

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

CONDENSED UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2024

INTRODUCTION

The Board of Directors ("the Board") of the Company is pleased to present the unaudited interim results for the six months ended 31 August 2024.

The Company's primary objective is to generate returns for its shareholders through specific and targeted investments in the healthcare, and related verticals as well as in the healthcare related financial services sectors. The Company achieves this through making equity and quasi-equity investments in healthcare and financial services. 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.

RHB initially listed on the Johannesburg Stock Exchange ("JSE") on 12 July 2017, followed by a secondary listing on the Rwanda Stock Exchange ("RSE") on 1 June 2020.

FINANCIAL OVERVIEW

The key financial indicators reflected in these financial results are as follows:

- Investment income decreased by 7% when compared to the prior period, at R52 million (2023: R56 million);
- Total income after tax increased by 4% when compared to the prior period, at R19 million (2023: R18 million);
- Net asset value increased by 18% when compared to the prior period, to R1,054 million (2023: R890 million);
- Net asset value and tangible net asset value per share increased by 18% when compared to prior period from R13,76 to R16,29;
- Basic earnings per share and headline earnings per share increased by 4% when compared to the prior period from 28,52 cents to 29,63 cents.

INVESTMENTS

During the six-month period, the Company increased its investments in unlisted equities (classified as financial assets at fair value through profit or loss) by R19,8 million (2023: R19,2 million). The investments were deployed as follows –

- Investments in RHBO – R19,3 million
- Investments in RHFS – R498 480

PREPARATION

The interim financial results have been prepared internally under the supervision of the Chief Financial Officer, Yondie Metu CA(SA), and approved by the Board of Directors on 25 November 2024.

The Directors take full responsibility for the preparation of this report and ensuring that the financial information has been correctly prepared.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2024

	Notes	Aug-24 Unaudited R	Aug-23 Unaudited R	Feb-24 Audited R
Assets				
Non-current assets				
Financial assets at fair value through profit or loss	4.1	1 147 775 136	887 089 808	1 093 024 399
Loans to group companies	4.2	43 848 749	46 145 673	36 801 641
Property, plant and equipment	4.3	1 066 478	1 867 485	1 487 401
		1 192 690 363	935 102 966	1 131 313 441
Current assets				
Loans to group companies	4.2	3 872 340	6 626 730	8 029 086
Other receivables	4.5	9 153 644	8 721 416	22 288 061
Cash and cash equivalents	4.4	32 299 782	111 126 064	54 729 651
		45 325 766	126 474 210	85 046 798
Total assets		1 238 016 129	1 061 577 176	1 216 360 239
Equity and Liabilities				
Equity				
Stated capital	4.6	633 589 672	633 589 672	633 589 672
Retained income		419 913 283	256 603 223	400 743 783
Total equity		1 053 502 955	890 192 895	1 034 333 455
Non-current liabilities				
Lease liability	4.8	10 761	1 017 962	510 569
Borrowings	4.9	46 191 977	90 000 000	50 349 948
Deferred tax	4.7	114 018 610	63 935 924	105 968 391
		160 221 348	154 953 886	156 828 908
Current liabilities				
Lease liability	4.8	980 976	863 850	936 854
Borrowings	4.9	20 193 017	13 614 667	21 641 543
Bank overdraft	4.4	1 872 769	-	-
Other payables	4.10	1 245 064	1 951 878	2 619 479
		24 291 826	16 430 395	25 197 876
Total liabilities		184 513 174	171 384 281	182 026 784
Total equity and liabilities		1 238 016 129	1 061 577 176	1 216 360 239

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 AUGUST 2024

	Notes	Aug-24 Unaudited R	Aug-23 Unaudited R	Feb-24 Audited R
Investment income				
Gains from financial assets at fair value through profit or loss	4.11	38 487 649	45 193 471	243 593 458
Interest income	4.11	4 390 482	8 122 453	14 678 053
Dividend income	4.11	9 400 000	2 844 498	22 144 498
Total investment income		52 278 131	56 160 422	280 416 009
Other income	4.12	195 504	411 000	4 440 429
Employee costs		(6 655 813)	(7 244 442)	(11 654 610)
Interest expense		(6 600 840)	(10 503 334)	(19 980 044)
Management fees		(1 797 557)	(2 893 716)	(7 423 601)
Depreciation		(469 477)	(448 413)	(908 707)
Other operating expenses	4.13	(9 730 228)	(9 496 659)	(12 677 288)
		(25 253 915)	(30 586 564)	(52 644 250)
Total income before taxation		27 219 720	25 984 858	232 212 188
Income tax	4.14	(8 050 220)	(7 535 667)	(49 568 135)
Total income after tax		19 169 500	18 449 191	182 644 053
Other comprehensive income		-	-	-
Total comprehensive income for the year		19 169 500	18 449 191	182 644 053
Basic and diluted earnings per share (cents)		29,6	28,5	282,3
Headline and diluted headline earnings per share (cents)		29,6	28,5	282,3

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 AUGUST 2024

	Stated capital	Retained income	Total
Balance as at 28 February 2023 (Audited)	633 589 672	238 154 032	871 743 704
Total comprehensive income for the period	-	18 449 191	18 449 191
Balance as at 31 August 2023 (Unaudited)	633 589 672	256 603 223	890 192 895
Total comprehensive income for the period	-	164 194 862	164 194 862
"A" class ordinary dividend	-	(20 054 302)	(20 054 302)
Balance as at 29 February 2024 (Audited)	633 589 672	400 743 783	1 034 333 455
Total comprehensive income for the period	-	19 169 500	19 169 500
Balance as at 31 August 2024 (Unaudited)	633 589 672	419 913 283	1 053 502 955

CONDENSED STATEMENT OF CASH FLOW FOR THE SIX MONTHS ENDED 31 AUGUST 2024

	Notes	Aug-24 Unaudited R	Aug-23 Unaudited R	Feb-24 Audited R
Cash flows from operating activities				
Cash (used in) operations	4.16	(6 183 683)	(18 903 367)	(33 243 839)
Dividends received		9 400 000	2 844 498	8 144 498
Interest received		1 898 876	5 294 783	11 765 371
Finance costs paid		(7 207 338)	(9 397 200)	(20 497 086)
Net cash from operating activities		(2 092 145)	(20 161 286)	(33 831 056)
Cash flows from investing activities				
Increase in financial assets at fair value through profit or loss		(19 786 433)	(19 263 322)	(20 361 539)
Disposal of financial assets at fair value through profit or loss		-	-	7 000 000
Loans issued to related parties		-	(916 404)	(916 404)
Loans to related parties repaid		3 124 588	-	2 000 000
Purchase of property, plant and equipment		(48 554)	-	(80 204)
Net cash from investing activities		(16 710 399)	(20 179 726)	(12 358 147)
Cash flows from financing activities				
Payments on lease liabilities		(500 094)	(463 050)	(956 970)
Repayments on borrowings		(5 000 000)	-	(30 000 000)
"A" class ordinary dividend paid		-	-	(20 054 302)
Net cash from financing activities		(5 500 094)	(463 050)	(51 011 272)
Net increase/(decrease) in cash and cash equivalents		(24 302 638)	(40 804 062)	(97 200 475)
Cash and cash equivalents at the beginning of the period		54 729 651	151 930 126	151 930 126
Cash and cash equivalents at the end of the period		30 427 013	111 126 064	54 729 651

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim financial results have been prepared in accordance with the presentation and disclosure

requirements of IAS 34 Interim Financial Reporting and the measurement and recognition requirements of IFRS(R)[®] Accounting Standards and IFRIC[®] Interpretations, as issued by the International Accounting Standard Board, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements, and the requirements of the South African Companies Act, 71 of 2008.

The interim financial results have been prepared on the historic cost basis except that financial assets at fair value through profit or loss are stated at their fair value. The results are presented in Rand which is the Company's functional and presentation currency. The current period for 31 August 2024 and the comparative period ended 31 August 2023 are unaudited, with the reference full period ended 29 February 2024 fully audited.

The accounting policies and methods of computation are consistent with those used in the compilation of the audited annual financial statements at 29 February 2024.

The Company, together with its subsidiaries RH Bophelo Operating Company ("RHBO") and RH Bophelo Financial Services ("RHFS") are classified as investment entities in accordance with *IFRS 10 Consolidated Financial Statements*. The classification was assessed at the reporting date and the Directors have determined that the Company and its entities still meet the investment entity criteria and are exempt from consolidation in line with IFRS 10.31.

2. NEW STANDARDS AND INTERPRETATIONS

New standards and amendments that impact on the Company's accounting policies have been assessed during the period and these have had no material impact on the Company's financial statements. The Company has adopted the following accounting policies which were effective 1 January 2024.

Amendment (Standard)	Summary
<i>Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)</i>	<p>The amendments deal with the subsequent measurement for sale and leaseback transactions meeting the requirements of IFRS 15 for sale only.</p> <p>There is no material impact for the Company because of this amendment.</p>
<i>Supplier Finance Arrangements (Amendments to IFRS 7 and IAS 7)</i>	<p>The amendments clarify the disclosures required for supplier finance arrangements.</p> <p>There is no material impact for the Company because of this amendment.</p>
<i>Long Term Debt Affected by Covenants (Amendments to IAS)</i>	<p>The amendment clarifies the conditions which an entity must comply with relating to debt covenants within twelve months after the reporting period affect the classification of a liability.</p> <p>There is no material impact for the Company because of this amendment.</p>

3. SIGNIFICANT TRANSACTIONS

ADDITIONAL INVESTMENTS MADE AND NEW ACQUISITIONS

- The Company through its subsidiary RHBO deployed capital to the value of R3,5 million to RazoHealth Radiology Proprietary Limited ("RazoHealth") for the opening of the first radiology practice.
- The Company advanced an R8 million loan to 1-Pharma Proprietary Limited ("Mmed") for expansion purposes through its subsidiary RHBO in March 2024 at an interest rate of 15% per annum.
- In May 2024, the Company through its subsidiary RHBO founded Renal Healthcare Africa Proprietary Limited ("Renal Healthcare Africa") in conjunction with Renocare South Africa Proprietary Limited ("Renocare SA"). RHBO owns 51% of the joint venture. During the current period, RHBO's equity contribution amounted to R8,3 million. Renal Healthcare Africa provides dialysis services.

4. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

4.1. Financial assets at fair value through profit or loss – investments in unlisted equities

The Company invests in unlisted equity instruments, which are classified as financial assets at fair value through profit or loss. At every reporting date the Company performs a detailed valuation on all its investments to determine the most accurate fair value. The valuation methodology is based on the DCF model unless the assets are held for sale, in which case, the transaction price offered in the purchase agreements, is regarded as the most accurate indication of fair value.

	Aug-24 Unaudited	Aug-23 Unaudited
Opening balance	1 093 024 399	830 444 756
Advances in cash	21 016 384	26 263 322
Disposal/Repayments	(1 229 951)	(14 000 000)
Fair value gains	34 964 304	44 381 730
Closing balance	1 147 775 136	887 089 808

Advances were made to investments through RHBO and RHFS. The investments are measured at fair value through profit or loss.

The investments under RHBO have been designated to the healthcare investments portfolio and investments under RHFS have been designated to the financial services investments portfolio.

4.1.1. Reconciliation of investments in unlisted equity instruments

Aug-24 Unaudited					
Entity	Opening balance (Audited Feb-24)	Advances	Disposals/ Repayments	Fair value changes	Closing balance
RHBO	1 086 041 075	20 517 904	(1 229 951)	34 964 304	1 140 293 332
RHFS	6 983 324	498 480	-	-	7 481 804
	1 093 024 399	21 016 384	(1 229 951)	34 964 304	1 147 775 136

Aug-23 Unaudited					
Entity	Opening balance (Audited Feb-23)	Advances	Disposals/ Repayments	Fair value changes	Closing balance
RHBO	821 156 696	26 116 246	(14 000 000)	47 072 360	880 345 302
RHFS	9 288 060	147 076	-	(2 690 630)	6 744 506
	830 444 756	26 263 322	(14 000 000)	44 381 730	887 089 808

The valuation techniques applied to the valuation of each investment incorporate level 3 inputs as defined in IFRS 13 Fair Value Measurement. 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 financial statements. To aid stakeholders in understanding the significant unobservable inputs that influence the valuation process, the Company has identified the key inputs used in the valuations. A sensitivity analysis on these inputs has been prepared and disclosed to illustrate the potential impact of the changes to these inputs on the amounts recognised in the financial statements.

The ranges used for the key unobservable inputs are as follows:

Input	Range used Aug-24	Range used Aug-23
Capitalisation rate	10% to 12%	10% to 12%
Terminal growth rate ("TGR")	4,5%	4,5% to 5%
Weighted average cost of capital ("WACC")	18,0% to 24,3%	17,1% to 21,5%
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	5% to 22%	3% to 39%
Market interest rate	11,75%	10,25% to 13,25%

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 50 basis points will result in an increase in the value of investments.	Increase by 50 basis points will result in a decrease in the value of investments.
Terminal growth rate	4,5%	Increase by 50 basis points will result in an increase in the value of investments.	Decrease by 50 basis points will result in a decrease in the value of investments.
WACC	18% - 24%	Decrease by 50 basis points will result in an increase in the value of investment.	Increase by 50 basis points will result in a decrease in the value of investments at year-end.
EBITDA (using the five-year compounded annual growth rate)	5% - 22%	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 (applicable to group loans)	11,75%	Decrease by 50 basis points will result in an increase in the loan value at year-end.	Increase by 50 basis points will result in a decrease in the loan value at year-end.

*capitalisation rate is used in the valuation of the properties acquired as part of investments.

4.1.2. Sensitivity analysis

The table below reflects the effect of changes in significant unobservable inputs that affect the valuation of the Company's financial assets. 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.

Significant unobservable input	Aug-24 Unaudited		Aug-23 Unaudited	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Capitalisation rate	16 915 126	(15 452 037)	12 528 873	(11 429 783)
Terminal growth rate*	23 574 784	(22 010 395)	25 580 874	(23 808 852)
WACC	36 495 333	(34 034 221)	37 949 021	(35 257 579)
EBITDA	27 844 430	(27 844 430)	33 255 423	(33 289 442)
Total	104 829 673	(99 341 083)	109 314 191	(103 785 656)
Current fair value as at the end of the period	1 147 775 136	1 147 775 136	894 089 808	894 089 808
Fair value after accounting for total effect of changes in inputs	1 252 604 809	1 048 434 053	1 003 403 999	790 304 152

The sensitivity analysis relating to the terminal growth rate was applied on the combined terminal value for significant investments of R675,4 million (2023: R746,5 million). The terminal value range used was between R123 million and R210,4 million and a range between R7,6 million and R276 million was used in 2023. The terminal value range is only presented for significant assets as presented in 4.1.3.

4.1.3. Summary of significant investments

Aug-24								
Entity	Description	Economic interest	Fair value at period end	Cost	Proportion of net assets*	WACC	Proportion of total investments	Income earned from investments**
Investments in subsidiaries								
Africa Healthcare	Operates and owns hospitals	100%	389 969 514	122 500 000	55 692 607	18,58%	34%	186 736
Rondebosch Medical Centre	Hospital services	100%	211 918 173	143 700 000	(294 559 023)	18,79%	19%	-
Megafrack***	Hospital services and investment property	100%	212 296 747	123 500 000	(19 273 988)	18,80%	19%	-
1-Pharma	Pharmaceutical distribution	100%	181 443 598	1	23 463 076	19,79%	16%	-

*The proportion of net assets relates to the net asset value of the investee company as determined using the investee company's management accounts. The net asset values of investee companies are unaudited.

**The income is made up of dividends and interest received by the Company through its investee companies.

***Megafrack holds 54% in BMC Gilliewie Proprietary Limited which is the operating company trading as Medicare Hospital and 50,1% in Magnacorp Proprietary Limited which is the property company. RHBO owns 100% of Megafrack Proprietary Limited.

Sensitivity analysis

The table below reflects the effect of changes in significant unobservable inputs that affect the valuation of the Companies' significant financial assets. 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.

Aug-24							
Significant unobservable input	Fair value at period end	WACC		EBITDA		Terminal Growth Rate	
		Favourable -50 bps	Unfavourable +50 bps	Favourable +250 bps	Unfavourable -250 bps	Favourable +50 bps	Unfavourable -50 bps
Investment in subsidiaries							
Africa Healthcare	389 969 514	12 480 497	(11 618 030)	10 211 397	(10 211 397)	8 088 932	(7 533 981)
Rondebosch Medical Centre	211 918 173	6 629 491	(6 176 760)	5 390 586	(5 390 586)	4 254 843	(3 964 628)
Megafrack*	212 296 747	6 379 078	(5 937 694)	4 477 260	(4 477 260)	4 198 065	(3 914 431)
1-Pharma	181 443 598	7 041 494	(6 592 996)	4 451 312	(4 451 312)	4 385 240	(4 107 562)

Each of the investments listed above represent at least 5% of the total value of the investments designated at fair value through profit or loss.

Sensitivity analysis – Properties

Included in some of the investment balances are amounts relating to properties that were 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 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 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 as property element is as follows:

Aug-24						
Investments with a property element	Total fair value at period end	Property value included in the valuation	Residual	Capitalisation rate	Change in capitalisation rate	
					Favourable -50 bps	Unfavourable +50 bps
Africa Healthcare*	389 969 514	69 000 000	320 969 514	12,0%	2 959 952	(2 723 156)
Megafrack	212 296 747	112 224 000	100 072 747	11,0%	10 060 932	(9 186 068)
Vryburg Holding Company	46 813 370	24 300 000	22 513 370	11,0%	1 415 542	(1 292 452)
RH Bell Clinic	15 663 803	35 000 000	(19 336 197)	10,0%	1 829 556	(1 655 313)
Fauchard Day Clinic	14 254 548	14 000 000	254 548	11,5%	649 143	(595 048)

*Africa Healthcare consist of two properties, St Helena Property (R58 million) and Fochville (R11 million) both with a capitalisation rate of 12%.

4.1.4. Disclosures required by Section 15 of the JSE Listings Requirements

Aug-24

RH Bophelo Operating Company portfolio

	Opening balance (Audited Feb-24)	Advances	Disposals/ Repayments	Fair value changes	Closing balance
Africa Healthcare*	374 851 120	-	-	15 118 394	389 969 514
Rondebosch Medical Centre	233 194 113	-	(1 000 000)	(20 275 940)	211 918 173
Vryburg Holding Company**	41 669 639	-	-	5 143 731	46 813 370
Megafrack	202 316 560	-	-	9 980 187	212 296 747
RH Bell Clinic	15 347 494	-	-	316 309	15 663 803
Fauchard Day Clinic	13 999 385	240 000	-	15 163	14 254 548
Dorama Investments	1	-	-	-	1
Ambit Health	12 265 704	439 012	-	811 501	13 516 218
Mmed	158 148 356	8 000 000	-	15 295 242	181 443 598
RazoHealth	22 760 864	3 497 622	-	10 005 385	36 263 871
Renal Health Care Africa	-	8 341 270	-	(1 445 670)	6 895 600
	1 074 553 236	20 517 904	(1 000 000)	34 964 304	1 129 035 444
Net asset	11 487 839	-	(229 951)	-	11 257 888
	1 086 041 075	20 517 904	(1 229 951)	34 964 304	1 140 293 332

*Includes Day 1 gain on loans advanced to related parties.

**The company holds 100% of Fezinet Proprietary Limited trading as Vryburg Private Hospital, 100% of FenetiQ Proprietary Limited and 100% of Henley Solutions Proprietary Limited. RHBO owns 81% of Vryburg Holding Company.

RH Financial Services portfolio

	Opening balance (Audited Feb-24)	Advances	Disposals/ Repayments	Fair value changes	Closing balance
Wesmart Financial Services	6 983 324	194 173	-	-	7 177 497
Other	6 983 324	194 173	-	-	7 177 497
	-	304 307	-	-	304 307
	6 983 324	498 480	-	-	7 481 804

Aug-23

RH Bophelo Operating Company portfolio

	Opening balance (Audited Feb-23)	Advances	Disposals	Fair value changes	Closing balance
Africa Healthcare	292 538 665	-	-	36 961 335	329 500 000
Rondebosch Medical Centre	224 325 090	6 000 000	-	(25 122 903)	205 202 187
Vryburg Holding Company	35 630 585	-	-	756 668	36 387 253
Megafrack	221 316 462	-	-	(14 302 928)	207 013 534
RH Bell Clinic	17 645 998	-	-	(3 529 198)	14 116 800
Fauchard Day Clinic	13 209 454	820 000	-	346 153	14 375 607
PBHPM*	14 000 000	-	(7 000 000)	-	7 000 000
Locumbase	757 333	-	-	-	757 333
Dorama Investments	1	-	-	-	1
Ambit Health	-	1 075 000	-	6 925 000	8 000 000
MMed	-	4 776 903	-	31 292 422	36 069 325
RazoHealth	-	1	-	13 684 413	13 684 414
	819 423 588	12 671 904	(7 000 000)	47 010 961	872 106 452
Net Asset	1 733 109	13 444 344	-	61 399	15 238 850
	821 156 696	26 116 247	(7 000 000)	47 072 360	887 345 302

*Phelang Bonolo Healthcare Procurement Management Proprietary Limited.

RH Financial Services portfolio

	Opening balance (Audited Feb-23)	Advances	Disposals	Fair value changes	Closing balance
Wesmart Financial Services	9 291 812	133 324	-	(2 441 811)	6 983 324
Net debt	(3 752)	13 752	-	(248 819)	(238 819)
	9 288 060	147 076	-	(2 690 630)	6 744 505

4.2. Loans to group companies

	Aug-24 Unaudited	Aug-23 Unaudited
Opening balance	44 830 727	48 216 587
Additions	-	916 404
Repayments – in cash	(3 424 588)	-
Repayments – non-cash	-	-
Interest accrued	2 791 605	2 827 671
Fair value adjustments*	3 523 345	811 742
Closing balance	47 721 089	52 772 404

*Includes Day 1 gain on loans advanced to related parties.

Classification

Non-current assets	43 848 749	46 145 673
Current assets	3 872 340	6 626 730
Closing balance	47 721 089	52 772 404

The loans offered to related parties are extended at various rates that consider the indicative risk profile and the capital requirements of each investee company. As such, the terms of the loans are not always reflective of the market interest rates. To account for the difference between the actual rates agreed for each loan agreement and the prevailing market interest rates, a fair value adjustment is determined at the end of each reporting period, where the remaining cash flows are discounted at the prevailing market rate of prime currently at 11,75% (prior period at 11,75%). 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.

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 a 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.

4.2.1. Sensitivity analysis

Significant unobservable inputs	Aug-24 Unaudited		Aug-23 Unaudited	
	Favourable changes -50 bps	Unfavourable changes +50 bps	Favourable changes -50 bps	Unfavourable changes +50 bps
Market interest rate (prime currently 11,75%)	283 642	(281 803)	510 923	(505 405)
Current fair value as at the end of the period	47 721 089	47 721 089	52 772 403	52 772 403
Fair value after accounting for total effect of changes in inputs	48 004 731	47 439 286	53 283 326	52 266 998

4.3. Property, plant and equipment

Reconciliation of property, plant and equipment

Aug-24 Unaudited

	Opening balance (Audited Feb-24)	Additions	Depreciation	Closing balance
Computer equipment	91 069	48 554	(28 655)	110 968
Furniture and fittings	187 676	-	(59 141)	128 535
Right of use asset on buildings*	1 208 656	-	(381 681)	826 975
	1 487 401	48 554	(469 477)	1 066 478

***The right-of-use asset relates to the lease of office buildings for a period of 5 years at a monthly payment of R83 349 with an annual escalation rate of 5%, interest accrues at an incremental borrowing rate of 7%.*

Aug-23 Unaudited

	Opening balance (Audited Feb-23)	Additions	Depreciation	Closing balance
Computer equipment	37 930	-	(7 597)	30 332
Furniture and fittings	305 957	-	(59 141)	246 817
Right of use asset on buildings	1 972 016	-	(381 681)	1 590 336
	2 315 903	-	(448 419)	1 867 485

The Company leases its office building 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 and lease liability equal to the present value of the future lease payments. 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.

	Aug-24 Unaudited R	Aug-23 Unaudited R
4.4. Cash and cash equivalents		
Current account	-	3 876 114
Call account and short-term deposits	32 299 782	107 249 950
Bank overdraft	(1 872 769)	-
	30 427 013	111 126 064
Current assets	32 299 782	111 126 064
Current liabilities	(1 872 769)	-
	30 427 013	111 126 064

4.5. Other receivables		
Other receivables*	8 046 888	7 923 597
VAT receivable	1 106 756	797 819
	9 153 644	8 721 416

*Other receivables include R7 million relating to an investment in Phelang Bonolo Healthcare Procurement Management ("PBHPM") that was disposed of in the prior period for R14 million. R7 million has already been received.

	Number of shares	Number of shares
4.6. Stated capital		
Reconciliation of class "A" shares		
Opening balance	64 691 298	64 691 298
Issued during the period	-	-
Closing balance	64 691 298	64 691 298

	Aug-24 Unaudited R	Aug-23 Unaudited R
Reconciliation of stated capital		
Opening balance	633 589 672	633 589 672
Issued during the period	-	-
Closing balance	633 589 672	633 589 672

Reconciliation of class "B" share		
Opening balance	1	1
Issued during the period	-	-
Closing balance	1	1

Net Asset Value		
Number of ordinary shares in issue	64 691 298	64 691 298
Net Asset Value per ordinary share and tangible net asset value per ordinary share (cents)	1 629	1 376

Net Asset Value per ordinary share and Tangible Net Asset Value per ordinary share is used as a measurement for trading statement purposes.

Net Asset Value per ordinary share and Tangible Net Asset Value per ordinary share increased by 18,4% in the current period (2023: increased by 17,6%).

Aug-24	Aug-23
Unaudited	Unaudited
R	R

4.7. Deferred tax

The deferred tax liability comprises temporary differences on:

Financial assets at fair value through profit or loss	(116 561 274)	(73 460 263)
Tax losses carried forward	2 386 509	9 418 268
Property, plant and equipment	111 669	27 372
Lease liability	44 486	78 699
	(114 018 610)	(63 935 924)

Reconciliation of movement in deferred tax liability

Balance at the beginning of the period	(105 968 391)	(56 400 257)
(Increase) in fair value adjustments on financial assets at fair value through profit or loss	(8 313 332)	(13 354 951)
Increase in tax losses carried forward	2 386 509	5 815 868
(Decrease) in expenses incurred relating to capital expenditure	(2 132 933)	-
Decrease in temporary differences on property, plant and equipment	27 057	1 309
(Decrease) in temporary differences on lease liability	(19 981)	(1 767)
Decrease in temporary differences on prepaid expenses	2 461	3 874
Balance at the end of the period	(114 018 610)	(63 935 924)

4.8. Lease liability

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 period is as follows:

Balance at the beginning of the period	1 447 423	2 270 036
Interest accrued	44 408	74 826
Repayments	(500 094)	(463 050)
Balance at the end of the period	991 737	1 881 812

Classification

Current liabilities	980 976	863 850
Non-current liabilities	10 761	1 017 962
	991 737	1 881 812

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

Within one year	980 976	863 850
In the second to fifth year (fifth year inclusive)	10 761	1 017 962
	991 737	1 881 812

Reconciliation of minimum lease payments to lease liability

Due within one year	1 019 289	968 545
Due in year two to five	10 818	1 058 548
Undiscounted lease payments	1 030 107	2 027 093
Future interest expense	(38 370)	(145 281)
Present value of minimum lease payments	991 737	1 881 812

	Aug-24 Unaudited R	Aug-23 Unaudited R
4.9. Borrowings		
Held at amortised cost		
Norsad Capital Limited	<u>66 384 994</u>	<u>103 614 667</u>
Reconciliation of movement in borrowings		
Balance at the beginning of the period	71 991 491	102 508 533
Repayments	(5 000 000)	-
Interest accrued	5 483 046	10 503 334
Interest paid	(7 207 338)	(9 397 200)
Management fee	1 117 795	-
Balance at the end of the period	<u>66 384 994</u>	<u>103 614 667</u>
Classification		
Current liabilities	20 193 017	13 614 667
Non-current liabilities	<u>46 191 977</u>	<u>90 000 000</u>
	<u>66 384 994</u>	<u>103 614 667</u>

The Company entered into a loan agreement with Norsad Capital Limited for a total credit facility of R100 million. The capital amount is repayable in equal quarterly payments starting 30 September 2023. To date we have repaid 35% of the capital amount. The final repayment on the 30 June 2029 shall include a balloon payment of the remaining 15%.

Interest is payable quarterly in arrears at a floating rate of 7,5% plus 3-month JIBAR. The replacement rate of JIBAR is the ZARONIA. The current loan agreement with Norsad Capital Limited makes provision for an alternative rate, therefore, we don't foresee a renegotiation of the loan agreement will be required once the ZARONIA becomes effective.

The loan is secured by the Company's investments and first ranking mortgage bond over Fezinet Proprietary Limited trading as Vryburg Private Hospital ("Vryburg"), RH Bell Clinic Proprietary Limited ("RH Bell") and Fauchard Tandheelkundige Sentrum Proprietary Trading ("Fauchard") as well as second ranking over the mortgage bond over BMC Gilliwie Proprietary Limited ("Medicare").

All debt covenants have been met.

4.10. Other payables		
Accounts payable	<u>1 245 064</u>	<u>1 951 878</u>
	<u>1 245 064</u>	<u>1 951 878</u>
4.11. Total investment income		
Interest income from cash and cash equivalents	1 598 876	5 294 783
Interest income from loans to related parties	<u>2 791 606</u>	<u>2 827 670</u>
Total interest income	<u>4 390 482</u>	<u>8 122 453</u>
RH Bophelo Operating Company	9 400 000	2 844 498
Total dividend income	<u>9 400 000</u>	<u>2 844 498</u>
Fair value gains on financial assets at fair value through profit or loss	32 467 322	44 381 730
Fair value gains on loans to related parties	<u>6 020 327</u>	<u>811 741</u>
Total fair value gains on financial assets at fair value through profit or loss	<u>38 487 649</u>	<u>45 193 471</u>

	Aug-24 Unaudited R	Aug-23 Unaudited R
4.12. Other income		
Professional fees recovered	195 504	342 000
Directors' fees income	-	69 000
	195 504	411 000

4.13. Other operating expenses

Other operating expenses include the following:

Remuneration for non-executive directors	973 000	1 120 000
External audit fees	1 844 460	2 062 126
Management fees – other*	3 435 592	2 750 000
Marketing and advertising	244 980	72 000
Recruitment fees	-	675 000
Financial reporting fees	321 651	416 918
Professional fees	-	179 285
Secretarial fees	770 972	806 197
Donations	80 454	114 968
Interest expense – lease liability	44 408	74 826
Sundry expenses	2 014 711	1 225 339
	9 730 228	9 496 659

*The fees were paid for services provided by RH managers to support the investee companies to raise capital and improve the underlying performance.

4.14. Income tax expense

Major components on income tax expense

South African income tax	-	-
Deferred tax	8 050 220	7 535 667
	8 050 220	7 535 667

Reconciliation between accounting profit and tax expense

Profit before tax	27 219 720	25 984 858
Tax at the applicable tax rate (27%)	7 349 324	6 084 243
Tax effect of adjustments on taxable income		
(Gains) from financial assets at fair value through profit or loss	(2 078 333)	(2 254 114)
Non-deductible expenses	5 084 450	150 885
Exempt dividend income	(2 538 000)	(768 014)
Other adjustments	232 779	(15 828)
	8 050 220	7 535 667

Aug-24	Aug-23
Unaudited	Unaudited
R	R

4.15. Related parties

Related party balances and transactions are as follows:

Loan accounts owing by related parties

Africa Healthcare Proprietary Limited	-	6 626 730
Notamed Proprietary Limited	47 721 089	46 145 673
	47 721 089	52 772 403

Amounts included in other receivables due to from related parties

Rondebosch Medical Centre Proprietary Limited	616 400	616 400
Africa Healthcare Proprietary Limited	87 400	87 400
BMC Gillewie Proprietary Limited trading as Medicare Private Hospital	87 400	87 400
RH Bell Clinic Proprietary Limited	65 550	65 550
Fezinet Proprietary Limited trading as Vryburg Private Hospital	65 550	65 550
	922 300	922 300

Related party transactions with an impact on the Statement of profit or loss

Interest on loans to related parties

Africa Healthcare Proprietary Limited	186 736	472 861
Notamed Proprietary Limited	2 604 870	2 354 810
	2 791 606	2 827 671

Dividend income received from related parties

RH Bophelo Operating Company Proprietary Limited	9 400 000	2 844 498
	9 400 000	2 844 498

Other income from related parties

Rondebosch Medical Centre Proprietary Limited	-	145 000
Africa Healthcare Proprietary Limited	-	76 000
BMC Gillewie Proprietary Limited trading as Medicare Private Hospital	-	76 000
RH Bell Clinic Proprietary Limited	-	57 000
Fezinet Proprietary Limited trading as Vryburg Private Hospital	-	57 000
	-	411 000

Management fee paid to related parties

RH Bophelo Management Company Proprietary Limited*	1 797 557	2 893 716
	1 797 557	2 893 716

Rent paid to related parties

RH Managers Proprietary Limited	500 094	463 050
	500 094	463 050

Professional fees paid to related parties

RH Managers Proprietary Limited**	3 435 592	2 750 000
	3 435 592	2 750 000

The Company has cross directorships with RH Bophelo Management Company Proprietary Limited and RH Managers Proprietary Limited.

* RH Bophelo Management Company Proprietary Limited (RHBM) provides investment management services, including portfolio management. Management fees are calculated at 1% per quarter of the RH Bophelo's enterprise value plus fees for additional services, with an adjustment of average share price for the period.

**The fees were paid for services provided by RH managers to support the investee companies to raise capital and improve the underlying performance.

	Aug-24 Unaudited R	Aug-23 Unaudited R
4.16. Cash flows from operating activities		
Profit before tax	27 219 720	25 984 858
Adjustment for non-cash items		
(Gains)/Losses on financial assets at fair value through profit or loss	(38 487 649)	(45 193 471)
Finance costs	6 645 248	10 503 334
Accrued interest	(2 491 605)	(2 827 671)
Other non-cash items	469 477	523 245
Adjustment for separately disclosed items		
Dividend received	(9 400 000)	(2 844 498)
Interest received	(1 898 876)	(5 294 783)
Changes in working capital		
Other receivables	13 134 417	(1 145 651)
Other payables	(1 374 415)	1 391 270
	(6 183 683)	(18 903 367)

4.17. Basic, diluted and headline earnings per share

Basic earnings per share

The calculation of basic earnings per ordinary share is based on earnings of R19 169 500 (2023: R18 449 191) and a weighted average number of shares in issue of 64 691 298 (2023: 64 691 298). The basic earnings per share is 29,6 cents (2023: 28,5 cents).

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 R19 169 500 (2023: R18 449 191) and a weighted average number of shares in issue of 64 691 298 (2023: 64 691 298). The diluted headline earnings per share are 29,6 cents (2023: 28,5 cents).

Headline earnings per share

The calculation of headline earnings per ordinary share is based on headline earnings R19 169 500 (2023: R18 449 191) and a weighted average number of shares in issue of 64 691 298 (2023: 64 691 298). The basic and headline earnings per share 29,6 cents (2023: 28,5 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 R19 169 499 (2023: R18 449 191) and a weighted average number of shares in issue of 64 691 298 (2023: 64 691 298). The diluted headline earnings per share are 29,6 cents (2023: 28,5 cents).

4.18. Segment reporting

The Company's chief operating decision maker (CODM) – the executive committee – makes strategic resource allocations on behalf of the Company. The Company has two segments – the healthcare segment and the financial services segment. The two segments are measured based on the investment income and capital appreciation. The investment income comprises of gains or losses at fair value of underlying investments in associates and subsidiaries, plus any interest income.

The segment information provided to the CODM for the interim period 31 August 2024 is as follows:

	Healthcare segment	Financial services Segment	Total
Gains from financial assets at fair value through profit or loss	38 487 649	-	38 487 649
Interest income	2 791 606	-	2 791 606
Dividend income	9 400 000	-	9 400 000
Segment total investment income	50 679 255	-	50 679 255
Other income	-	-	-
Segment total net income	50 679 255	-	50 679 255
Segment assets			
Investments at fair value through profit or loss	1 140 293 332	7 481 804	1 147 775 136
Loans to related parties	47 721 089	-	47 721 089
Total segment assets	1 188 014 421	7 481 804	1 195 496 225

The segment information provided to the CODM for the interim period 31 August 2023 is as follows:

	Healthcare segment	Financial services Segment	Total
Gains/(Losses) from financial assets at fair value through profit or loss	47 884 102	(2 690 630)	41 742 848
Interest income	2 827 671	-	2 827 671
Dividend income	2 844 498	-	2 844 498
Segment total investment income/(loss)	53 556 270	(2 690 630)	50 865 640
Other income	411 000	-	411 000
Segment total net income	53 967 270	(2 690 630)	51 276 640
Segment assets			
Investments at fair value through profit or loss	887 345 305	6 744 505	894 089 808
Loans to related parties	52 772 403	-	52 772 403
Total segment assets	940 117 705	6 744 505	946 862 211

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

	Aug-24 Unaudited R	Aug-23 Unaudited R
Segment total investment income	50 679 255	50 865 639
Interest income from cash and cash equivalents	1 598 876	5 294 783
Total investment income	52 278 131	56 160 422
Segment other income	-	411 000
Total other income	195 504	
Total expenses	(25 253 915)	(30 586 564)
Total income before tax	27 219 720	25 984 858

Reportable segment assets are reconciled to total assets as follows:

Segment assets for reportable segments	1 195 496 225	946 862 211
Other non-current assets	1 066 478	1 867 485
Other current assets	41 453 426	112 847 480
Total assets	1 238 016 129	1 061 577 176
Liabilities	184 513 174	171 384 271
Total liabilities	184 513 174	171 384 271

4.19. Going concern

In accordance with the solvency and liquidity test set out in section 4 of the Companies Act, the Board is of the opinion that, after assessing the information provided by management and making relevant enquiries regarding the integrity of projections and cash flows provided, it has a reasonable expectation that the Company has sufficient resources to maintain its operational existence for the foreseeable future. Furthermore, the directors have confirmed that:

- The Company's assets fairly valued exceed its liabilities fairly valued.
- The Company maintains a strong net asset value position of R1 053 502 955 (2023: R890 192 895) and a net current asset position of R21 003 940 (2023: R110 043 815).
- The Company will be able to pay its debts as they become due in the ordinary course of business for the 12 months up to 31 August 2025.

In addition to this assessment, the Directors have undertaken these additional steps and considered the following key factors in the assessment of the Company's status as a going concern:

- The Board - through the Audit and Risk Committee - 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. This review involved the interrogation of key estimations and projects underpinning the valuation of the Company's unlisted investments. The Committee has indicated to the Board that the processes and methodologies applied in the valuation process are adequate to be used as the basis for the Company's going concern assessment.

Having assessed the variables and scenarios relating to external factors in addition to internal projections and cash flow forecasts, the Directors have concluded that the going concern assumption remains the appropriate basis for preparing the financial statements of the Company.

4.20. Events after the reporting period

The directors are not aware of any events since the end of the financial reporting period on 31 August 2024, that would materially impact the amounts or disclosures in these interim financial results.

On behalf of the Board

Mr Quinton Zunga

CEO

Ms Yondie Metu

CFO

Johannesburg
26 November 2024

Johannesburg
26 November 2024

Registered Office

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No Change in Directors

Q Zunga (Chief Executive Officer)
AY Metu (Chief Financial Officer)
CW Clarke (Chief Investment Officer)
S Moraba (Independent Non-Executive Chairman)
Dr PD Sekete (Non-Executive Director)
B Segooa (Independent Non-Executive Director)
F Makwetla (Non-Executive Director)
R Makhubela (Independent Non-Executive Director)

Company Secretary

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