As a result, even though RH Bophelo Management Company Proprietary Limited provides management services to the Company, it is not a service subsidiary in terms of IFRS 10 and is therefore not consolidated.

4.2 Unlisted investments

In valuing unlisted investments which form part of the financial assets of the Company, key assumptions and judgements are applied in determining the weighted average cost of capital ("WACC"), terminal growth rate ("TGR"), earnings before interest, tax, depreciation and amortisation ("EBITDA"), compounded annual growth rate ("CAGR") and capitalisation rates to be used in the Sum of the Part Valuation ("SOTP").

The basis for valuing unlisted investments is fair value. At the reporting date, an assessment is made of the value of each investment to determine any changes required in the fair value of the investments. Judgement is applied in identifying the most appropriate valuation method to determine the fair value of each investment. The Company considers the different valuation methods ranging from the earnings multiple method, the earnings yield method and the discounted cash flow method. The Company has applied the discounted cash flow methods for all its equity investments. This ensures consistency and comparability across different investments across the two segments.

The Company uses a SOTP valuation method, where all the different investee company businesses and properties held are valued separately and then added together, less any net debt in order to calculate the total value of the Company. The cash flows of the different businesses are valued using a discounted cash flow ("DCF") method, whilst the properties are valued on the capitalisation rate method. This valuation approach is applied on an investment-by-investment basis across all portfolio assets.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

The discounted cash flow method is used to derive the enterprise value of each investment using reasonable assumptions that are supported by external, third party inputs when applicable. Such inputs include market yields on corporate bonds, economic growth estimates provided by the SA Reserve Bank, and estimations of inflation rates over the investment horizon. In deriving the enterprise value, judgement is applied in estimating future post-taxation cash flows and the terminal value (free cash flows available to the Company), and then discounting to the present value by applying an appropriate risk-adjusted rate that captures the risk inherent to the company's projected WACC.

To provide an illustration of the sensitivity of the recognised fair values to changes in inputs, the Company has identified key inputs used in computing the DCF valuations and provided a sensitivity analysis based on changes – both favourable and unfavourable – to the inputs. The details of significant inputs are included in note 6.

Fair values of unlisted financial instruments are disclosed as level 3 in the fair value hierarchy since they have unobservable inputs and the valuation requires greater judgement and estimation in determining appropriate valuation assumptions and obtaining relevant and reliable inputs. The unobservable input applied do however reflect the assumptions that a market participant would apply when determining the pricing for the same assets.

4.3 Loans to group companies

When advancing and valuing loans to group companies, the company considers the following factors:

- The purpose of the loan including the growth and expansion opportunities identified by the investee companies;
- The capacity of the investee companies to service the loans;
- Term of the loan; and
- Market interest rate for purposes of valuing the loans.

Such factors are also considered in the classification of the loans to group companies as financial assets at amortised cost or financial assets at fair value through profit or loss.

4.4 Impairment of financial assets

In order to apply the impairment model to financial assets (other receivables and cash and cash equivalent), the company assesses the following variables which require varying degrees of judgement and are subject to estimation uncertainties:

- The credit quality of the counter party;
- Publicly available information; and
- Estimates of the probability of default.

4.5 Property, plant and equipment

In relation to items of property, plant and equipment; judgment is applied in determining the appropriate useful life and depreciation method for all capitalised assets. Additional judgments are applied in relation to capitalised leased assets where the basis for determining the appropriate depreciation rate requires a comparison between the economic life of the asset and the related lease term.

4.6 Right-of-use Asset

In accounting for leases the Company is required to apply judgment to the following variables:

- Determination of whether the agreement qualifies as a lease in terms of IFRS 16 *Leases*
- Assessment of the economic life of the leased asset; management considered the growth prospects of the company and, size of the current building and where the company would be in the medium to long term period when assessing the viability of the lease renewal option.
- Identifying the discount rate to be used in determining the value of the lease liability. The judgment involves a choice between the use of an implicit rate in the lease and the company's incremental borrowing rate.

The incremental borrowing rate:

- Management considered the market related interest rate that would be paid if the company were to obtain financing to acquire a building of a similar size and value; and

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

- Recommendations by the IASB relating to treatment of rent concessions for the purposes of applying IFRS 16 Leases – this affects the valuation of the lease liabilities and the right-of-use assets. The Company did not apply lease concessions.

5 Accounting policies

5.1 Financial instruments

5.1.1 Recognition and classification

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans to group companies and other payables.

Financial assets

The Company classifies its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

As an investment entity, the Company financial assets relate to investments in subsidiaries and its indirectly held associates.

The Company classifies financial assets as held at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets which do not meet the requirement to be classified as financial assets held at amortised cost are carried at fair value through profit or loss. Due to the company's business model of managing its loans to group companies – which his not to collect contractual cash flows made up of principal and interest – the loans to group companies are classified at fair value through profit or loss in order to eliminate the accounting mismatch that would materialise if they were classified at amortised cost.

At 28 February 2021, the Company's financial assets comprised of the following:
- Investments in subsidiaries - classified at fair value through profit or loss;
- Loans to group companies - designated at fair value through profit or loss. Refer to 5.1.3;
- Other receivables - classified at amortised cost; and
- Cash and cash equivalents - classified at amortised cost.

Financial liabilities

The Company classifies financial liabilities as financial liabilities measured at amortised cost.

5.1.2 Initial measurement

Financial instruments are initially measured at fair value, for financial instruments that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Transaction costs associated with the issue of the Company's own equity instruments are set off against the proceeds from the issue of equity instruments.

5. Accounting policies (continued)

The transaction price of the consideration received or given in exchange for a financial instrument, is generally regarded as the fair value of the financial instrument. However, the company occasionally provides financial support to investee companies on terms that are different from market-related terms. When the fair value of the financial instrument differs from the transaction price at initial recognition, the Company accounts for the Day 1 gain or loss as a deferred gain or loss in line with IFRS 9. For transactions between equity participants, the deferred gains and losses are presented as an adjustment to the carrying amount of the investment.

5.1.3 Subsequent measurement

Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category.

- Designated at fair value through profit or loss - Dividend income and Fair value gains and losses on financial assets are recognized in the statement of profit or loss as part of investment income as fair value gains or losses on financial instruments. Interest income is shown as a separate line on the face of the statement of profit or loss.
- Financial assets classified at Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges.
- Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
- Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Impairment of financial assets

The impairment model is applied only on financial assets measured at amortised cost. The Company measures its financial assets at fair value through profit or loss with the exception of other receivables and cash and cash equivalents which are both measured at amortised cost.

The Company applies the IFRS 9 simplified approach in measuring Expected Credit Losses (ECL) for its other receivables, which uses a lifetime expected loss allowance. To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the number of days past due.

Expected credit losses on other receivables are presented as credit losses within operating expenses.

Measurement and recognition of expected credit losses

The measurement of expected credit loss is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. If at the reporting date, the credit risk on a financial instrument has not increased since initial recognition, the company measures the loss allowance for the financial instrument at an amount equal to 12-months expected credit loss.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account.

Due to the short-term nature of the cash and cash equivalents, and the fact that all counter parties are well established financial institutions with a good credit rating; no credit losses are estimated for the cash balances. Refer to note 27.2.

5.1.4 Derecognition of financial instruments

Derecognition of financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expires; or

5. Accounting policies (continued)

- the financial asset is transferred resulting in the transfer of substantially all the risk and rewards of ownership and the company no longer retains control of the asset.

Day 1 gains or losses are derecognised when the loans are fully settled.

Derecognition of financial liabilities

The Company derecognises a financial liability when the obligation per the contract has been fulfilled or expired.

5.2 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

Cash and cash equivalents are classified at amortised cost. It is the policy the Company not to discount cash and cash equivalents as the Company regards carrying amount to approximate fair value.

5.3 Other receivables

Other receivables are initially measured at fair value which approximates the transaction price. The transaction price is the amount of the consideration to which an entity expects to be entitled in exchange for transferring promised goods and services, excluding amounts collected on behalf of third parties.

Other receivables are subsequently measured at amortised cost, and derecognised upon settlement by the counterparty or when impaired.

5.4 Loans to group companies

The company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Loans to group companies were designated at initial recognition as financial assets measured at fair value through profit or loss as this treatment was eliminates accounting inconsistencies for the company which would have aroused if the loans were treated as financial assets measured at amortised costs or fair value through other comprehensive income.

The Company provides loans to investee companies based on the needs to fund critical projects at the investee companies. In providing the loans, the Company regards the financial assistance as a necessary intervention in ensuring that the investee companies can maximise returns which in turn, improves the generation of investment income and capital appreciation for the Company. The intention of the Company is not primarily the recovery of the contractual cashflows (capital and interest), but mainly to facilitate growth capital to investee companies for expansion purposes. In line with its strategy of monitoring the performance of the investee companies on a fair value basis, the Company measure the loans advanced to investee companies as financial assets at fair value through profit or loss.

This is primarily due to the fact that the measurement of the loans at fair value is more reflective of the way the Company measures and monitors its investments in its indirectly held associates and subsidiaries. Additionally, the focus on the evaluation and management of the performance of the its indirectly held associates and subsidiaries, rather than the nature of the loans advanced to the investee companies, results in more relevant information for the Company and its shareholders.

Due to the company's practice of treating loans advanced to group companies as a strategic investment aimed at assisting the group companies maximise their investment returns, such loans are designated at initial recognition as financial assets measured at fair value through profit or loss as this treatment eliminates the accounting inconsistencies for the company which would materialise if the loans were treated as financial assets measured at amortised costs or fair value through other comprehensive income.

5. Accounting policies (continued)

The valuation process for the loans to group companies is further explained in note 7, disclosed in terms of IFRS 7 and IFRS 13.

5.5 Unlisted investments

The Company's unlisted investments are investments in subsidiaries and its indirectly held associates. As the Company is an investment entity the subsidiaries are not consolidated and the associates are not equity accounted.

Beyond initial measurement, the Company determines the fair value of each investment on a continuous basis. The valuation techniques applied to the valuation of each investment incorporate level 3 inputs. The allocation of a valuation input into the fair value hierarchy is determined on the level of the lowest level input that is significant to the fair value measurement in its entirety. Fair value changes are accounted for in profit or loss for the year as net gains or losses on financial assets at fair value through profit or loss.

A summary of the unlisted investments is contained in note 6.

5.6 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

5.7 Income tax

Income tax represents current tax and deferred tax.

5.7.1 Current tax assets and liabilities

The current tax asset or liability is based on taxable profit or loss for the year. Taxable profit or loss differs from profit/loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

5.7.2 Deferred tax liabilities

Deferred tax is recognised as the temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Such deferred tax liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised on the balance of assessed losses. The Company will recognise deferred tax assets in relation to assessed losses to the extent that they will be utilised or offset against future taxable income in the foreseeable future.

5.8 Investment income

The Company's investment income is made up of dividends, interest and gains or losses on financial assets that are recognised on the accrual basis:

- Interest income (interest income from loans to group companies and interest income from bank balances) is recognised in the statement of profit or loss;

5. Accounting policies (continued)

- Fair value movements through profit or loss consist of fair value gains or loss from financial assets measured at fair value through profit or loss, these are recognised on a bi-annual basis, using a suitable valuation methodology; and
- Dividend income (dividend income from investments in financial instruments) is recognised in the statement of profit or loss.

5.9 Other income

Other income is mainly made up of board fees and due diligence costs recovered which are recognised on the accrual basis.

5.10 Segment reporting

The Company's Executive Committee – made up of the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and all operational executives – fulfils the role of the chief operating decision maker ("CODM"). The executive committee has been allocated the responsibility to continuously monitor the various components of the business and allocate capital and strategic resources based on the performance of each component. The Committee achieves this through reporting internally on each component on a monthly and quarterly basis.

The Executive Committee – as the CODM – has identified the following components as operating segments both for management and external reporting purposes:
- Healthcare segment – focusing on investments in healthcare infrastructure, and property companies; and
- Financial services segment – focusing on investments in insurance and financial services relating to healthcare.

The reporting segments have been identified after applying the quantitative thresholds and after aggregating operating segments with similar characteristics. The related nature and complementarity of the services and focus areas are considered in aggregating operating segments into a reportable segment. Furthermore, discrete financial information is prepared and evaluated by the CODM in relation to the two segments identified.

The CODM regularly reviews the operating results of the healthcare and financial services segment and allocates resources based on the results of the reviews. In line with the exemption from consolidation and applying equity accounting, the company does not account for indirectly held associates in each segment using the equity method. Such investments are accounted for at fair value.

The financial performance and financial position of each segment have been disclosed in note 29.

5.11 Lease liabilities

The Company is a party to a lease contract relating to its office buildings.

During the year, the Company entered into a new long-term lease, which are accounted for by recognising a right-of-use asset and a lease liability unless they are regarded as short-term leases (less than 12 months) or leases of low-value assets.

At the inception of each new contract where the Company is a party to the contract, an assessment is undertaken to assess whether the contract contains a lease. In assessing the contract, the Company considers whether the contract conveys the right to control the use of an identified asset. This assessment includes the following factors:
- Whether the contract involves the use of an asset explicitly identified in the contract. The asset must be physically distinct or represent substantially all the capacity of the asset;
- Whether the company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- Whether the company has the right to direct the use of the asset.

5. Accounting policies (continued)

Once a lease is identified, the company recognises and measures the lease by recognising a right-of-use asset and a lease liability as follows:

	Right-of-use Asset	Lease liability
Initial measurement	The right-of-use asset is initially measured at an amount equal to the lease liability plus any pre-commencement payments made on the lease; initial direct costs incurred by the company; and where applicable – an estimate of the future costs of dismantling or restoring the leased asset in terms of the lease agreement.	The lease liability is initially measured at the present value of contractual payments due over the lease term. The discount rate used to discount the gross contractual payments to the present value, is the incremental borrowing rate at the date of commencing the lease agreement.
Subsequent measurement	The company applies the cost model for the right-of-use asset recognised under the lease. The right-of-use asset is depreciated on a straight-line basis over the lease term. Depreciation is recognised as part of operating expenses.	After initial recognition, the lease liability increases as a result of finance costs – computed with reference to the interest rate per the lease agreement – and the lease liability is reduced by the value of any lease payments made. The finance costs are recognised as an interest expense over the time of the lease.
Termination of lease	When the lease is terminated, the remaining balance on the right-of-use asset and the lease liability are immediately derecognised. Any difference between the right-of-use asset and the lease liability is recognised as a derecognition gain or loss in the determination of profit or loss for the year.	

During the year, the Company entered into a new long-term lease, which was accounted for through the recognition of a right-of-use asset and a lease liability. Details on the lease are contained in Notes 8 and 9.

5.12 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use and which are expected to be used for more than one year.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Furniture and fixtures	Straight line	5 years
Right-of-use Asset - (Buildings)	Straight line	5 years (lease-term)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

5. Accounting policies (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

The useful life of 5 years has been applied for both the furniture and fixture is in line with the lease term of the right-of-use asset.

	2021 R	2020 R

6. Financial assets at fair value through profit or loss

	2021 R	2020 R
Opening balance	515 503 218	157 896 791
Additions- acquired in shares	86 250 001	46 500 000
Additions- acquired in cash	75 214 343	226 421 515
Fair value gains*	171 579 562	84 684 912
	848 547 124	515 503 218
Day 1 gains deferred	(5 768 178)	(5 768 178)
	842 778 946	**509 735 040**

The company's investments are unlisted equity made in entities that are operating in South Africa. The investments are measured at fair value through profit or loss. The investments under RHBO and RH 12J have been designated into healthcare investments portfolio and investments under RHFS have been designated into financial services investments portfolio.

**Loans provided to the investee companies are regarded as transactions between equity participants and the resultant Day 1 gains and losses; are presented as an adjustment to the carrying amount of the investments.*

Investments in unlisted equity instruments – reconciliation

2021

R	Opening balance	Additions*	Fair value changes**	Total	Day 1 Gains	Closing balance
RHFS	3 746 257	52 500 001	8 852 000	65 098 257	-	65 098 258
RHBO	509 542 516	108 964 343	162 727 562	781 234 421	(5 768 178)	775 466 243
RH 12J	2 214 445	-	-	2 214 445	-	2 214 445
	515 503 218	**161 464 344**	**171 579 562**	**848 547 123**	**(5 768 178)**	**842 778 946**

2020

R	Opening balance	Additions*	Fair value changes**	Total	Day 1 Gains	Closing balance
RHFS	-	3 650 000	96 257	3 746 257	-	3 746 257
RHBO	157 896 791	266 771 515	84 874 210	509 542 516	(5 768 178)	503 774 338
RH 12J	-	2 500 000	(285 555)	2 214 445	-	2 214 445
	157 896 791	**272 921 515**	**84 684 912**	**515 503 218**	**(5 768 178)**	**509 735 040**

**Refer to note 23 for additional disclosure.*
***Refer to note 17.*

The valuation of the investments in unlisted equities relies on various unobservable inputs that are sensitive to changes that would affect the recognised value of the investments in the annual financial statements. To aid stakeholders understand the significant unobservable inputs that influence the valuation process, the company has identified the key inputs used in the valuations. A sensitivity analysis on this input has been prepared and disclosed in order to illustrate the potential impact of the changes to this input on the amounts recognised in the financial statements. Refer to note 6.2. The valuation of investments and resultant sensitivity analysis include COVID-19 impact. Refer to note 23.

6. Financial assets at fair value through profit or loss (continued)

6.1 Summary of significant investments

2021

Entity	**Description**	**Economic interest**	**Fair value at year end (R)**	**WACC**	**Proportion of total investments**
Investments in subsidiaries*					
Africa Healthcare	Operates and owns hospitals and manufactures healthcare clothing	100%	309 051 124	17,55%	37%
Rondebosch Medical Centre	Hospital services	100%	197 341 805	18,25%	24%
Medicare Hospital	Hospital services and investment property	51%	176 648 074	17,20%	21%
Vryburg Private Hospital	Hospital services and investment property	81%	31 198 897	18,20%	4%
Investments in indirectly held associates*					
Genric Insurance	Short-term Insurance	25%	56 239 238	17,60%	7%

**Each of the investments listed here represents at least 3% of the total value of the investments at fair value through profit or loss. The DCF method was used to value all investments using a terminal growth rate of 3.3% to 4.4%.*

6. Financial assets at fair value through profit or loss (continued)

2020

Entity	Description	Economic interest	Fair value at year end (R)	WACC	Proportion of total investments
Investments in subsidiaries*					
Africa Healthcare	Operates and owns hospitals and manufactures healthcare clothing	100%	224 517 546	17,2%	44%
Medicare Hospital	Hospital services and investment property	51%	120 282 740	16,9%	24%
RH Bell Clinic	Hospital services and investment property	100%	39 088 060	19,0%	8%
Fauchard Clinic	Hospital services and investment property	100%	28 452 081	20,2%	6%
Vryburg Private Hospital	Hospital services and investment property	81%	26 545 792	17,2%	5%
Investments in indirectly held associates*					
Rondebosch Medical Centre	Hospital services	30%	46 130 735	18,3%	9%

**Each of the investments listed here represents at least 5% of the total value of the investments at fair value through profit or loss. The DCF method was used to value all investments using a terminal growth rate of 5,1%.*

6. Financial assets at fair value through profit or loss (continued)

6.2 Sensitivity analysis

The ranges (and absolute values) used for the key unobservable inputs are as follows:

Input	Range used (2021)	Range used (2020)
Capitalisation rate	10% to 12%	10% to 12%
TGR (Terminal Growth rate)	3,3% to 4,4%	5,1%
WACC (Weighted Average Cost of Capital)	17,20% to 21,05%	16,9% to 22,2%
EBITDA (Earnings before interest, tax, depreciation and amortisation)	13%	8%
Market interest rate	7% to 8%	9,75% to 10,75%

**The disclosures relating to EBITDA are based on a seven-year compounded annual growth rate and have been provided as part of the enhanced reporting on the sensitivity analysis for investments.*

Explanation of key valuation inputs and possible impact of changes in inputs:

Significant unobservable input	Current unit of measurement	Favourable changes	Unfavourable changes
Capitalisation rate #	10% – 12%	Decrease by 25 basis points, will result in increase in the value of investments at year-end.	Increase by 25 basis points, will result in decrease in the value of investments at year-end.
Terminal Growth rate	3,3% to 4,4%	Increase by 25 basis points, will result in increase in the value of investments at year-end.	Decrease by 25 basis points, will result in decrease in the value of investments at year-end.
WACC (range)	17,20 to 21,05%	Decrease by 25 basis points, will result in increase in the value of investment at year-end.	Increase by 25 basis points, will result in decrease in the value of investments at year-end.
EBITDA (Using the seven-year compounded annual growth rate on EBITDA)	13%	Increase by 250 basis points, will result in an increase in the value of investments at year-end.	Decrease by 250 basis points, will result in a decrease in the value of investment at year-end.
Market interest rate (Prime + 1%) (for loans to group companies)	7% to 8%	Decrease by 25 basis points, will result in increase in the loan balance at year-end.	Increase by 25 basis points, will result in decrease in the loan balance at year-end.

The sensitivity analysis relating to the terminal growth rate was applied on the combined terminal value for all investments of R401 272 788 (prior year: R209 517 476).
The company does not expect the unobservable inputs to fluctuate by more than 25 basis points on the capitalisation rate, terminal growth rate, weighted average cost of capital and market interest rates and 250 basis points on earnings before interest, tax, depreciation and amortisation was deemed as an appropriate measurement for the sensitivity analysis on investments.
 # The capitalisation rate is used in the valuation of properties acquired as part of investments.

6. Financial assets at fair value through profit or loss (continued)

	2021		2020	
Significant unobservable input	**Favourable changes (+)**	**Unfavourable changes (-)**	**Favourable changes (+)**	**Unfavourable changes (-)**
Capitalisation rate	30 340 065	(30 188 743)	11 854 303	(11 327 445)
Terminal growth rate	9 507 319	(5 156 411)	4 519 454	(4 023 933)
WACC	16 818 024	(12 102 919)	8 213 262	(7 573 753)
EBITDA	19 738 150	(15 612 578)	12 512 709	(12 189 157)
Total	76 403 558	(63 060 651)	37 099 728	(35 114 288)
Current fair value as at year end	**842 778 945**	**842 778 945**	**509 735 040**	**509 735 040**
Fair value after accounting for total effect of changes in inputs	919 182 503	779 718 294	546 834 768	474 620 752

Notes to the Annual Financial Statements

6. Financial assets at fair value through profit or loss (continued)

6.3 Sensitivity analysis: Properties

Included in some of the investment balances are amounts relating to properties that are acquired as part of the investee companies. The capitalisation rate used to value each property is a significant unobservable input. An increase in the capitalisation rate results in a decrease in the fair value of the property and – by extension – the fair value of the investment. A decrease in the capitalisation rate results in an increase in the fair value of the property and – by extension – the fair value of the investment.

The sensitivity analysis relating to the property component of each investment with a fair value that has a property element is as follows –

Investments with a property component	**Total fair value at year-end (R)**	**Property value included in valuation (R)**	**Residual**	**Capitalisation rate**	**Changes in capitalisation rate (R)**	
2021					Favourable (-25 bps)	Unfavourable (+25 bps)
Africa Healthcare	309 051 124	11 000 000	298 051 124	12%	234 043	(224 490)
Vryburg Private Hospital	31 198 897	23 490 000	3 994 778	11%	546 279	(522 000)
Medicare Private Hospital	176 648 074	73 118 000	103 530 074	10,5%	1 783 366	(1 700 419)
RH Bell Clinic*	29 905 438	34 000 000	(13 776 032)	10%	871 795	(829 268)
Fauchard Clinic	18 612 802	9 095 002	10 336 947	11,5%	202 111	(193 511)

** RH Bell includes a Notamed loan. Refer to note 7.1.*

6. Financial assets at fair value through profit or loss (continued)

Investments with a property component	**Total fair value at year-end (R)**	**Property value included in valuation (R)**	**Capitalisation rate**	**Changes in capitalisation rate (R)**	
2020				Favourable (-25 bps)	Unfavourable (+25 bps)
Africa Healthcare	224 517 546	11 000 000	12%	234 043	(224 490)
Vryburg Private Hospital	26 545 792	22 906 800	11%	532 716	(509 040)
Medicare Private Hospital	120 282 740	50 457 715	10%	1 293 788	(1 230 676)
RH Bell Clinic	39 088 060	34 000 000	12%	755 556	(723 404)
Fauchard Clinic	28 452 081	13 000 000	12%	288 889	(276 596)

6.4 Sensitivity analysis – significant investments in unlisted equities

The table below reflects the potential effect of changes in significant unobservable inputs that affect the valuation of the company's most significant financial assets (each making up at least 5% of the total investments). As the investments are held at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

2021

Significant unobservable input		**WACC**		**EBITDA**		**TGR**	
Subsidiaries	**Total fair value at year-end**	**Favourable -25 bps**	**Unfavourable +25 bps**	**Favourable +250 bps**	**Unfavourable -250 bps**	**Favourable +25 bps**	**Unfavourable -25 bps**
Africa Healthcare	309 051 124	7 911 449	(3 702 639)	11 329 895	(7 344 646)	5 119 382	(1 017 195)
Medicare Private Hospital	176 798 248	2 137 446	(2 054 965)	5 316 200	(4 316 200)	1 279 434	(1 230 299)
Rondebosch Medical Centre	197 341 805	4 568 480	(4 398 350)	5 478 813	(5 478 812)	2 431 082	(2 344 380)
Fauchard Clinic	28 452 081	239 529	(231 321)	232 300	(232 400)	122 694	(118 782)
Indirect Associates							
Genric Insurance	56 250 000	429 093	(266 289)	1 791 880	(1 641 564)	256 386	(99 842)

Notes to the Annual Financial Statements

6. Financial assets at fair value through profit or loss (continued)

2020

Significant unobservable input		**WACC**		**EBITDA**		**TGR**	
Subsidiaries	**Total fair value at year-end**	**Favourable -25 bps**	**Unfavourable +25 bps**	**Favourable +250 bps**	**Unfavourable -250 bps**	**Favourable +25 bps**	**Unfavourable -25 bps**
Africa Healthcare	224 517 546	4 241 113	(4 074 127)	7 049 825	(7 079 825)	2 246 292	(2 155 443)
Vryburg Private Hospital	26 545 792	206 493	(283 882)	428 852	(438 852)	143 667	(137 969)
Medicare Private Hospital	120 282 740	1 419 415	(1 744 523)	1 866 691	(1 966 691)	919 392	(881 124)
RH Bell Clinic	39 088 060	438 914	(576 060)	779 500	(779 916)	272 040	(262 402)
Fauchard Clinic	28 452 081	342 962	(436 485)	532 691	(536 951)	182 148	(176 223)
Indirect Associates							
Rondebosch Medical Centre	46 130 735	879 844	(1 099 905)	1 293 576	(1 293 576)	496 374	(477 868)

6. Financial assets at fair value through profit or loss (continued)

6.5 Investment portfolio reconciliation of current year movements

The table has been provided as part of the section 15 of the JSE Listing Requirements

2021 RHBO portfolio

Subsidiaries	**Opening balance R**	**Additions R**	**Fair value changes R**	**Day 1 gains deferred**	**Closing balance R**
Africa Healthcare	224 517 546	-	87 030 560	(2 496 982)	309 051 124
Vryburg Private Hospital*	26 545 792	7 422 000	(2 768 895)	-	31 198 897
Medicare Private Hospital	120 282 740	2 500 000	53 865 334	-	176 648 074
RH Bell Clinic	39 088 060	-	(5 911 426)	(3 271 196)	29 905 438
Fauchard Clinic**	28 452 081	4 535 033	(14 374 312)	-	18 612 802
Rondebosch Medical Centre***	46 130 735	93 750 000	57 461 070	-	197 341 805
Indirect Associate					
PBHPM****	11 506 065	-	(1 209 450)	-	10 296 615
	496 523 019	108 207 033	174 092 881	(5 768 178)	773 054 755
Other	7 251 319	757 310	(5 597 141)	-	2 411 488
	503 774 338	108 964 343	168 495 740	(5 768 178)	775 466 243

2021 RHFS portfolio

Subsidiaries					
Wesmart	3 746 257	-	5 112 762	-	8 859 019
Genric Insurance	-	52 500 000	3 739 238	-	56 239 238
	3 746 257	**52 500 000**	**8 852 000**		**65 098 257**

**Includes an additional shareholder loan issued by RHBO for R7,4 million. The loans to Vryburg had a fair value of R19 million at 28 February 2021.*
***Includes shareholder loan issued by RHBO for R4,5 million. The loan had a fair value of R7,8 million at 28 February 2021.*
****Includes an additional shareholder loan issued by RHBO for R78,7 million. The loan had a fair value of R90,3 million as at 28 February 2021. This also includes an additional equity investment of R15 million.*
*****Phelang Bonolo Healthcare Procurement and Management (Pty) Ltd (PBHPM)*

6. Financial assets at fair value through profit or loss (continued)

2020 RHBO portfolio

Subsidiaries	Opening balance R	Additions R	Fair value changes R	Day 1 gains	Closing balance R
Africa Healthcare	95 489 661	60 000 000	71 524 867	(2 496 982)	224 517 546
Vryburg Private Hospital*	28 421 964	2 818 000	(4 694 172)	-	26 545 792
Medicare Private Hospital	60 000	120 937 068	(714 328)	-	120 282 740
RH Bell Clinic	-	41 118 893	1 240 363	(3 271 196)	39 088 060
Fauchard Clinic	-	25 232 344	3 219 737	-	28 452 081
Indirect Associates					
Rondebosch Medical Centre**	35 000 001	-	11 130 734	-	46 130 735
PBHPM	-	12 504 000	(997 935)	-	11 506 065
	158 971 626	262 610 305	80 709 266	(5 768 178)	496 523 019
Other	(1 074 835)	4 161 210	4 164 944	-	7 251 319
	157 896 791	266 771 515	84 874 210	(5 768 178)	503 774 338

2020 RHFS portfolio

Subsidiaries					
Wesmart***	-	3 650 000	96 257	-	3 746 257
	-	**3 650 000**	**96 257**		**3 746 257**

**Includes shareholder loan issued by RHBO for R1,25 million. The loan had a fair value of R3,1 million at 29 February 2020.*

***Includes shareholder loan issued by RHBO with a fair value of R33,8 million as at 29 February 2020.*

****Includes shareholder loan issued by RHFS for R0,9 million. The loan had a fair value of R0,9 million as at 29 February 2020.*

7. Loans to group companies

	2021 R	2020 R
Opening balance	40 253 541	2 338 541
Additions	-	34 000 000
Day 1 gains	-	5 768 178
Capital repayments	(4 705 424)	(2 338 541)
Interest accrued	5 372 592	1 106 504
Fair value adjustment	2 898 363	(621 141)
	43 819 072	**40 253 541**
Classification		
Current assets	5 365 502	4 307 909
Non-current assets	38 453 570	35 945 632
	43 819 072	**40 253 541**

In determining the Day 1 gains or losses and the fair value adjustments; the Company discounts all expected cash flows at the market-related rate to determine the fair value of each loan. In cases where there is a difference between the actual loan advanced (transaction price) and present value of the cash flows discounted at the market rate (fair value); a Day 1 gain or loss is recognised.

At the end of the financial period, remaining cash flows are discounted at the prevailing market rate of prime +1%. The difference between the present value of the remaining cash flows (discounted at the market rate) and the cumulative balance on the loan accounts, is a fair value adjustment for the period.

The classification between current and non-current assets is based on the expected date of settlement. Any amounts due within 12 months which are made up of any capital and interest are classified as current; the remainder is classified as non-current.

Notes to the annual financial statements

7. Loans to group companies (continued)

7.1 Reconciliation of loans to group companies held at fair value through profit or loss

	2021 R	2020 R
Africa Healthcare Proprietary Limited:		
Opening balance	16 241 632	-
Additions	-	14 000 000
Day 1 gain deferred	-	2 496 983
Repayment	(4 305 424)	-
Interest accrued	2 078 867	359 695
Fair value adjustment	591 342	(615 046)
	14 606 417	**16 241 632**

The Company issued the loan to Africa Healthcare Proprietary Limited in June 2019 at 15% interest rate which is repayable in 5 years to enable Africa Healthcare Proprietary Limited to finance expansions. Refer to note 22.

	2021 R	2020 R
Notamed Proprietary Limited (RH Bell Property Company)		
Opening balance	24 011 909	-
Additions	-	20 000 000
Day 1 gains deferred	-	3 271 195
Repayments	(400 000)	-
Interest accrued	3 293 724	746 809
Fair value adjustment	2 307 022	(6 095)
	29 212 655	**24 011 909**

The Company issued the loan to Notamed Proprietary Limited in December 2019 at 15% interest rate which is repayable in 5 years to enable Notamed Proprietary Limited to finance expansions. Refer to note 22.

	2021 R	2020 R

7. Loans to group companies (continued)

7.2 Sensitivity analysis

Explanation of key valuation inputs and possible impact of changes in inputs:

The Company has a financial assistance policy that governs the provision of financial assistance to group companies. A key input – the interest charged on the financial assistance – is dependent on the profile of each entity and is regarded as an unobservable input. This input is central to the valuation of the loans provided to group companies. As a result, any change to this and other unobservable input would affect the recognised value of the loans in the annual financial statements. To aid stakeholders understand the possible impact of the change in significant inputs that influence the valuation process for the loans to group companies, the company has prepared a sensitivity analysis based on changes – both favourable and unfavourable – to the inputs.

The table below reflects the potential effect of changes in significant unobservable inputs that affect the valuation of the Company's loans. As the loans are held at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

Loans at fair value through profit or loss

R	2021		2020	
Significant unobservable input	**Favourable changes (-25 bps)**	**Unfavourable changes (+25 bps)**	**Favourable changes (-25 bps)**	**Unfavourable changes (+25 bps)**
Market interest rate (prime + 1%)	314 784	(317 469)	337 170	(347 280)
Current fair value as at year end	**43 819 072**	**43 819 072**	**40 253 541**	**40 253 541**
Fair value after accounting for total effect of changes in inputs	44 133 856	43 501 603	40 590 711	39 906 261

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	2021 R	2020 R

8. Property, plant and equipment

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures*	-	591 408	(48 887)	542 521
Right-of-use Asset - Buildings**	-	3 816 806	(318 067)	3 498 739
	-	**4 408 214**	**(366 954)**	**4 041 260**

*The assets relate to furniture and fixtures that were installed on the leased building. The assets are depreciated over 5 years in line with the lease term. There was no property, plant and equipment in the prior year.

**The right-of-use asset relates to the lease of office buildings for a period of 5 years at a monthly payment of R70 000 with an incremental borrowing rate of 7%.

The company leases its office buildings in terms of a five-year non-cancellable lease. The lease contract has been classified as a lease in terms of IFRS 16 *Leases*. On inception date, the company recognised a right-of-use asset equal to the present value of the future lease payments value of the lease liability. As the company uses a cost model in relation to its owned property, plant and equipment; the right-of-use asset has been depreciated over the lease term. Refer to note 9.

9. Lease liabilities

Lease liabilities have been included in the liabilities section on the statement of financial position.

The lease liability relating to the lease contract for office buildings has been computed using the contractual lease payments using the incremental borrowing rate in the lease. The reconciliation of the lease liability for the year is as follows:

	2021 R
Additions	3 816 806
Interest accrued	109 126
Repayments	(286 174)
	3 639 758

	2021 R
Non-current liabilities	3 017 866
Current liabilities	621 892
	3 639 758

The present value of the minimum lease payments is expected to be settled as follows:

	2021 R
- within 1 year	621 892
- in second to fifth year inclusive	3 017 866
	3 639 758

	2021 R
Capital	3 816 806
Total interest	760 898
	4 577 704

Undiscounted capital repayments are as follows: First year R840 000, second year R924 000, third year R1 016 400, fourth year R1 118 040 and the fifth year R1 229 844. An escalation applied year on year on the anniversary of the lease.

Notes to the annual financial statements

	2021 R	2020 R
10. Other receivables		
Fees receivable*	20 700	366 384
Prepayments	13 043	-
SARS VAT	288 764	795 529
Allowance for expected credit losses**	-	(41 358)
	322 507	**1 120 555**

**Included in the prior year fees receivable is an amount of R238 050 due from Rondebosch Medical Centre. The current year relates to directors' fees receivable.*
***Expected credit losses are calculated for other receivables which are held at amortised cost.*

11. Taxation

	2021 R	2020 R
South African Income tax		
Normal taxation - current year	(3 782 469)	1 639 486
Deferred taxation - current year	39 083 055	18 830 285
	35 300 586	**20 469 771**

Normal tax reconciliation:

	2021 R	2020 R
Profit before tax	166 517 800	90 458 729
Tax at 28%	46 624 984	25 328 444
Tax effect of adjustments on taxable income		
Less gain on financial assets through profit or loss at standard tax rate	(48 853 819)	(23 537 856)
Add gain on financial assets through profit or loss at capital gains tax rate	39 083 055	18 830 285
Add impact of non-deductible expenses	104 040	540 213
Less investment in S12J fund	-	(700 000)
Add allowance for expected credit losses - s11j	-	8 685
Add impact of non-deductible depreciation on right of use asset	102 747	-
Add impact of non-deductible lease liability interest expense	30 555	-
Add impact of non-deductible expense	30 051	-
Less impact of non-deductible invoice	237 019	-
Less rental expenses under lease liability	(80 129)	-
Prepayments	(3 652)	-
Less dividends tax	(2 054 110)	-
Other non-deductible expenses	79 845	-
Tax expense (as per statement of profit or loss)	**35 300 586**	**20 469 771**

Notes to the annual financial statements

11. Taxation (continued)

Income tax paid

	2021 R	2020 R
Current tax (payable)/receivable at the beginning of the year	(439 388)	332 216
Income tax for the year	-	(1 639 486)
Net amount paid*	458 950	867 882
Current tax receivable/(payable)	**19 562**	**(439 388)**

**Total amount paid to SARS is R807 123 which is inclusive of R15 958 of interest due to SARS and a tax refund of R332 215.*

12. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021 R	2020 R
Call account	30 413 635	116 729 717
Current account	4 285 449	3 339 423
	34 699 084	**120 069 140**

Cash and cash equivalents consist of the Company's cash balances held in a current account and an investment account with First National Bank. Included in this balance is an amount of R3 million bank guarantee that is held in favour of Wesmart on behalf of Genric Insurance Company Limited, in terms of the cell captive agreement.

13. Stated capital

Authorised

10 000 000 000 "A" no par value ordinary shares with voting rights. (2020: 10 000 000 000 "A" no par value ordinary shares with voting rights).

1 "B" restrictive class of shares with no voting rights and not transferable. (2020: 1 "B" restrictive class of shares with no voting rights and not transferable.)

Issued

64 691 298 "A" ordinary shares with no par value (2020: 55 934 179 "A" ordinary share in issue)

1 "B" share with no par value (2020: 1 "B" share in issue)

Reconciliation of issued "A" shares

	2021 Number of shares	2020 Number of shares
Opening Balance	55 934 179	51 250 000
Issued during the year	8 765 244	4 684 179
Closing Balance	**64 699 423**	**55 934 179**

	2021 R	2020 R

13. Stated capital (continued)

Reconciliation of issued "B" shares

RH Bophelo Management Company Proprietary Limited	1	1

Capital risk management

The Company manages its capital in a manner that seeks to ensure that it can invest in entities that will assist in maximising returns to shareholders. The Company is committed to utilising both debt and equity in acquiring strategic investments, our target debt is 30%. This strategy remains unchanged from prior year that is management is in the process of capital raising to align with the target gearing ratio. The Company is not subject to any externally imposed capital requirements.

The Board through its investment committee reviews the capital structure on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Company has a target gearing ratio of 30% per cent determined as the proportion of net debt to equity. The gearing ratio at 28 February 2021 of 0% was below the target range and has remained at 0% since the reporting date.

Net Asset Value	859 917 465	646 608 844
Number of shares in issue	64 699 423	55 934 179
Net asset value per share at year end:	R13.36	R11.56

Net asset value per share is used as a measurement for trading statement purposes.

14. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset and the net amount reported in the statement of financial position as follows:

Deferred tax liability	(61 631 021)	(22 547 966)
Deferred tax asset	3 782 469	-
Total net deferred tax liability	**(57 848 552)**	**(22 547 966)**

Reconciliation of deferred tax liability

Opening balance	(22 547 966)	(3 717 681)
Current year movement in financial asset held at fair value through profit or loss	(39 083 055)	(18 830 285)
Unutilised assessed losses	3 782 469	-
	(57 848 552)	**(22 547 966)**

On 24 February 2021, a reduction in the corporate tax rate from 28% to 27% for the years of assessment commencing 1 April 2022 was announced. This impacts the measurement of deferred tax assets and liabilities which must be measured at the tax rates that are expected to apply in which the underlying asset or liability is realised or settled. The impact on the company of this change in the future tax rate is not material at R2m for the year under review.

Notes to the annual financial statements

15. Other payables

	2021 R	2020 R
Accounts payable*	56 674	1 532 078
Accrued expenses**	59 389	50 000
	116 063	**1 582 078**

**Accounts payable are mainly in relation to day-to-day administrative expenses of the company.*
***Accrued expenses mainly relate to Unpaid Directors Fees.*

16. Other investment income

	2021 R	2020 R
Interest income from the bank balances	1 648 121	19 291 752
Interest income from loans to group companies*	5 372 592	2 234 997
Total interest income	7 020 713	21 526 749
Interest expense	-	(203 859)
Net interest income	**7 020 713**	**21 322 890**
Dividend income**	7 336 107	-

**Interest income from group companies relates to the loans with Africa Healthcare Proprietary Limited and Notamed Proprietary Limited. Refer to note 7 where loans to group companies are disclosed.*
***Dividend income relates to dividends received from RHFS.*

17. Fair value gains from financial assets at fair value through profit or loss

	2021 R	2020 R
Financial assets as at fair value through profit or loss	174 477 925	84 063 771
Fair value adjustment of investments in subsidiaries*	171 579 562	84 684 912
Fair value adjustment of loans to group companies**	2 898 363	(621 141)
	174 477 925	**84 063 771**

**Refer to note 6 for full detailed reconciliation.*
***Refer to note 7 for full detailed reconciliation.*

18. Other income

	2021 R	2020 R
Professional fees recovered*	115 411	1 728 310
Other income**	315 000	255 800
	430 411	**1 984 110**

**Recoveries are linked to costs incurred such as due diligence and other recoverable expenses paid by the Company on behalf of the investee companies.*
*** Fees for Board participation in Rondebosch Medical Centre and Genric Insurance Company.*

19. Expenses

	2021 R	2020 R
Other operating expenses included the following		
Marketing and advertising	(569 796)	(1 375 278)
Depreciation – Property, plant & equipment	(48 887)	-
Depreciation – Right-of-use Asset	(318 067)	-
Listing fees	(338 757)	(343 888)
Management fees	(6 904 402)	(3 374 698)
Remuneration for non-executive directors	(1 178 467)	(830 607)
Office rent*	(248 312)	(453 179)
Employment costs	(77 574)	-
Due diligence expenses	(371 572)	(3 657 641)
Financial reporting and audit fees	(6 461 477)	(1 268 741)
Professional services	(1 144 604)	(2 985 330)
Secretarial fees	(1 142 555)	(854 653)
Write off of non-financial assets	(111 978)	(41 358)
Interest expense: lease liabilities	(109 126)	-
Enterprise and supplier development expenses	(2 430 438)	-

**Relates to short-term lease office rent expense per IFRS 16.53 (c) exemption.*
***Enterprise and supplier development expenses mainly consist of a donation of R2 118 043 to RH Foundation NPC which is a related party. The relationship is mainly through the cross directorship of Vuyokazi Nomvalo in both RH Bophelo and RH Foundation NPC.*

20. Directors' remuneration

Remuneration paid to the Directors during the current period ended 28 February 2021 was as follows:

	For services as a director	Remuneration*	Total
Quinton Zunga*	-	2 000 000	2 000 000
Vuyokazi Nomvalo*	-	1 293 864	1 293 864
Dion Mhlaba*	-	1 800 000	1 800 000
Colin Clarke*	-	1 620 000	1 620 000
John Oliphant	130 000	-	130 000
Solomon Motuba	180 000	-	180 000
Kgaogelo Ntshwana	160 000	-	160 000
David Sekete	149 500	-	149 500
Refiloe Nkadimeng	140 000	-	140 000
Dinao Lerutla	207 000	-	207 000
Bojane Segooa	120 000	-	120 000
Fulu Makwetla**	90 000	-	90 000
	1 176 500	**6 713 864**	**7 890 364**

20. Directors' remuneration (continued)

**The Executive Directors are remunerated by RH Bophelo Management Company Proprietary Limited, remuneration for Executive Directors is made up of salaries that are short-term employee benefits. The directors have normal employment contract terms.*

***Fulu Makwetla is the Prescribed Officer, a member of the Investment Committee and director in RH Bophelo Management Company.*

Remuneration was paid to the Directors during the 29 February 2020 period as follow:

	For services as a director	Remuneration *	Total
Quinton Zunga*	-	1 600 000	1 600 000
Vuyokazi Nomvalo*	-	960 000	960 000
Peter Mehlape*	-	1 239 000	1 239 000
Dion Mhlaba*	-	1 239 000	1 239 000
John Oliphant	110 000	-	110 000
Solomon Motuba	170 420	-	170 420
Kgaogelo Ntshwana	170 187	-	170 187
David Sekete	140 000	-	140 000
Londeka Shezi	14 000	-	14 000
Colin Clarke	30 000	-	30 000
Refiloe Nkadimeng	40 000	-	40 000
Dinao Lerutha	106 000	-	106 000
Bojane Segooa	50 000	-	50 000
	830 607	**5 038 000**	**5 868 607**

21. Related parties

Related parties are entities with the ability to control the other party or exercise significant influence over such party in making financial and operating decisions, or anyone that is part of the key management personnel (including Directors) of the company. Management considered the key agreements, transactions and relationships between the Company and other entities and has classified the entities listed below as a related party. The company discloses all its relationships in investments that are owned directly and indirectly. Direct investments include investments that are owned by RH Bophelo and indirect investments include investments that are owned through investments of RHBO and RHFS. Where applicable, any transaction with a related party is disclosed below.

Relationships

Relationship with direct subsidiaries

RH Bophelo Operating Company Proprietary Limited	100% shareholding unconsolidated subsidiary, cross directorship of Quinton Zunga, Vuyokazi Nomvalo, Kgaugelo Ntshwana, Solly Motuba, David Sekete, Dion Mhlaba, John Oliphant.
RH Financial Services Proprietary Limited	100% shareholding unconsolidated subsidiary, cross directorship of Dion Mhlaba and Colin Clarke.
RH Bophelo Property Proprietary Limited	100% shareholding unconsolidated subsidiary, cross directorship of Dion Mhlaba and Colin Clarke.
RH 12J Limited	Investment into a 12J fund in Healthcare infrastructure. Cross directorship for the following directors in RH Bophelo Limited: Colin Clarke, Dion Mhlaba, Vuyokazi Nomvalo.

21. Related parties (continued)

Relationship with indirect subsidiaries

Africa Healthcare Proprietary Limited	100% shareholding unconsolidated subsidiary, cross directorship of Vuyokazi Nomvalo and Colin Clarke.
Vryburg Holding Company Proprietary Limited	81% shareholding unconsolidated subsidiary, held through RHBO. Cross directorship of Colin Clarke.
Henley Solution Proprietary Limited	81% shareholding unconsolidated subsidiary held through Vryburg Holding Company, cross directorship of Colin Clarke.
Megafrack Proprietary Limited	100% shareholding unconsolidated subsidiary held through RHBO, cross directorship of Dion Mhlaba and Colin Clarke.
Fauchard Tandheelkundige Sentrum Proprietary trading as Fauchard Day Clinic	100% shareholding unconsolidated subsidiary held through RHBO, cross directorship of Colin Clarke.
RH Florida Proprietary Limited	100% shareholding unconsolidated subsidiary held through RHBO, cross directorship of Colin Clarke.
RH Bell Clinic Proprietary Limited	100% shareholding unconsolidated subsidiary held through RHBO, cross directorship of Colin Clarke.
Notamed Proprietary Limited	100% shareholding unconsolidated subsidiary held through RHBO, cross directorship of Colin Clarke.
Vutomi Health Membership	100% shareholding unconsolidated subsidiary held through RHFS, cross directorship of Dion Mhlaba and Colin Clarke.
RH Bophelo Pharma Proprietary Limited	100% shareholding unconsolidated subsidiary.
Fezinet Proprietary Limited trading as Vryburg Private Hospital	81% shareholding, unconsolidated subsidiary held through Vryburg Holding Company, cross directorship of Colin Clarke.
Fenetiq Proprietary Limited	81% shareholding, unconsolidated subsidiary held through Vryburg Holding Company, cross directorship of Colin Clarke.
BMC Gilliwie Proprietary Limited trading as Medicare Private Hospital	51% Shareholding, unconsolidated subsidiary held through Megafrack, cross directorship of Colin Clarke.
Magnacorp 84 Proprietary Limited	50,1% shareholding, unconsolidated subsidiary held through Megafrack, cross directorship of Colin Clarke.
Wesmart Financial and Administration Solution Proprietary Limited	60% shareholding, unconsolidated subsidiary held through RHFS, cross directorship of Dion Mhlaba and Colin Clarke.
Rondebosch Medical Centre Proprietary Limited	100% shareholding, unconsolidated subsidiary held through RHBO, cross directorship of Dion Mhlaba and Colin Clarke.

Relationship with indirect associates and joint ventures

Phelang Bonolo Healthcare Procurement and Management Proprietary Limited (“PBHPM”)	49% unconsolidated associate held through RHBO, manages and owns 8,3% in Botshilu Private Hospital Proprietary Limited, cross directorship of Vuyokazi Nomvalo.
Botshilu Private Hospital Proprietary Limited	8,3% owned by Phelang Bonolo, a hospital in Soshanguve.
Botshilu Properties Proprietary Limited	100% owned by Botshilu Private Hospital Proprietary Limited and owns the hospital property in Soshanguve.

21. Related parties (continued)

Pharmaways Healthcare Proprietary Limited	50% shareholding, unconsolidated joint venture held through Africa HealthCare Proprietary Limited, cross directorship of Colin Clarke and Vuyokazi Nomvalo.
Genric Insurance Company Limited	25% shareholding, unconsolidated associate held through RHFS, cross directorship of Colin Clarke and John Oliphant (chairman of RHB).

Relationship with directors, shareholders and others

RH Bophelo Management Company Proprietary Limited	Cross directorship for the following directors in RH Bophelo Limited: Quinton Zungu, Dion Mhlaba, Collin Clarke and John Oliphant. Provides investment management services and holds the B share.
RH Managers Proprietary Limited	Cross directorship with RH Bophelo Limited: Quinton Zunga, Dion Mhlaba, and David Sekete (non-executive). The company and RH Managers share an office space.
Metamax Proprietary Limited	Dion Mhlaba is a director in both Megafrack and Metamax, both companies own majority shareholding in Magnacorp and Medicare hospital. Metamax owns 45% of Medicare hospital and 49% of Magnacorp Proprietary Limited.
RH Bophelo Energy Proprietary Limited	Cross directorship of Dion Mhlaba and Colin Clarke.
RQ Capital Partners Proprietary Limited	Quinton Zunga (CEO) is the majority shareholder and holds 3% issued shares of the company.
Third Way Investment Group Proprietary Limited	John Oliphant (chairman of RHB) is the majority shareholder and holds 2% issued shares of the company.
Public Investment Corporation SOC Limited	Shareholder with significant influence.
K2015398326 Proprietary Limited	Loan receivable by RHBO for R1,3 million.
Medicare Practitioners Investment Holdings Proprietary Limited	Loan receivable to Medicare Private Hospital of R2,4 million.
RH Foundation NPC*	Cross directorship of Vuyokazi Nomvalo

*RH Foundation NPC is used to advance the Company's corporate social responsibilities.

Related party balances reflected on the statement of financial position at year end

	2021 R	2020 R
Loan accounts - Owing by related parties		
Africa Healthcare Proprietary Limited	14 606 417	16 241 632
Notamed Proprietary Limited	29 212 655	24 011 909
	43 819 072	**40 253 541**
Amounts included in Other receivable due from related parties		
Genric Insurance Company Limited	20 700	-
	20 700	**-**

21. Related parties (continued)

Other transactions

Amounts included in other payables due to related parties		
RH Bophelo Operating Company Proprietary Limited	-	201 800
Rondebosch Medical Centre	-	23 230
Directors Fees*	53 040	-
	53 040	**225 030**

*Refer to Note 15

Related party transactions with impact on the statement of profit or loss

Interest received from related parties		
Africa Healthcare Proprietary Limited	3 293 725	1 488 188
Notamed Proprietary Limited	2 078 867	746 809
	5 372 592	**2 234 997**
Interest paid to related parties		
Medicare Private Hospital	-	203 859
	-	**203 859**
Dividend income received from related parties		
RH Financial Services	7 336 107	-
	7 336 107	**-**
Other income received from related parties		
Rondebosch Medical Centre*	294 300	255 800
Vryburg private hospital	12 823	1 020 000
Africa Healthcare	51 294	15 081
Medicare private hospital	12 823	422 016
Genric Insurance Company Limited	20 700	-
	391 940	**1 712 897**

**Rondebosch Medical Centre is a 100% subsidiary of RHBO where two of the Company's executives serve on the Board and the Company claim the monthly retainer which is what constituted the Directors fees income.*

Professional fees recovered from related parties		
Africa Healthcare Proprietary Limited	-	15 081
Medicare Private Hospital	-	422 016
Vryburg Holding Company	-	1 020 000
	-	**1 457 097**

Notes to the annual financial statements

	2021 R	2020 R
21. Related parties (continued)		
Administration fees paid to related parties		
RH Bophelo Management Company Proprietary Limited	6 904 401	3 374 698
RH Bophelo Operating Company Proprietary Limited	-	161 800
	6 904 401	**3 536 498**

The Company has entered into a management agreement with RH Bophelo Management Company Proprietary Limited for providing operational management services. Management fees are 1% per quarter of the RH Bophelo's enterprise value. The executive directors are remunerated by RH Bophelo Management Company Proprietary Limited.

	2021 R	2020 R
Rent paid to related parties		
RH Managers Proprietary Limited*	534 487	453 179
	534 487	**453 179**

**Relates to IFRS 16 rent.*

	2021 R	2020 R
Donation paid to related parties		
RH Foundation NPC*	2 118 043	-

**Donation made by RH Bophelo for enterprise development initiatives undertaken by RH Foundation NPC.*

22. Commitments and financial support

The Company provides financial support to investee companies in line with its policy on financial assistance. During the 2021 financial period, the financial support was provided in the form of equity injections and guarantees.

There no restrictions on the loans. In line with the Company and group policy on loans to group companies, section 45 of the Companies Act is applied for each form of financial assistance approved within the group and between group companies. Currently the Company has no commitment to provide any of its subsidiaries with financial assistance, nor commitment to assist their subsidiaries to obtaining financial support. The Company has no contractual obligation to provide financial support to its subsidiaries.

The Company provided financial assistance to its unconsolidated subsidiaries through equity, loans and guarantees.

- There no restrictions on the loans.
- In line with the Company and group policy on loans to group companies, section 45 of the Companies Act is applied for each form of financial assistance approved within the group and between group companies.
- Currently the Company has no commitment to provide any of its subsidiaries with financial assistance, nor commitment to assist their subsidiaries to obtaining financial support.
- The Company has no contractual obligation to provide financial support to its subsidiaries.

22. Commitments and financial support (continued)

A summary of transactions for financial support are as follows:

2021

Name of subsidiary	Nature of financial support		Purpose for financial support
	Equity R	**Loan R**	
RH Financial Services Proprietary Limited	52 500 000	-	Expansion
RH Bophelo Operating Company Proprietary	108 964 343	-	Expansion
Note	*7*	*6*	

The Company had no outstanding loan commitments to investee companies in the current period and prior period. The financial support is in the form of equity and therefore no restrictions exist.

2020

Name of subsidiary	Nature of financial support		Purpose for financial assistance
	Equity R	**Loan R**	
RH Financial Services Proprietary Limited	-	14 000 000	Expansion
RH Bophelo Operating Company Proprietary		20 000 000	Expansion
RH Financial Services Proprietary Limited	3 650 000	-	Expansion
RH 12J Limited	2 500 000	-	Expansion
RH Bophelo Operating Company Proprietary Limited	266 771 515	-	Expansion
Note	*7*	*6*	

The loans to Africa Healthcare and Notamed are interest-bearing loans with an interest rate of 15% per annum and are repayable after five years from the date of issue. At 29 February 2020, the Company had no outstanding loan commitments to investee companies. In the prior year, a loan commitment of R20 million had been made in favour of Africa Healthcare Proprietary Limited.

In the current year, the Company provided a R3 million corporate guarantee on behalf of Wesmart in support of its cell captive agreement with Genric Insurance on actuarial losses. At year end underwriting losses are expected as the portfolio made a loss of R150 634. However, Wesmart is restructuring and losses are not expected to continue into the next reporting period.

23. Significant events affecting the current year report

Investments

During the year, the Company increased its investments in unlisted equity investments and provided additional loans to investee companies.

Investments in unlisted investments (classified as financial assets at fair value through profit or loss) for the current year are R161,4 million (2020: R272.9 million). This comprised:
- Investment in RHFS - R52,5 million;
- Investment in RHBO R108,9 million

The additional investments were deployed to facilitate the following transactions:

New acquisitions made by RHFS:

On 13 March 2020, RHFS completed the acquisition of 25% of the issued share capital in Genric Insurance Company Limited ("Genric") for a total consideration of R52,5 million, consisting of cash of R45 million and an interest-bearing shareholder' loan of R7,5 million at an interest rate of prime less 3,5%. (The R7,5 million paid through an issue of RH Bophelo shares).

Additional investments made by RHBO:
- On 28 March 2020, RHBO finalised the acquisition of 70% of Rondebosch Medical Centre Proprietary Limited from existing shareholders for a total consideration of R93,75 million, made up of cash consideration of R15 million in cash, R78,47 million settled through the issue of RH Bophelo shares issued at an average of R9,85.
- Capital contribution for R2,5 million to Magnacorp Proprietary Limited ("Medicare Private Hospital") for the expansion of the property.
- In addition, shareholder loans of R7,4 million to Vryburg Holdings Proprietary Limited ("Vryburg Private Hospital") as part of an approved Covid relief. An amount of R4,5 million was advanced to Fauchard Tandheelkundige Sentrum Proprietary Limited ("Fauchard Day Hospital") for refurbishment of the property.

COVID-19 impact

The year ending 2021 was unprecedented as the COVID-19 pandemic and subsequent lockdowns led to a rapid slowdown in global economic growth. In South Africa, the pandemic and resultant domestic lockdowns had a severe impact on economic activity that led to a decline in the country's GDP.

Effect on valuation of investments

The company's business model is premised on investing in various companies within the healthcare and financial services value chain. In line with IFRS 10 *Consolidated Financial Statements*, the company has been classified as an investment entity which measures its investments at fair value through profit or loss. The measurements of the investments at fair value on a continuous basis, requires the use of various internal and external inputs that are collectively considered in order to determine the value of each underlying investment.

Over the past year, as the effects of the coronavirus pandemic have caused material fluctuations in various internal and external inputs relating to the valuation process, the company's investment committee has carefully considered the effects of the changes; assessed the relevance to the valuation process; and made adjustments when deemed appropriate.

The key valuation inputs that have been materially affected by the onset of the pandemic and the various fiscal and monetary policy responses, and which are deemed relevant to the valuation process, include the following:

- Change in interest rates to historic lows – this has an impact on the valuation of the loans to group companies, weighted average cost of capital and the value of properties which are all computed with reference to prevailing market interest rates.

- Implementation of the State of Disaster Management Act – which significantly affects footfall and facilities usage across all business but also specifically the healthcare and financial services sector.

23. Significant events affecting the current year report (continued)

- Classification of the healthcare sector as an essential service during periods of hard lockdowns – this affects the projections relating to the growth rates of each underlying investment.
- Recommendations by the International Accounting Standards Board relating to treatment of rent concessions for the purposes of applying IFRS 16 *Leases* – this affects the valuation of the finance lease liabilities and the right-of-use assets.

Effects on the going concern status

As the company and its subsidiaries in healthcare operate in a sector classified under essential services, the impact of the pandemic on operations was muted. Facilities remained open through all levels of lockdowns and utilisation rates remained steady. In assessing the company's going concern status, the board of directors and the audit committee deliberated on the various scenarios relating to the pandemic. In the most optimistic scenario – where the national vaccination programme starts in the second quarter and gradually escalates during the year, the company expects the performance of underlying entities to benefit from the vaccination programme through the use of facilities as rollout sites.

In the alternative scenario – where a vaccination programme is delayed and the third wave of the virus materialises – particularly during the winter months – the company expects that its underlying businesses will remain classified as essential services and hence the impact on operations will be muted as seen during the hard lockdowns of last year.

Effects on funding and deal pipeline

The coronavirus impact has had a minimal impact on the company's deal and funding pipeline. The investment committee is continuously exploring investment opportunities in the healthcare and related sectors and believes that it has sufficient access to capital to participate in any transactions that may materialise and meet the stringent criteria set by the investment committee and the board of directors.

Effects on operations

During the hard lockdowns, the company had to adapt its operations in order to minimise the disruption on operations. A 'work-from-home' policy was activated that enabled business continuity through all the various lockdown levels. This required the company to accelerate its investment in technological resources that enabled employees to optimally function from the comfort of their homes or shared spaces that were regarded as compliant with healthcare protocols.

It is expected that such practices will become more embedded in the company's way of doing things until the pandemic and its effects taper off which we expect to see in the latter parts of the 2022 calendar year.

24. Events after the reporting period

Dividends

On 31 May 2021 the board approved and declared a final gross dividend of 15 ZAR cents per "A" ordinary share from income reserves for the year ended 28 February 2021 (2020: 0 ZAR cents per share).

The dividend is subject to a South African dividend withholding tax (DWT) rate of 20%, unless the shareholder is exempt from paying dividends tax or is entitled to a reduced rate in terms of the applicable double-tax agreement. Accounting for DWT for non-exempt shareholders results in a net dividend of 12 ZAR cents (2020: 0 ZAR cents) per share. The number of issued ordinary shares is 64 699 423 at the date of this declaration. RHB's income tax reference number is 9729/758/160.

The salient dates of the dividend declaration are:

Declaration date	Monday, 31 May 2021
Last day to trade cum dividend	Tuesday, 20 July 2021
Trading ex-dividend commences	Wednesday, 21 July 2021

24. Events after the reporting period (continued)

Record date	Friday, 23 July 2021
Date of payment	Monday, 26 July 2021

As the dividend has been declared and denominated in Rand, it will be paid (in Rand) into the bank accounts of shareholders appearing on the Computershare Investor Services Proprietary Limited register.

Share certificates may not be dematerialised or rematerialised between Wednesday 21 July 2021 and Friday, 23 July 2021, both days inclusive.

Changes in investments

The company acquired additional 5% in Genric Insurance for R9 million, which has increased the Company's shareholding in Genric Insurance Limited to 30%. The acquisition was concluded on 30 April 2021.

Investment disposals

The company disposed its interest in RH 12J Limited for R2,1 million, as the 12J tax incentive scheme for Venture Capital Company had been discontinued in South Africa.

Changes to board: Resignations

Refiloe Nkadimeng resigned as the Company's Board member effectively from 8 March 2021.

25. Contingent liabilities

There were no contingent liabilities at year end.

26. 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. To this end, the going concern assumption has been determined to be the appropriate basis for financial reporting as at 28 February 2021.

27. Earnings, diluted and headline earnings per share

Basic earnings per share

The calculation of basic earnings per ordinary share is based on earnings of R131 217 214 (2020: R69 988 958) and a weighted average number of shares in issue of 60 316 801 (2020: 53 592 090). The basic earnings per share is 218 cents (2020: 131 cents).

Notes to the Annual Financial Statements

27. Earnings, diluted and headline earnings per share (continued)

Diluted earnings per share

The Company has no dilutive instruments and as a result, the calculation of diluted headline earnings per ordinary share is based on diluted headline earnings of R131 217 214 (2020: R69 988 958) and a weighted average number of shares in issue of 60 316 801 (2020:53 592 090). The diluted headline earnings per share are 218 cents (2020: 131 cents).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings of R131 217 214 (2020: R69 988 958) and a weighted average number of shares in issue of 60 316 801 (2020: 53 592 090). The basic and headline earnings per share is 218 cents (2020: 131 cents).

Diluted headline earnings per share

The Company has no dilutive instruments and as a result, the calculation of diluted headline earnings per ordinary share is based on diluted headline earnings of R131 217 214 (2020: R69 988 958) and a weighted average number of shares in issue of 60 316 801 (2020:53 592 090). The diluted headline earnings per share are 218 cents (2020: 131 cents).

28. Financial risk management and capital management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Liquidity risk;
- Credit risk; and
- Market risk (interest rate risk and price risk).

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the risk committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports quarterly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Audit and Risk committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

28.1. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation. The Company defines a default as an event where a counterparty’s payments are more than 90 days past-due. This is in line with the rebuttable presumption of IFRS 9.

Risks occur when the Company is unable to meet its short-term obligations, largely due to its inability to convert its financial assets into cash and cash equivalents. The Company’s strategy is to make long-term investments in unlisted Portfolio Companies, which are not as readily realisable as quoted investments. The Company might struggle to generate liquidity on short notice and the Board therefore regularly monitors its forecasts, cash flows, commitment levels and available liquidity resources, the latter consisting of loans issued to group companies, income received for Board participation and cash and cash equivalents. The maturity profile of our assets aims to match the liquidity profile with the Company’s liquidity requirements to ensure the availability of resources when required.

28. Financial risk management and capital management (continued)

Liquidity risk is monitored on a quarterly basis by the Company. The nature of the business is such that the majority of operating assets and liabilities are received and settled within one month.

The following table discloses the undiscounted contractual maturity of financial assets and liabilities:

2021	**Carrying amount**	**3 months or less**	**3-12 months**	**1 to 5 years**	**Over 5 years**
Contractual cash inflows					
Financial assets at fair value through profit or loss*	842 778 946	-	-	-	842 778 946
Loans to group companies	43 812 072	-	3 972 940	39 846 132	-
Other receivables	322 508	322 508	-	-	-
Cash and cash equivalents	34 699 084	34 699 084	-	-	-
Contractual cash outflows					
Lease liabilities	(3 639 758)	-	(621 892)	(3 107 866)	-
	917 972 852	**35 021 592**	**3 351 048**	**36 738 266**	**842 778 946**

*The Company's portfolio includes Financial assets measured at fair value through profit or loss that are expected to mature or reach the terminal period in year 5 to 7.

2020	**Carrying amount**	**3 months or less**	**3 -12 months**	**1 to 5 years**	**Over 5 years**
Contractual cash inflows					
Financial assets at fair value through profit or loss	509 735 040	-	-	-	509 735 040
Loans to group companies	40 253 541	-	4 307 909	35 945 633	-
Other receivables	1 120 555	1 120 555	-	-	-
Cash and cash equivalents	120 069 140	120 069 140	-	-	-
	671 178 276	**121 189 695**	**4 307 909**	**35 945 633**	**509 735 040**

28.2. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, and continuous monitoring of counterparty credit risk profile. In line with the rebuttable presumption of IFRS 9, the Company regards any counterparty payment that is more than 90 days past due as a default.

Credit risk exposure arising on cash and cash equivalents is managed by the Company through dealing with well-established financial institutions with high credit ratings.

The carrying amount of financial assets represents the maximum exposure to credit risk:

	2021 **R**	**2020** **R**
Cash and cash equivalents	34 699 084	120 069 140

Cash and cash equivalents:

	2021 **R**	**2020** **R**
First National Bank	34 699 084	120 069 140

28. Financial risk management and capital management (continued)

The credit rating at year end for First National Bank is as follows:

Standard and Poor	BB-	BB
Moody's	Ba2	Ba1

28.3. Market risk

Market risk is the risk that changes in the market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

In the current year, the Company had exposure to interest rate and price risk but no exposure to currency risk.

The exposure to interest rate risk is from keeping its cash balances in an interest-bearing account. During the current year interest income of R1,6 million (prior year: R19,3 million) was generated on an average cash balance of R77 million (prior year: R436,3 million), reflecting an average interest rate of 5% (prior year: 8%). Had interest rates been 50 basis points higher or lower, the impact on the reported interest income would have been as follows:

2021:

Cash and cash equivalents	**Projected interest income (-50bps)**	**Actual interest income**	**Projected interest income (+50bps)**
Interest income	1 557 475	1 648 122	1 738 769

2020:

Cash and cash equivalents	**Projected interest income (-50bps)**	**Actual interest income**	**Projected interest income (+50bps)**
Interest income	18 057 708	19 291 752	20 525 797

In the current year, the sensitivity analysis of unobservable inputs have been calculated using a weighted average cash balances, which differs from the prior year method used. This has resulted in the prior year final sensitivity disclosure on the actual interest income from the bank to be restated.

Price risk includes fair value estimation on financial asset at fair value through profit or loss and loans to group companies.

Refer to note 6 and 7 disclosure on the market risks sensitivities of financial asset at fair value through profit or loss, and loans to group companies:

- WACC
- EBITDA
- TGR
- Capitalisation rates
- Market interest rates

Notes to the Annual Financial Statements

29. Segmental information

The Company's Chief Operating Decision Maker (CODM) – the Executive Committee – makes strategic resource allocations on behalf of the Company. The Company has identified operating segments based on the internal reports that are reviewed by the executive committee and used to inform decision-making. The executive committee regards the business as consisting of two segments – the healthcare segment and the financial services segment. The geography of the two segments is South Africa. The two segments are measured on the basis of the investment income and capital appreciation. The investment income comprises of gains or losses in the fair value of underlying investments in indirectly held associates and subsidiaries, plus any interest income.

The segment information provided to the CODM for the year ended 28 February 2021 is as follows:

2021 segment information **Reconciliation**	**Healthcare segment**	**Financial services segment**	**Total**
	R	**R**	**R**
Gains from financial assets at fair value through profit or loss	172 170 904	2 307 021	174 477 925
Interest income	5 372 592	-	5 372 592
Dividend income	-	7 336 107	7 336 107
Segment investment income	177 543 496	9 643 128	187 186 624
Segment other income	371 240	20 700	391 940
Segment income	177 914 736	9 663 828	187 578 564
Segment expenses	(371 572)	-	(371 572)
Total segment net income	**177 543 164**	**9 663 828**	**187 206 992**

Segment assets

	Healthcare segment	**Financial services segment**	**Total**
	R	**R**	**R**
Financial assets at fair value through profit or loss	775 466 243	65 098 257	840 564 500
Loans to group companies	43 819 072	-	43 819 072
Total segment assets	**819 285 315**	**65 098 257**	**884 383 572**

29. Segmental information (continued)

2020 segment information

Reconciliation	**Healthcare segment**	**Financial services segment**	**Total**
	R	**R**	**R**
Gains from financial assets at fair value through profit or loss	84 253 069	96 257	84 349 326
Interest income	2 234 997	-	2 234 997
Segment investment income	86 488 066	96 257	86 584 323
Segment other income	1 712 897	-	1 712 897
Segment income	88 200 963	96 257	88 297 220
Segment expenses	(3 484 641)	(173 000)	(3 657 641)
Total segment net income	**84 716 322**	**(76 743)**	**84 639 579**

Segment assets

	Healthcare segment	**Financial services segment**	**Total**
	R	**R**	**R**
Financial assets at fair value through profit or loss	503 774 338	3 746 257	507 520 595
Loans to group companies	40 253 541	-	40 253 541
Total segment assets	**544 027 879**	**3 746 257**	**547 774 136**

29. Segmental information (continued)

Segment investment income is reconciled to total income before tax as follows:

	2021	2020
	R	R
Segment investment income	187 186 623	86 584 323
Non-segment investment income		
Interest income	1 648 122	19 087 893
Losses from financial assets at fair value through profit or loss	-	(285 555)
Total investment income	188 834 745	105 386 661
Segment other income	391 940	1 712 897
Non-segment other income	38 471	271 213
Total income	**189 265 157**	**107 370 771**
Segment expense	(371 572)	(3 657 641)
Non-segment expenses	(22 375 785)	(13 254 401)
Total Expenses	(22 747 357)	(16 912 042)
Total income before tax	**166 517 800**	**90 458 729**

Total reportable segment assets are reconciled to total assets as follows:

	2020	2019
	R	R
Segment assets for reportable segments	884 383 571	547 774 136
Other financial assets at fair value through profit or loss	2 214 446	2 214 445
Other non-current assets	4 041 260	-
Other current assets	35 041 154	121 189 695
Total assets	**925 680 431**	**671 178 276**
Total liabilities	**61 604 372**	**24 569 432**

30. Cash (used in)/generated from operations

Total income before taxation	166 517 800	90 458 729
Adjustments for:		
Depreciation	366 954	-
Gains from financial assets at fair value through profit or loss	(174 477 925)	(84 063 771)
Lease liability interest	109 126	-
Interest accrued on loans to group companies	(2 893 723)	(1 106 504)
Write off of non-financial assets	111 978	-
Changes in working capital:		
Other receivables	802 522	312 181
Other payables	(1 466 011)	(129 297)
	(10 929 279)	**5 471 338**

Supplementary Information

1. Major shareholders

Those shareholders who, insofar as is known to the Company, directly or indirectly, beneficially hold significant shareholding of 3% or more of the issued share capital of the Company are set out below:

2021

Shareholder	Number of A Ordinary Shares held	% of A Ordinary Shares held*
Public Investment Corporation SOC Limited	43 394 382	67 %
Perthpark Properties Limited	7 994 924	12 %
Sentio Capital Management Proprietary Limited	3 121 803	5 %
Dr Mandisa Joyce Gwendoline	1 816 470	3 %
	56 327 579	**87 %**

2020:

Shareholder	Number of A Ordinary Shares held	% of A Ordinary Shares held*
Public Investment Corporation SOC Limited	40 643 832	73 %
Sentio Capital Management Proprietary Limited	3 013 100	5 %
Dr Mandisa Joyce Gwendoline	1 816 470	3 %
Mr Stephanus Phillipus Vanhuyssteen	1 566 338	3 %
RQ Capital Partners Proprietary Limited	1 500 000	3 %
	48 539 740	**87 %**

**Rounded to zero decimal places*

Supplementary Information

2. Shareholding spread

Shareholder analysis per JSE Listing Requirements 3.43 of public and non-public shareholders:

2021:

Shareholder	Number of Shareholders	Number of 'A' Ordinary Shares held	% Holding
Public shareholders	344	13 101 992	20,00 %
Non-public shareholders	9	51 589 306	80,00 %
Total	**353**	**64 691 298**	**100,00 %**

2020:

Shareholder	Number of Shareholders	Number of 'A' Ordinary Shares held	% Holding
Public shareholders	156	9 480 075	16,00 %
Non-public shareholders	9	46 454 104	83,00 %
Total	**165**	**55 934 179**	**99,00 %**

2021:

Director's interest or shareholding	Direct	Indirect	Total	Percentage held
Director				
Quinton Zunga	1 600	1 500 000	1 501 600	2.3%
Dion Mhlaba	17 437	-	17 437	0%
Vukokazi Nomvalo	4 000	-	4 000	0%
Colin Clarke	-	3 584	3 584	0%
John Oliphant	12 200	1 039 270	1 051 470	1.6%
David Sekete	-	200 000	200 000	0.3%
Refilwe Nkadimeng	3 000	-	3 000	0%
	38 237	**2 742 854**	**2 781 091**	**4.29%**

2020:

Director's interest or shareholding	Direct	Indirect	Total	Percentage held
Director				
Quinton Zunga	1 500	1 500 000	1 501 500	2.6%
Dion Mhlaba	3 366	-	3 366	0%
Colin Clarke	-	3 584	3 584	0%
John Oliphant	12 200	1 020 300	1 032 500	1.8%
David Sekete	-	200 000	200 000	0.3%
Refilwe Nkadimeng	3 000	-	3 000	0%
	20 066	**2 723 884**	**2 743 950**	**4.7%**