iHealthcare
Group Holdings Ltd

2020

ANNUAL REPORT

Contents

Overview

Overview

Profile

iHealthcare Group Holdings Limited ('iHealthcare Holdings' or 'Company') and its subsidiaries ('iHealthcare Group Holdings' or 'Group') is an investment group which is 'doctor-owned and doctor-controlled' and is entirely invested in the healthcare industry with a focus on the ophthalmology market. Through its operating subsidiaries iHealthcare Holdings provides a range of medical-equipment, devices and surgicals, and pharmaceuticals, to its customers in the ophthalmology market.

The strategic plan of the Group is aimed at the expansion of the Group's operations into other segments within the medical industry in future reporting periods.

The Group has identified a single business segment outside of the Group Central Services segment, for the current reporting period, as follows:

- Ophthalmology segment - which comprises the supply of medical equipment, devices and surgicals as well as a wide-range of pharmaceutical products to hospitals and medical practices specialising in ophthalmology across South Africa.

Group Central Services, which is represented by the Company's operations, provides strategic direction and shared services to the Group.

iHealthcare Holdings listed on the exchange operated by 4 Africa Proprietary Limited ('4AX'), in the Healthcare industry, with effect at the exchange's market opening at 09h00 on 17 January 2020. This is the first annual report published by the Group. iHealthcare Holdings listed by way of introduction on 4AX and as a result no additional shares were issued on the listing date.

The head office of the Group is based in Pretoria at the Sappi Technology Centre, corners of Aaron Klug and Max Theiler Street, The Innovation Hub Persequor, Pretoria, South Africa.

About the Annual Report

The Board of Directors ('the Board') of iHealthcare Holdings realises the importance of an annual report that fully promotes transparency and accountability to reinforce its role as a responsible corporate citizen.

iHealthcare's annual report was prepared in compliance with the following:

- International Financial Reporting Standards;
- 4AX Listing Requirements; and
- Companies Act of South Africa, 2008 (Act 71 of 2008), as amended.

Reporting Philosophy

This is our first annual report. We have adopted a reporting philosophy which will continuously strive to improve our reporting elements, alignment to relevant reporting frameworks and best practice. We seek to provide relevant and material information for investors and other stakeholders through a report that is accessible to the reader.

The annual report for the period ended 29 February 2020 addresses all businesses, which comprise the local operations, including subsidiary companies, in the financial reporting elements as well as certain additional information as required by the applicable frameworks and legislation.

This report, nevertheless, offers stakeholders a more holistic view of iHealthcare's operations and provides insight on both financial and limited non-financial matters for the period ended 29 February 2020. The Board will aim to improve disclosures and application, as deemed appropriate during every reporting cycle.

The annual report is available online at www.ihgh.co.za.

Overview

Previously Published Forecasts

The Company would like to advise shareholders of the differences between its forecast, as incorporated in Annexure 5 of the Listing Particulars dated 06 December 2019, and the actual results for the 11 (eleven) month period ending 29 February 2020. The forecast represented a full 12 (twelve) month annual period. Details are as follows.

	29 February 2020		
	Previous financial forecast 12 months	Actual results 3 months*	Change (%)**
Revenue	39,352,691	8,218,180	79.12
Profit before tax	13,220,264	(163,725)	101.24
Profit for the period	9,507,875	(948,280)	109.97

**The Group numbers represent the consolidated results of the iHealthcare Group Limited and its subsidiaries for a 3 month period and the Company results for the full 11 month period.*

***Difference between the statement of comprehensive other comprehensive income and profit or loss forecast for the reporting period ending 29 February 2020 and the actual results at the same date.*

As a result of the tough trading environment and economic landscape in South Africa, the revenue came in less than disclosed in the forecast. The main contributing factors to a lower revenue was as a result of anticipated capital equipment sales that did not take place.

The profit before taxation and profit for the period was negatively affected as a result of the Group recognising an impairment of goodwill amounting to R 600,372 in relation to IsoPharm Proprietary Limited ('IsoPharm'), as explained in note 8 of the financial statements. Furthermore, the Company and Group incurred various costs in relation to the listing of the Company and the subsidiary, iHealthcare Group Limited, and meeting the requirements of a listed entity on 4AX during the reporting period. The additional costs recognised by the Company and Group amounted to R 968,737 and R 1,986,404, respectively, as set out in note 22 of the financial statements.

Feedback

The Board welcomes feedback on iHealthcare's annual report for the 2020 reporting period from stakeholders. Please contact Crisna Erasmus, Company Secretary, on email address crisna@fluidrockgovernance.com with any questions or queries on this report.

Forward-looking Statements

Certain statements in this report are forward-looking statements, which iHealthcare Holdings believes are reasonable, and take into account information available up to the date of the report. Results could, however, differ materially from those set out in the forward-looking statements as a result of, amongst other factors, changes in economic and market conditions, changes in the regulatory environment and fluctuations in commodity prices and exchange rates. A definite example is the impact of the global COVID-19 pandemic which was formally declared as a National Disaster in South Africa after the reporting date.

As a result, these forward-looking statements are not guarantees of future performance and are based on numerous assumptions regarding the Group's present and future business models, strategy and the environments in which it operates.

All subsequent oral or written forward-looking statements attributable to the Group or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. iHealthcare Holdings expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based. The forward-looking statements have neither been reviewed nor audited by the Group's external auditors, SizweNtsalubaGobodo Grant Thornton Incorporated.

Overview

Annual Declaration

Shareholders are advised that the directors of iHealthcare Holdings are aware of their responsibilities in terms of the 4AX Listings Requirements and complies with the 4AX Listings Requirements, save for the following:

Securities in public hands

iHealthcare Holdings currently has approximately 20 public shareholders, which is less than the prescribed number of 100 public shareholders in accordance with paragraph 6.26 of the 4AX Listing Requirements. At listing, iHealthcare Holdings obtained dispensation from 4AX not to comply with the prescribed spread requirements, on the basis that the Company would embark on a series of capital raisings and potential acquisitions (consideration to be settled by way of iHealthcare Holdings shares) in order to achieve the required spread requirements. The Company is fully committed to complying with the abovementioned spread requirements, and will embark on capital raisings during more favourable market conditions.

Approval of the Annual Report

The Board acknowledges its responsibility to ensure the integrity of the annual report. The Board has accordingly applied its mind to the annual report and in the opinion of the Board the annual report addresses all material issues, and presents fairly the performance of the organisation and its impacts.

Shareholders are advised that the Board of iHealthcare Holdings is aware of their responsibilities in terms of the 4AX Listings Requirements and complies with the 4AX Listings Requirements.

The annual report has been prepared in line with best practice to the extent possible for the reporting period under review. On 27 July 2020, the Board authorised the annual report for release on 29 July 2020.

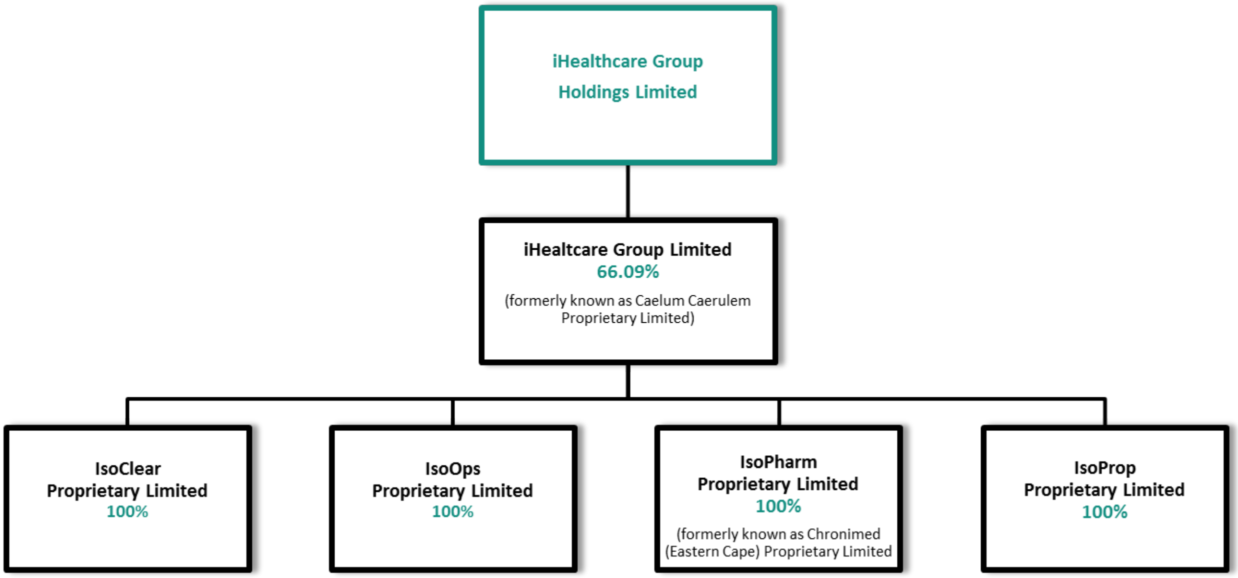
For and behalf of the Board

Dr PJL Odendaal
CEO

Dr A Jacobsz
CEO

Group Structure

Group Structure as at 29 February 2020



Operational Subsidiaries

iHealthcare Group Limited ('IHG')

IHG is a wholly-owned South African company which holds the investments in the various subsidiaries as set out below. The company is listed on 4AX and currently manages the investments held by the company. The strategic plan of IHG, as per the controlling shareholder's strategy, is aimed at the diversification through new investments and the expansion of related operations of these companies into other segments within the medical industry in future reporting periods.

IsoClear Proprietary Limited ('IsoClear')

IsoClear is a wholly-owned South African company supplying high quality, affordable ophthalmology products and solutions into the market, with superior levels of customer service and intimacy. The company holds distributor rights in South Africa, and in some cases Africa, for a range of ophthalmology devices, surgicals and surgical consumables. The company partners only with reputable and ethical international and local manufacturers.

The company operates under the following licenses:

- License to manufacture medical devices;
- Licence to wholesale medical devices; and
- License to distribute medical devices.

The company will aim to diversify future operations to include other segments within the healthcare industry.

Semi-dormant Subsidiaries

IsoPharm Proprietary Limited ('IsoPharm')

A strategic plan was implemented in the current reporting period to move the operations of IsoPharm to a new operational location in Pretoria. Due to the regulatory requirements the new premises will take a period of time to be ready for use which resulted in no operational activity of IsoPharm during the reporting period. The responsible pharmacist resigned during the reporting period and the Board is in the process of filling the position. The company cannot undertake operations without this appointment being finalised. The Board is committed to the restart the operations in the foreseeable future.

The company will, in future, operate in terms of a wholesale pharmaceutical license.

Group Structure

Dormant Subsidiaries

IsoOps Proprietary Limited ('IsoOps')

The company was incorporated in the current reporting period. The strategic purpose of IsoOps is the future acquisitions and development of healthcare businesses.

IsoProp Proprietary Limited ('IsoProp')

The company was incorporated in the current reporting period. The strategic purpose of IsoProp is the future acquisition and maintenance of the properties of the Group.

Report to Shareholders

We are pleased to present the report to the shareholders of iHealthcare Holdings ('shareholders') for the 2020 reporting period.

Overview

The vast majority of the Group's operations are exposed to the South African economy and so, given that there has been little or no growth in South Africa during this period, it would be of no surprise to advise shareholders that this has been a challenging operating environment.

Global Health Pandemic

After the reporting period, there is widespread local and global uncertainty associated with the COVID-19 pandemic. On the 15th of March 2020 a National State of Disaster was declared in South Africa due to the COVID-19 pandemic and subsequently, on 26 March 2020, a national lockdown became effective for all South African citizens and businesses. This national lockdown was extended until 30 April 2020. On 01 May 2020 a risk-adjusted phased-in approach of economic activity was implemented and promulgated in terms of the Disaster Management Act of South Africa, 2002 (Act 57 of 2002).

The significant operational subsidiary of the Group, IsoClear, was classified as an essential services provider during the risk-adjusted phased-in approach which impacted the operations of the Group as follows:

- Operations continued where goods were sold to customers after the implementation of the risk-adjusted approach in terms of the essential services classification of the major operating subsidiary of the Group resulting in a recovered operational level since 01 May 2020;
- The management of appropriate inventory levels to meet the demand of customers since the implementation of the risk-adjusted approach with borders opening for the import of goods ensured that all performance obligations in relation to contracts entered into with customers could be met by the Group;
- All staff were encouraged to work remotely if possible;
- The implementation of all required regulations in relation to the operational premises of the company and staff members present at these premises which resulted in an immaterial increase in costs;
- Extended terms were negotiated with some foreign suppliers to mitigate the risk of foreign exchange fluctuations due to the downgrade of the South African economy by Moody's which will be managed with the foreign exchange contract management facility from the bankers in the foreseeable future; and
- Financial budgets in relation to the 2021 reporting period were revised and pro-active cost saving measures were implemented where possible.

The Board is of the opinion that the pandemic will not have a material impact on the financial stability of the Group or the Company in the foreseeable future based on the fact that neither the Group or Company utilised any relief measures implemented by government; customers did not request any extended terms or relief in relation to outstanding accounts; and the fact that the Group continued operations since the implementation of the risk-adjusted approach. Going forward, the extent of the impact of COVID-19 remains uncertain and cannot be predicted. The financial position and operating results of the Group and Company may, to a certain extent, depend on future developments.

Common Control Transaction

On 30 November 2019, the Company acquired a 66.09% direct interest in iHealthcare Group Limited ('IHG') as part of it strategic objective. The settlement of the acquired was performed in terms of a share for share transaction between the Company and the external shareholders of IHG. The total value of the purchase consideration amounted to R 41,564,600. The details of the common control transaction is set out in note 9 of the financial statements.

Report to Shareholders

Segment Performance

Ophthalmology

The segment generated revenue amounting to R 8,218,180 and operating profit before tax amounting to R 1,124,400. The entities in this cluster performed well, given the economic conditions.

Financial Results

Statement of profit or loss

Notwithstanding the tough trading environment and economic landscape in South Africa, revenue for the reporting period amounted to R 8,218,180.

There has been a one-off transaction that has impacted the results in the reporting period that are worthy of mention. The Group recognised an impairment of goodwill amounting to R 600,372 in relation to IsoPharm based on the strategic plan that was implemented in the current reporting period as explained in note 8 of the financial statements.

Furthermore, the Company incurred various costs in relation to the listing of the Company on 4AX during the reporting period. The costs in relation to the legal expenses, registry fees and corporate advisor fees amounted to R 968,737. Due to the listing of the subsidiary of the Company, iHealthcare Group Limited, the total similar expenses for the Group amounted to R 1,986,404 for the current reporting period.

The average weighted number of shares, from which earnings per share and headline earnings per share are derived, was 385,110 shares at the reporting date.

The various expenses recognised in profit or loss resulted in a Loss per share of 162.7 cents per share (cps) and headline loss per share of 6.8 cents per share (cps).

Statement of financial position

During the reporting period the Group acquired additional items of property, plant and equipment amounting to R 3,642,108 since the common control transactions.

An impairment of the total goodwill of the Group was recognised in profit or loss as described above.

The Group received funding from its subsidiary, iHealthcare Group Limited amounting to R 1,190,743.

The working capital* of the Group is managed with due care. Inventories including goods in transit, amounts to R 14,731,872 at the reporting date due to Group utilising volume discounts offered by suppliers on large shipments. The Group continued to recover significant customer balances within the terms provided to these customers.

**The working capital includes inventories, trade and other receivables and trade and other payables.*

Statement of cash flows

Cash generated by operations amounted to an outflow of R 396,012 due to the various listing costs and inventory management as explained above.

Report to Shareholders

Governance

Sound corporate governance is inherent in iHealthcare's values, culture, processes, functions and organisational structure. The Board is fully committed to the highest standard of governance and accountability and delivery of the outcomes of an ethical culture, good performance, effective control and legitimacy.

Changes to the Board

The Board comprises 6 (six) directors, 2 (two) executive directors and 4 (four) non-executive directors. The executive directors are the joint CEO's. All non-executive directors are independent.

The Board

Director	Classification	Changes in appointment
AP Coetzee	Independent non-executive director	Appointed on 10 October 2019
K Fleischhauer	Independent non-executive director, chairperson	Appointed on 10 October 2019
Dr HD Hoffman	Independent non-executive director	Appointed on 10 October 2019
Dr A Jacobsz	Executive director, CEO	Appointed on 10 October 2019
KJM Moja	Independent non-executive director	Appointed on 10 October 2019
Dr PJL Odendaal	Executive director, CEO	Appointed on 3 April 2019

Stakeholder Engagement

Stakeholder relationships are built on the basis of open dialogue and mutual trust as sustainable value creation depends on successful engagement with stakeholders. These engagements assist iHealthcare Holdings to understand and respond to the interests and expectations of key stakeholders. The Group strives to ensure the completeness, timeliness, objectivity, reliability and consistency of information.

Dividends

The Group did not declare a dividend during the current reporting period.

Prospects

The outlook for the period ending 28 February 2021 is unclear. The economy is under huge pressure with limited appetite for investment. Furthermore, the overall economic and Group specific impact of the COVID-19 global pandemic will become clearer in the months to follow. It is unclear when South Africa will enter the peak of the pandemic and what impact this will have on the risk-adjusted approach implemented by government. Much needs to be done to turn around confidence in the business arena. Notwithstanding these factors, the Group has well-established businesses with solid, experienced management in place that contributed to the growth in the current reporting period and the implementation of the needed measures to combat the financial impact of the COVID-19 pandemic on the operations of the Group.

Report to Shareholders

Appreciation

We extend our appreciation to the management and staff across the Group for their contribution during the reporting period. The relationships with our external stakeholders, including our customers, shareholders and funders, advisors, suppliers and business associates, are critical to the sustainability of the business and we thank them for their continued support and engagement. We would also like to thank the Board for their active participation in Board and Committee meetings, and for providing valuable insight and oversight into and of the Group's operations.

K Fleischhauer
Chairperson

Dr A Jacobsz
CEO

Dr PJL Odendaal
CEO

JH Visser
CFO

iHealthcare
Group Holdings Ltd

Board of Directors

Board of Directors

Board Members

AP Coetzee

Independent non-executive director

Chairperson of the Audit and Risk Committee, Member of the Social and Ethics Committee

CA(SA)

Appointed: 10 October 2019

Abrie is a qualified Chartered Accountant. Abrie has 22 years of Financial Services experience of which 20 years is with Momentum Metropolitan Holdings Group in a number of management positions. He is currently appointed as the COO of the Guardrisk Group and an Exco member responsible for strategy development, mergers and acquisitions, technology and digital strategies and chairman of a number of operational steering committees.

K Fleischhauer

Independent non-executive director

Chairperson of the Board

B. Eng (Industrial), B. Eng (Industrial) (Hons), MBA

Appointed: 10 October 2019

Konrad started his career with PwC (then Coopers and Lybrand) after completing B. Eng (Industrial), B. Eng (Industrial) (Hons) and MBA degrees at the University of Pretoria. Konrad has pursued a career in investment banking and private equity since 1998, and his career included periods with the Industrial Development Corporation ('IDC'), Gensec Private Equity, and Treacle Private Equity, which he co-founded in 2000. In 2007, Konrad joined Investec Principal Investments before co-founding Fledge Capital in July 2010. Konrad joined Fledge Capital on a full-time basis in July 2011.

Dr HD Hoffman

Independent non-executive director

Chairperson of the Social and Ethics Committee, Member of the Audit and Risk Committee

MBChB, MMed (Paed), FCP (SA)

Appointed: 10 October 2019

Dr Hoffman qualified as a Paediatrician in 1980 and thereafter he held an academic position for eight years at Tygerberg Hospital and the Medical School of the University of Stellenbosch. He spent the next eight years in private practice at the Panorama Mediclinic. During these years he played an important role in the Medical Association as Member of the Board of Trustees, member of the Executive Committee and Chairman of the Private Practice Committee. In 1996 he joined Sanlam Health as Medical Director and General Manager of the Managed Health Care Division. Since 2000 he held various positions in the Health Care Industry, i.e. CEO of Multimed, Head of Administration Momentum Medical Scheme Administrators, CEO PPS Healthcare Administrators. He is currently an independent consultant in the Healthcare Industry.

Board of Directors

KJM Moja

Member of the Audit and Risk Committee

Independent non-executive director

LLB, LLM

Appointed: 10 October 2019

Kabelo is a qualified and admitted attorney of the High Court of the Republic of South Africa. His qualifications include an LLB and Postgraduate Diploma in Tax from the University of the Witwatersrand and an LLM from the University of Pretoria. Kabelo has worked at the Public Investment Corporation SOC Limited as a senior legal advisor and periodically held an acting executive head of legal role; National Treasury of South Africa as a legal commercial director, Absa Bank Limited and at Routledge Modise Inc. trading as Hogan Lovells South Africa.

He is currently a director with Ascension Capital Partners Proprietary Limited, a private equity fund management and advisory business that specializes in making equity and quasi equity investments into various companies within Sub Saharan Africa. In addition to his current directorships, Kabelo was recently appointed as an independent non-executive director to the Southern African Venture Capital Association.

Dr A Jacobsz

Executive director

MBChB (UOFS), FC Ophth (SA)

Appointed: 10 October 2019

Dr Jacobsz is an ophthalmologist with 15 years' experience and has in-depth knowledge of ophthalmology practice and hospital management. Dr Jacobsz completed his undergraduate medical training in 1996 and shortly thereafter started his career in ophthalmology at 1 Military Hospital in Pretoria. During 2004, Dr Jacobsz completed his ophthalmology training and joined the Pretoria Eye Institute, where he still currently practises today. Dr Jacobsz was appointed to the board of the Pretoria Eye Institute in 2005, where he played a critical role in the development and implementation of integrated strategies, in collaboration with executive partners. He was later appointed as the managing director of the Pretoria Eye Institute in 2010.

Dr Jacobsz currently serves as a director of IsoPharm Proprietary Limited (previously known as Chronimed (Eastern Cape) Proprietary Limited, IsoOps Proprietary Limited and IsoProp Proprietary Limited.

To date, Dr Jacobsz has played, and continues to play, a pivotal role in the establishment and growth of the iHealthcare Holdings Group and its subsidiaries.

Left to right: Mr AP Coetzee, Mr K Fleischhauer, Dr HD Hoffman, Mr KJM Moja, Dr A Jacobsz and Dr PJL Odendaal.

Board of Directors

Dr PJL Odendaal

Executive director
MBChB, FCP (SA)
Appointed: 3 April 2019

Dr Odendaal is a healthcare practitioner specialising as an Ophthalmologist. Dr. Odendaal completed his undergraduate trading in 1994 at the University of Stellenbosch and his ophthalmology training in 2002 at University of Pretoria. Soon after, he started his career as an ophthalmologist in private practice at the Pretoria Eye Institute. Dr Odendaal has previously served on the Pretoria Eye Institute's Board of Directors as well as the Specialised Hospital Management Groups Board of Directors where he was responsible for business development.

Dr Odendaal currently serves as a director to Club Surgical Centre Proprietary Limited and Club Medical Centre Proprietary Limited.

To date, Dr Odendaal has played, and continues to play, a pivotal role in the establishment and growth of the iHealthcare Holdings Group and its subsidiaries.

Meeting Attendance

Board of Directors

	Meeting date	
Members	13 Mar 2020	8 Jul 2020
AP Coetzee	√	√
K Fleischhauer	√	√
Dr HD Hoffman	√	√
KJM Moja	√	√
Dr A Jacobsz	√	√
Dr PJL Odendaal	√	√
Invitees		
JH Visser*	√	√
Company Secretary		
FluidRock Co Sec Proprietary Limited representative	√	√

**Appointment as CFO and prescribed officer of the Group effective 1 March 2020.*

Audit and Risk Committee

	Meeting date	
Members	13 Mar 2020	8 Jul 2020
AP Coetzee	√	√
Dr HD Hoffman	√	√
KJM Moja	√	√

iHealthcare

Group Holdings Ltd

Annual Financial Statements

Annual Financial Statements

Level of Assurance

The financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended.

Auditors

SizweNtsalubaGobodo Grant Thornton Incorporated
Registered Auditors

Preparer

JH Visser CA(SA)(ANZ), CFO

Publication Date

29 July 2020

Certificate by the Company Secretary

Declaration by Company Secretary

The Company Secretary of iHealthcare Group Holdings Limited certifies that in terms of section 88(2) of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, that the Company has lodged with Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act.

Furthermore, the Company Secretary confirms that all such returns are true, correct and up to date in respect of the financial period ended 29 February 2020.

FluidRock Co Sec Proprietary Limited
Company Secretary

27 July 2020

Postal address
P O Box 25160
Monument Park
Pretoria
0105

Physical address
Block 5, Suite 201
Monument Office Park
79 Steenbok Avenue
Monument Park
Pretoria
0181

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the consolidated and separate statement of financial position, results of operations and cash flows of the Group, and explain the transactions and state of affairs of the business of the Group and Company at the reporting date.

Reporting Frameworks and Regulations

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of 4AX and in the manner required by the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended, and are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

Internal Financial Control System

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets 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. The internal financial controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours 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 consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Going Concern Principle

The directors have reviewed the Group and Company cash flow forecast for the next 12 months from date of approval of the consolidated and separate financial statements and, in the light of this review, taking into the impact of the COVID-19 pandemic in South Africa, and the current financial position, they are satisfied that the Group and the Company has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

Events After the Reporting Period

The directors are not aware of any events after the reporting period that have a material effect on the disclosed Group and Company cash flow forecast for the next 12 months from date of approval of the consolidated and separate financial statements, that have not already been incorporated into the cash flow forecasts for the next 12 months from date of approval.

Directors' Responsibilities and Approval

External Assurance

The external auditors are responsible for independently examining and reporting on the consolidated and separate financial statements and their report is presented on pages 31 to 37.

Approval

The consolidated and separate financial statements set out on pages 38 to 94, which have been prepared on the going concern basis, were approved by the Board on 27 July 2020 and are signed on their behalf by:

K Fleischhauer
Chairperson

Dr A Jacobsz
CEO

Dr PJL Odendaal
CEO

JH Visser
CFO

Report of the Audit Committee

The iHealthcare Holdings Audit and Risk Committee ('the Committee') is constituted as a statutory sub-committee of the Board, in line with the 4AX Listings Requirements, and reports in compliance with section 94(7)(f) of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended ('Companies Act').

Although not a statutory requirement, the Committee has started implementing processes to align its duties in terms of the recommendations of King IV Report on Corporate Governance for South Africa, 2016 ('King IV™'). The Committee conducted its work in accordance with the Audit and Risk Committee Terms of Reference, which was implemented during the reporting period and approved by the Board.

The quality, integrity and reliability of audit and risk-related issues of the Group are delegated to the Committee to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting statements in compliance with all applicable legal requirements and accounting standards. Ensuring good corporate governance in the Group is also a mandate assigned to it by the Board.

Duties Assigned by the Board

In addition to the statutory requirements of the Companies Act and the recommendations of King IV™, the Board assigned additional functions for the Committee to perform. Duties were mandated by the Board-approved Terms of Reference and included the following key actions:

- Ensured that the appointment of the external auditors complied with the provisions of the Companies Act and any other relevant legislation, including auditor independence, fees payable and the nature and extent of any non-audit services;
- Examined the reliability and accuracy of the financial information presented to all users of such information, including the Company's going concern assertion;
- Formed an integral component of the risk management process and as such reviewed the risk management process, resultant risk registers and action plans to mitigate all key risks. Key risks involved strategic risks, liquidity risks, financial reporting risks, fraud risks, operational risks, risks associated with information technology, legal and compliance risks and internal financial controls;
- Reported to the Board on the Committee's activities and made recommendations to the Board concerning the adequacy and effectiveness of the risk policies, procedures, practices, controls or any other matters arising from the above responsibilities;
- Oversaw reporting and reviewed all factors and risks that may impact on the integrity of the annual report;
- Monitored relationships between all assurance providers and monitored results and actions taken to address any deficiencies;
- Satisfied itself of the appropriateness, expertise, resources and experience of iHealthcare's finance function, and specifically the CFO;
- Ensured that appropriate financial reporting procedures exist and are working;
- Assessed the information regarding the audit firm and designated audit partner provided by the external auditors, prior to recommending them for re-appointment;
- Considered the most current information provided in respect of the pro-active monitoring processes of the 4AX and other security exchanges;
- Monitored iHealthcare Holdings' implementation of the recommendations of King IV™;
- Reviewed IT and fraud risks; and
- In addition to the above duties, the Committee reviewed the following:
    - Annual report;
    - Interim report; and
    - Financial Statements.

Report of the Audit Committee

Committee Activities and Decisions Taken During the Reporting Period

The Committee met periodically to consider and to act upon its statutory duties and functions and the Board confirms that the Committee has, during the reporting period, performed the duties mandated to it by the Board.

External audit

In terms of section 90(1) of the Companies Act, the Committee had nominated SizweNtsalubaGobodo Grant Thornton Incorporated ('SNGGT') as the independent auditors and Mr A Philippou, a registered independent auditor, as the designated director, for appointment for the 2020 audit. This appointment was approved by shareholders at the Annual General Meeting ('AGM') on 10 October 2019. The Committee has satisfied itself through enquiry that the auditor of iHealthcare Holdings is independent, as defined by the Companies Act, and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the auditor that the internal governance processes within the audit firm support and demonstrate the claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, nature and scope of the audit function and audit plan for the 2020 reporting period. The budgeted fee was considered for appropriateness and then approved. Audit fees are disclosed in note 22 of the financial statements.

The Committee considers and approves the non-audit services rendered by the external auditor. The external auditors did not render any non-audit services during the reporting period.

Meetings were held with the auditor. In terms of the Committee Terms of Reference, the external auditors have unrestricted access to the Chairperson of the Committee.

SNGGT has been iHealthcare's auditors since 2020, with Mr A Philippou being appointed as the designated auditor in 2020. The attendant risk of familiarity between management and the external auditors is mitigated through various factors, which include but are not limited to:

- balancing the benefits of maximising the knowledge gained through the utilisation of the same audit and management teams and ensuring independence and avoidance where knowledge of processes and procedures creates an environment where aspects are taken for granted;
- rotation of management and directors, not only from a statutory perspective, but also on an ongoing basis;
- ongoing independence evaluations; and
- rotation of the Engagement Quality Control Reviewer.

As gazetted on 5 June 2017, mandatory audit firm rotation will become effective for reporting periods commencing on or after 1 April 2023. An audit firm shall not serve as the appointed auditor of a company for more than ten consecutive reporting periods. The audit firm will only be eligible for reappointment as the auditor after the expiry of at least five reporting periods.

The Committee confirms that the auditor and designated auditor are accredited by 4AX, and was satisfied with the quality of the external audit.

Significant matters that the Committee considered included:

- the treatment of the common control transaction;
- the impairment of goodwill;
- the migration of the Group's financial system to SAP; and
- the impact of the COVID-19 global pandemic.

The Committee relied on assurance obtained from the detailed audit procedures performed, specifically on the above matters, by the external auditors. External IFRS consultants assisted management with the application of the above.

Report of the Audit Committee

Internal Controls

The Group maintains systems of internal control, which include financial, operational and compliance controls.

The Committee is responsible for reviewing the functioning of the internal control system, the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information. In addition, it reviews whether the Group should continue to use the services of the current external auditors, any accounting or auditing concerns identified as a result of the external audit, the Group's compliance with legal and regulatory provisions, its Memorandum of Incorporation and by-laws.

The Board is accountable for establishing appropriate risk and control policies. Executive management is responsible for monitoring, reviewing and communicating these controls and policies through the organisation. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified.

All processes have been in place for the reporting period and up to the date of the approval of the financial statements and the directors are not aware of any known material breakdown in the functioning of the internal financial controls that has occurred during the reporting period to render the control environment ineffective.

The Committee assured itself of the internal financial controls through the integrated reporting model and, specifically, reports from the external auditors. The independent assurance as well as internal inspections, which was received during the reporting period, formed the basis for reporting to the Board on the reliability thereof.

iHealthcare's overall system of internal control remains adequate and no significant deficiencies in the design, implementation or execution of internal financial controls were identified.

Evaluation of the CFO, Finance Function and Financial Reporting Structure

The Committee has satisfied itself of the appropriateness of the expertise and experience of Mr JH Visser CA(SA)(ANZ), CFO of the Group.

The Committee has considered, and has satisfied itself of, the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

The Committee has established that iHealthcare Holdings has appropriate financial reporting procedures in place and that those procedures are operating and operated satisfactorily during the reporting period.

Financial Statements and Accounting Policies

The Committee has reviewed the accounting policies and the financial statements of the Group and the Company. It is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The Committee and the Board are confident that they have taken and continue to take all the necessary steps to execute their responsibilities in terms of the Companies Act and the principles of good governance as contemplated in King IV™.

The Committee fulfilled its mandate and recommended the financial statements for the period ended 29 February 2020 for approval to the Board. The Board approved the financial statements on 27 July 2020 and the financial statements will be open for discussion at the AGM.

Report of the Audit Committee

Going Concern

Management presented the results of the Company's and the Group's solvency and liquidity tests at each of the Committee's meetings. The Committee satisfied itself that the Company and the Group have sufficient assets to carry on with operations and that the Group was both solvent and liquid after considering the impact of the COVID-19 global pandemic. These results were reported at each of the Board meetings.

Reporting Process

The Committee oversaw the reporting process in accordance with its terms of reference and, in particular, the Committee:

- regarded all factors and risks that may impact on the integrity of the annual report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, as well as any evidence that brings into question previously published information and forward-looking statements or information;
- reviewed the financial statements;
- reviewed the disclosure of other information in annual report to ensure that it is reliable and does not conflict with the financial information; and
- recommended the annual report for approval by the Board.

Risk Management

The Board assigned oversight of the Group's risk management function to the Committee.

In terms of King IV™, the Committee has reviewed the effectiveness of the risk management function and a total risk management process is been implemented.

The Committee reviewed the annual risk maturity assessment and was satisfied with the results in the reporting period.

Standing Committee agenda items included risks associated with IT, financial reporting, liquidity risks, fraud, legal and regulatory compliance, litigation, insurance, reputation issues, ethics and health and safety compliance.

Fraud Prevention and Whistle-blowing

The Committee is satisfied that management's anti-fraud management and controls to be sufficient. During the reporting period, no instances of whistle-blowing occurred and no matters were reported.

Report of the Audit Committee

IT Risk Management

The Board assigned oversight of technology and information governance, and the risks associated therewith, to the Committee.

The Committee accepts that technology has a fundamental impact on the way in which business is conducted and businesses are measured.

The Committee noted the following from the IT risk presentation at the reporting date:
- The IT strategy for the Group is in place with the main driver of the strategy being costs and efficiency;
- Implementation of the new robust and updated IT infrastructure for the Group is in process; and
- All IT risks are added to the Group's risk register with mitigating strategies.

The Committee confirms that:
- risks associated with the IT environment and projects are continuously evaluated and appropriate plans are in place and implemented to mitigate these risks to an acceptable level;
- IT expenditure is motivated by sound commercial principles to ensure that the business strategies and IT strategies are aligned;
- developments in the IT industry are monitored on an ongoing basis and the potential impact thereof on the Group's long-term strategy is evaluated regularly; and
- the necessary skills are in place to ensure that the internal control systems are adequately applied across the Group's entire IT environment.

Legal and Regulatory Compliance

The Committee has been assigned the responsibility for ensuring ongoing legal and regulatory compliance. This mandate has been fulfilled through regular reviews of exposure levels associated with any key non-compliances and legal disputes.

Plan and Terms of Reference ('TOR')

The Plan of the Audit and Risk Committee was reviewed. The Plan is available for inspection at the registered office of the Company.

As included in the TOR, the appointment of external auditors for non-audit services was approved by the Committee.

Financial Statements

Following the review by the Committee of the consolidated and separate financial statements of iHealthcare Holdings for the period ended 29 February 2020, the Committee is of the view that, in all material aspects, it complies with the relevant provisions of the Companies Act and International Financial Reporting Standards and fairly presents the financial position at that date and the results of its operations and cash flows for the period.

In conjunction with the Board, the Committee has also satisfied itself as to the integrity of the remainder of the annual report.

Having achieved its objectives for the reporting period, the Committee recommended the consolidated and separate financial statements and annual report for the period ended 29 February 2020 for approval to the Board on 27 July 2020.

Report of the Audit Committee

Approval

The Committee has fulfilled its mandate during the reporting period and accordingly the financial statements have been approved for recommendation to the Board. The Board has subsequently approved the financial statements on 27 July 2020 which will be open for discussion at the AGM of shareholders.

I wish to thank the members of the Committee and management for their contributions during the reporting period to ensure that the Committee could fulfil its mandate assigned to it by the Board.

AP Coetzee
Chairperson of the Audit and Risk Committee

27 July 2020

Directors' Report

The directors take pleasure in presenting their report for the reporting period ended 29 February 2020.

Directors' Responsibility

The Company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended ('Companies Act'), and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

iHealthcare Holdings' Business

iHealthcare Holdings was incorporated on the 3rd of April 2019. The financial statements thus represents an 11 month reporting period.

iHealthcare Holdings listed on 4AX, in the Healthcare industry, with effect at the exchange's market opening at 09h00 on 17 January 2020.

A description of iHealthcare Holdings' business profile and Group structure is set out in the overview section of the annual report.

Financial Results

The operating results and the state of affairs of the Company and the Group are discussed in the Report to Shareholders on pages 8 to 11 of the annual report.

The Group generated a loss of R 948,280. The financial statements on pages 38 to 94 details the Group's and the Company's financial performance, position and cash flow for the reporting period.

Segment Analysis

A detailed segment analysis of the Group's performance is disclosed in note 34 of the financial statements.

Stated Capital

A detailed analysis of the movements in stated capital is set out in note 15 of the financial statements.

Rights Attaching to Shares

Each ordinary iHealthcare Holdings share is entitled to identical rights in respect of voting, dividends, profits and a return of capital. The variation of rights attaching to iHealthcare Holdings shares requires the approval of shareholders of at least 65% (sixty five percent) of the voting rights exercised on the resolution in accordance with the MOI and 4AX Listing Requirements or the sanction of a special resolution passed at a general meeting of the holders of the iHealthcare Holdings shares of that class.

The issue of iHealthcare Holdings shares, whether in the initial or in any increased capital, is subject to shareholder approval.

Directors and Prescribed Officer's Interest and Shareholding

Directors' and the prescribed officer's interests and shareholding as at 29 February 2020 are shown in note 31 of the financial statements.

There has been no change in directors' interests from the reporting date until the approval of the iHealthcare Holdings annual report on 27 July 2020. The directors have no non-beneficial shareholdings.

Directors' Report

Shareholders other than Directors

An analysis of shareholders is set out in note 37 of the financial statements.

Major shareholders

Pursuant to section 56(7) of the Companies Act, the Group has no shareholder with a beneficial interest in excess of 5% of the issued share capital.

Dividend Policy

The Group did not declare a dividend during the current reporting period.

Service Contracts with Directors

iHealthcare Holdings complies with relevant legislation when determining minimum terms and conditions for the appointment of executive directors. Unless stated otherwise in the contract of employment, there are no fixed terms of employment. Employment ceases on the resignation or dismissal of the director upon notice of two months (other than during the first six months of employment), and the notice period may be waived at the discretion of iHealthcare. All recently contracted employment agreements with management include a restraint of trade clause to protect iHealthcare’s proprietary interests and to ensure that the business is not prejudiced in any way or form.

External Audit and Independence

SizweNtsalubaGobodo Grant Thornton Incorporated ('SNGGT') acts as external auditors of the Company, and has indicated their willingness to continue in office for the ensuing year.

The Audit and Risk Committee has satisfied itself of the independence of SNGGT and the designated auditor, Mr A Philippou, as required by section 90 of the Companies Act. The Board concurs with the Audit and Risk Committee’s assessment.

The Board has endorsed the recommendation of the Audit and Risk Committee to shareholders to issue a request for proposal to various audit firms for the appointment of an external auditor of the Group.

The proposed audit fee to be paid to SNGGT for the independent audit of iHealthcare Holdings Group entities for reporting period ended 29 February 2020 amounts to R 1,100,000.

Systems of Internal Control

The Group maintains systems of internal control, which include financial, operational and compliance controls. The Audit and Risk Committee is responsible for reviewing the functioning of the internal control system, the reliability and accuracy of the financial information provided by management as well as that provided for dissemination to other users of financial information.

In addition, the Audit and Risk Committee reviews whether the Group should continue to use the services of the current external auditors, any accounting or auditing concerns identified as a result of the external audit, the Group’s compliance with legal and regulatory provisions, its MOI and by-laws.

The Board is accountable for establishing appropriate risk and control policies. Executive management is responsible for monitoring, reviewing and communicating these controls and policies through the organisation. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems, as they are identified.

Directors' Report

All processes have been in place for the reporting period and up to the date of the approval of the financial statements and the directors are not aware of any known material breakdown in the functioning of the internal financial controls that has occurred during the reporting period to render the control environment ineffective.

iHealthcare's overall system of internal control remains adequate and no significant deficiencies in the design, implementation or execution of internal financial controls were identified.

Composition of the Board

The Board comprises 6 (six) directors, 2 (two) executive directors and 4 (four) non-executive directors. The executive directors are the joint CEO's. All non-executive directors are independent.

The Board

Director	Classification	Changes in appointment
AP Coetzee	Independent non-executive director	Appointed on 10 October 2019
K Fleischhauer	Independent non-executive director, chairperson	Appointed on 10 October 2019
Dr HD Hoffman	Independent non-executive director	Appointed on 10 October 2019
Dr A Jacobsz	Executive director, CEO	Appointed on 10 October 2019
KJM Moja	Independent non-executive director	Appointed on 10 October 2019
Dr PJL Odendaal	Executive director, CEO	Appointed on 3 April 2019

Audit and Risk Committee

Member	Classification	Changes in appointment
AP Coetzee	Independent non-executive director, chairperson	Appointed on 10 October 2019
Dr HD Hoffman	Independent non-executive director	Appointed on 10 October 2019
KJM Moja	Independent non-executive director	Appointed on 10 October 2019

A brief biography of each of the directors is disclosed on pages 13 to 15 of the annual report.

State Affairs of the Group - Material Considerations

Borrowing powers

The MOI imposes no restrictions on the borrowing powers of the Company or the directors. The Company does, however, have in place a formal delegation of authority imposing limitations in terms of transaction value and nature, which is fully operational and reviewed on an ongoing basis by the Board.

Common control transaction

Details of common control transaction during the reporting period are disclosed in note 9 of the financial statements.

Investment in subsidiaries

Details of interest in subsidiaries held are disclosed in note 9 of the financial statements.

Directors' interest in contracts

No director of the Company had any interest in any contract of significance during the reporting period.

Directors' Report

Contingent liabilities

The directors are not aware of any contingent liabilities that existed at 29 February 2020, or at the date of this report.

Litigation statement

The Board is not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have a material effect on the Group's financial position.

Related party transactions

The related party transactions entered into in the ordinary course of business are disclosed in note 32 of the financial statements.

Insurance

The Group has placed cover in the South African traditional insurance markets to ensure that all categories of risk are covered adequately. Additional cover on a per risk basis has been purchased, where appropriate.

Going Concern Statement

Following due consideration of the operating budgets, an assessment of Group debt covenants and funding requirements, solvency and liquidity, the key risks, outstanding legal, insurance and taxation issues, the impact of the COVID-19 pandemic and other pertinent matters presented by management, the directors have recorded that they have reasonable expectations that the Company and the Group have adequate resources and the ability to continue in operations for the foreseeable future. For these reasons, the financial statements have been prepared on the going concern basis.

Events After the Reporting Period

Non-adjusting event: COVID-19 global pandemic

After the reporting period, there is widespread local and global uncertainty associated with the COVID-19 pandemic. On the 15th of March 2020 a National State of Disaster was declared in South Africa due to the COVID-19 pandemic and subsequently, on 26 March 2020, a national lockdown became effective for all South African citizens and businesses. This national lockdown was extended until 30 April 2020. On 1 May 2020 a risk-adjusted phased in approach of economic activity was implemented and promulgated in terms of the Disaster Management Act of South Africa, 2002 (Act 57 of 2002).

Refer to note 35 of the financial statements for the detailed considerations of the identified event.

The Board is not aware of any other matter or circumstance arising since the reporting date, to the date of this report, that could have a material effect on the financial position of the Group or Company.

SNG Grant Thornton

An instinct for growth™

Independent Auditor's Report

To the Shareholders of iHealthcare Group Holdings Limited

Opinion

We have audited the consolidated and separate financial statements of iHealthcare Group Holdings Limited (the group) set out on pages 38 to 93, which comprise the consolidated and separate statement of financial position as at 29 February 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the 11 month period then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of iHealthcare Group Holdings Limited as at 29 February 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the 11 month period 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 Consolidated and Separate Financial Statements* section of our report. We are independent of the group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and 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 audit matter
Change in accounting system Isoclear Proprietary Limited	*System change controls evaluation*

SNG Grant Thornton
An instinct for growth™

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>The significant operational subsidiary of the group, Isoclear Proprietary Limited, changed its accounting system and migrated data during the financial year from Pastel to SAP Business 1. The system change represented a complex process during the year and management were required to ensure that:

• system change controls are appropriately implemented; and

• data migrated from Pastel to SAP was accurately and completely performed.</td><td>We have reviewed the system change controls implemented which covered the following areas:

• Change management;

• user access management;

• incident management;

• back-up and restoration.

Change management included the performance of the following procedures:

• Change control procedures, where we determined whether a documented IT change control process is in place and selected a sample of the changes made to determine whether the process is being followed appropriately.

• Monitoring of changes to SAP Business 1, where we determined how changes are monitored and by whom.

• Determination of who has logical access to make changes to SAP Business 1, we determined whether controls such as appropriate segregation of duties are in place over the implementation of changes to the new system, including whether separate development, testing and production environments were in use.

User access management included the performance of the following procedures:

• The access granting process, where we determined and tested the process for granting of access to the new system, selected a sample of users and determined whether the access granting process has been followed appropriately.

• The access termination process for the new system. We determined and tested whether a process is in place to disable the accounts of users leaving the employ of the company.

• The access modification process, where we determined and tested how the accounts of users whose access requires modification are handled and tested whether the process had been appropriately followed.

• Controls over the monitoring of access, where we determined whether access rights are</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
	monitored on a regular basis, as well as whether there are audit trails in existence which would show the activities of specific users on the system. • Controls over the access rights of super users, as to how super users are given access, and how the access is monitored. • Determination of the adequacy of password administration controls, including the password settings on the system and the network through which access is granted. • Determination of the adequacy of documented procedures, where we determined whether there is a documented access control policy and security policy in place. *Incident management which included the performance of the following procedures:* • Determined whether there is a documented incident management procedure in place. • Determined how incidents encountered during the migration from Pastel to SAP Business 1 were reported; and followed selected incidents through to completion to determine whether they were properly closed off. • Determined whether there were any long outstanding incidents and determined the reasons for lack of resolution. *Back-up and restoration which included the performance of the following procedures:* • Reviewed back-up policy and procedures to determine if these exist, are documented and adequate. • Run of backups, including scheduling and procedures in respect of failed backups. We selected a sample of backup reports. • Evaluated the mode and means of offsite storage of backups. • Tested of backups for recoverability. *Data migration*

SNG Grant Thornton
An instinct for growth™

Key audit matter	How our audit addressed the key audit matter
	We performed a reconciliation using the Pastel and SAP Business 1 general ledgers where we reconciled the general ledgers to the financial year end balances and total as per the trial balances in order to determine whether the data migration was accurate and complete.
Adoption of IFRS 16 "Leases". The group adopted IFRS 16, 'Leases' (IFRS 16) for the in the 2020 financial reporting period. The implementation of this new accounting standard required a complex assessment by management to correctly apply the requirements of IFRS 16 against the lease agreement. Refer to the leases accounting policy note 5.4. Refer to note 19 for Leases in the notes to the financial statements.	We reviewed the Group's implementation of IFRS 16 during the current reporting period through our evaluation of management's assessments and conclusions on IFRS 16 based on the lease agreements that the group has in place. We performed this assessment by evaluating the lease agreements against the requirements of the IFRS 16 standard. Our procedures included reviewing accounting policy updates, financial statement disclosures and the recognition and measurement principles applied in the adoption of the standard.
Going concern assessment due to Covid-19 Pandemic On 15 March 2020, a National State of Disaster was declared in South Africa due to the COVID-19 pandemic and subsequently, on 26 March 2020, a national lockdown became effective for all South African citizens and businesses. This national lockdown was extended until 30 April 2020. On 1 May 2020 a risk-adjusted phased in approach of economic activity was implemented and promulgated in terms of the Disaster Management Act of South Africa, 2002 (Act 57 of 2002). The pandemic required management to exercise significant judgement in the going concern assessment, through the preparation of forecasts, due to the Covid-19 pandemic and lock down. The forecasts incorporate an element of uncertainty due to the pandemic and is used by the group to conclude that no material uncertainty exists for the group.	The forecasts and judgements applied the forecasts, which are used in management's going concern assessment, were evaluated and tested for reasonability through the performance of the following procedures: The forecasts used in management's going concern were evaluated and tested for reasonability through the performance of the following procedures: • Comparing the forecast to actual results after year end to evaluate whether the impact of the pandemic and lock down have been factored into the forecast; • Evaluating the forecast against historical results for the entities to determine whether the forecasted information is reasonable. • Evaluated the forecast for iHealthcare Group Holdings Limited against the management and governance contract signed with its subsidiaries after year end. We evaluated the solvency and liquidity position of iHealthcare Group Holdings Limited and its significant operating subsidiary Isoclear

Key audit matter	How our audit addressed the key audit matter
Refer to note 35: Events After the Reporting Date and note 36: Going Concern in the notes to the financial statements.	Proprietary Limited at year end and at the end of the forecast period. We further evaluated the cash position of Isoclear during the lock down period to assess the entity's cash position and evaluate whether it can meet its obligations as they fall due.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "iHealthcare Group Holdings Limited Annual Report 2020", and in the document titled "iHealthcare Group Holdings Limited Financial Statements for the 11 month period ended 29 February 2020", which includes the Certificate by the Company Secretary, the Report of the Audit Committee and the Directors' Report, as required by the Companies Act of South Africa. The other information further comprises the Analysis of Shareholding note on page 94. The other information does not include the consolidated and separate financial statements and our audit report thereon.

Our opinion on the consolidated and 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 consolidated and 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 consolidated and 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 Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group'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 group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and 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 consolidated and separate financial statements.

SNG Grant Thornton
An instinct for growth™

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 consolidated and separate 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 group'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 group'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 consolidated and separate 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 group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, amongst 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and 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.

SNG Grant Thornton
An instinct for growth™

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 SizweNtsalubaGobodo Grant Thornton Inc. is the auditor of iHealthcare Group Holdings Limited for the first year.

Alex Philippou
SizweNtsalubaGobodo Grant Thornton Inc.
Engagement Director
Registered Auditor

28 July 2020

Summit Place Office Park, Building 4
221 Garsfontein Road
Menlyn, Pretoria
Gauteng

Statements of Financial Position

as at 29 February 2020

Figures in R	Notes	Group 2020	Company 2020
Assets			
Non-current assets			
Property, plant and equipment	7	5,181,371	-
Investment in subsidiaries	9	-	41,564,600
Deferred tax	10	916,499	51,868
Total non-current assets		**6,097,870**	**41,616,468**
Current assets			
Inventories	11	14,731,872	-
Trade and other receivables	12	6,110,252	-
Loans receivable	13	206,518	-
Cash and cash equivalents	14	2,844,911	-
Total current assets		**23,893,553**	**-**
Total assets		**29,991,423**	**41,616,468**
Equity and liabilities			
Equity			
Stated capital	15	41,564,720	41,564,720
Accumulated losses		(27,918,337)	(1,236,257)
Total equity attributable to owners of the parent		13,646,383	40,328,463
Non-controlling interests	16	7,001,733	-
Total equity		**20,648,116**	**40,328,463**
Liabilities			
Non-current liabilities			
Contract liabilities	17	715,575	-
Cash-settled shared-based payment liability	31	505,980	-
Total non-current liabilities		**1,221,555**	**-**
Current liabilities			
Trade and other payables	18	6,688,490	97,262
Current tax liabilities	28	482,558	-
Lease liability	19	887,179	-
Loans from group companies	20	-	1,190,743
Contract liabilities	17	63,525	-
Total current liabilities		**8,121,752**	**1,288,005**
Total liabilities		**9,343,307**	**1,288,005**
Total equity and liabilities		**29,991,423**	**41,616,468**

Statements of Profit or Loss and Other Comprehensive Income

for the 11 months ended 29 February 2020

Figures in R	Notes	Group 2020	Company 2020
Revenue	21	8,218,180	-
Cost of sales		(3,023,286)	-
Gross profit		**5,194,894**	**-**
Other income		**313,791**	**-**
Sub-lease rental income		100,980	-
Impairment gain on trade receivables		38,467	-
Gain on foreign exchange		53,543	-
Reversal of accrual for operating lease expense		120,183	-
Recoupment of internet expenses		618	-
Operating expenses		**(5,679,117)**	**(1,288,125)**
Write-off of trade receivables		(14,551)	-
Impairment of goodwill		(600,372)	-
Employee benefit expense		(342,907)	-
Administrative expenses		(1,429,727)	(120,990)
Other expenses		(3,291,560)	(1,167,135)
Operating loss before interest	**22**	**(170,432)**	**(1,288,125)**
Finance income	23	45,529	-
Finance costs	24	(38,822)	-
Loss before tax		**(163,725)**	**(1,288,125)**
Income tax (expense) / credit	25	(784,555)	51,868
Loss for the period		**(948,280)**	**(1,236,257)**
Other comprehensive income		**-**	**-**
Total comprehensive income for the period		**(948,280)**	**(1,236,257)**
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		(626,716)	
Non-controlling interest		(321,564)	
		(948,280)	
Earnings per ordinary share	26		
-Basic loss per ordinary share (cents)		(162.7)	
-Diluted loss per ordinary share (cents)		(162.7)	

Statements of Changes in Equity - Group

for the 11 months ended 29 February 2020

Figures in R		Stated capital	Accumulated losses	Attributable to owners of the parent	Non-controlling interests	Total
Changes in equity						
Loss for the period		-	(626,716)	(626,716)	(321,564)	(948,280)
Total comprehensive income for the period		-	(626,716)	(626,716)	(321,564)	(948,280)
Common control transaction		-	(27,291,621)	(27,291,621)	7,323,297	(19,968,324)
Issue of ordinary shares		41,564,720	-	41,564,720	-	41,564,720
Balance at 29 February 2020		**41,564,720**	**(27,918,337)**	**13,646,383**	**7,001,733**	**20,648,116**
	Notes	**15**			**16**	

Statements of Changes in Equity - Company

for the 11 months ended 29 February 2020

Figures in R	Note	Stated capital	Accumulated losses	Total
Changes in equity				
Loss for the period		-	(1,236,257)	(1,236,257)
Total comprehensive income for the period		-	(1,236,257)	(1,236,257)
Issue of ordinary shares		41,564,720	-	41,564,720
Balance at 29 February 2020		**41,564,720**	**(1,236,257)**	**40,328,463**
	Note	**15**		

Statements of Cash Flows

for the 11 months ended 29 February 2020

Figures in R	Notes	Group 2020	Company 2020
Cash generated from operations	**27**	**(396,012)**	**(1,190,863)**
Finance cost paid	24	(38,822)	-
Finance income received	23	45,529	-
Income tax (paid)/refunded	28	(1,713,323)	-
		(2,102,628)	**(1,190,863)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	(3,642,108)	-
Advances on loans receivable	13	(206,518)	-
		(3,848,626)	**-**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	15	120	120
Repayment of lease liability	19	(247,227)	-
Proceeds from loan from group company	20	-	1,190,743
Repayment of cash-settled share-based payment	31	(874,033)	-
		(1,121,140)	**1,190,863**
Net decrease in cash and cash equivalents		**(7,072,394)**	**-**
Cash and equivalents acquired through common control transaction	9	9,917,305	
Cash and cash equivalents at end of the period	**14**	**2,844,911**	**-**

Notes to the Financial Statements

for the 11 months ended 29 February 2020

1. Reporting Entity

The reporting entity ('the Company') is iHealthcare Group Holdings Limited. The consolidated financial statements of the Company as at and for the period ended 29 February 2020 comprise the Company and its subsidiaries (together referred to as the Group).

The principal operations of the Group are disclosed in the Directors' Report in detail.

The Company is incorporated and domiciled in South Africa. The address of its registered office is Sappi Technology Centre, The Innovation Hub, Cnr Aaron Klug and Max Theiler Street, Persequor, 0020.

2. Statement of Compliance

The consolidated and separate financial statements ('the financial statements') have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the 4AX Listings Requirements and the Companies Act of South Africa, 2008 (Act 71 of 2008), as amended.

The financial statements were authorised for issue by the Board on 27 July 2020 and are subject to the approval of the shareholders at the AGM.

3. Basis of Preparation

The financial statements are prepared as a going concern on a historical basis. The accounting policies, inclusive of reasonable judgements and assessments, have been consistently applied for all reporting periods presented and comply with IFRS.

The financial statements are presented in South African Rand which is the functional currency of the Group. Amounts, except where another rounding measure has been indicated, are rounded to the nearest South African Rand.

4. Significant Estimates and Judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Group’s 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 estimates are recognised prospectively.

Judgements

Information about judgements made in applying the accounting policies that have most significant effects on the amounts recognised in the financial statements is included in the following notes of the financial statements:

Judgements	Related note
Consolidation: assessment of control	9
COVID-19 impact: going concern assessment	36

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 29 February 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next reporting period is included in the following notes of the financial statements:

Assumptions and estimation uncertainties	Related note
Impairment of goodwill: key assumptions underlying recoverable amounts	8
Measurement of expected credit losses: key assumptions in determining the loss rates and credit ratings	30
Share-based payment arrangement: key inputs into the appropriate valuation model	31
Revenue recognition: estimate of expected returns	21
COVID-19 impact on measurement of expected credit losses: assessment of forward-looking information	30
COVID-19 impact on impairment of goodwill: input of forward-looking information into model	8

5. Significant Accounting Policies

5.1 Basis of consolidation

The consolidated financial statements incorporate the results of business combinations using the acquisition method. The consideration transferred in a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets transferred, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquisition-related costs are accounted for as an expense in the period in which the costs are incurred and the services are received. The results of acquired operations are included in the consolidated financial statements from the date on which control is obtained.

Non-controlling interests that represent present ownership interest and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation, are initially measured at fair value or at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and all investees controlled by the Company which are classified as subsidiaries. The results of subsidiaries acquired during the reporting period are included in the consolidated financial statements from the effective date that control commences. Inter-company transactions and balances between Group companies are eliminated in full.

The Company measures, in its separate financial statements, its investments in subsidiaries at cost less impairment, if any.

Common control transactions

For transactions in which combining entities are controlled by the same party or parties before and after the transaction and where that control is not transitory are referred to as common control transactions. The Group's accounting policy for the acquiring entity would be to account for the transaction at book values as reflected in the financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net assets value acquired in common control transactions, will be allocated to the common control reserve in equity.

An acquiring entity accounts for a common control transaction at the book values reflected in the financial statements of the selling entity and there is no restatement of comparative information. The difference between any purchase consideration and the net asset value of the acquiree is recognised in equity in the common control reserve.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

5.2 Goodwill

Goodwill arising on acquisition represents the excess of the cost of a business combination plus non-controlling interest over the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill is recognised as an intangible asset with any impairment of the carrying amount recognised in profit or loss. A cash-generating unit ('CGU') to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is an indication that the CGU may be impaired.

If the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the unit pro-rata to the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period.

5.3 Property, plant and equipment

All items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The right-of-use asset represents property leased by the Group. The property comprises administrative and storage space. Demo units are classified as property, plant and equipment. These units are usually utilised for a period exceeding one year and the Group has no intention of selling these units in the normal course of business.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is charged so as to write-off the cost of all other assets over their estimated useful lives to their residual values, using the straight-line method. The depreciation charge for each period is recognised in profit or loss. Depreciation commences when the assets are ready for their intended use. Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The estimated useful lives for current and comparative periods are as follow:

Category	Useful live
Right-of-use asset: Buildings*	Lease term
Fixtures and fittings	6 years
Office equipment	6 years
Computer equipment	2-3 years
Demo units	6 years

The residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

5.4 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Group as lessee

The Group, as lessee, leases a property for administrative and warehouse storage purposes under a single lease agreement.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset subject to the lease.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease entered into by the Group does not have variable lease payments that depend on an index rate, residual value guarantees or any purchase options.

The lease liability is measured at amortised cost using the effective interest method.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

The Group has elected not to recognise a right-of-use asset or lease liability for short-term leases related to the exhibition space. The Group recognises the lease payments associated with this lease as an expense in profit or loss over the lease term.

Group as lessor

The Group, as lessor, has entered into a sub-lease over a portion of the property recognised as a right-of-use asset (included in property, plant and equipment). The sub-lease has been classified as an operating lease with reference to the right-of-use asset. The rental income from the sub-lease is recognised in profit or loss on a straight-line basis over the lease term.

In addition, the Group, as lessor, has entered into a lease over equipment (included in property, plant and equipment) during the current reporting period. The lease has been classified as an operating lease. The rental income from the lease in relation to equipment, is recognised in profit or loss on a straight-line basis over the lease term.

5.5 Share-based Payments

The fair value of the amount payable to employees in respect of share-based payments, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share-based payment. Any changes in the liability are recognised in profit or loss.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

5.6 Inventories

Inventories consist of inventory on hand and goods in transit and are initially recognised at cost. Inventories are subsequently measured at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the Group.

When inventories are sold, the carrying amount is recognised as an expense in the period in which the related revenue is recognised.

An allowance for obsolete or damaged inventory is maintained by the Group. The level of the allowance for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at the reporting date. Movements in this allowance are recognised in profit or loss.

5.7 Financial Instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Classification

On initial recognition, a financial asset is classified as measured at:

- amortised cost;
- fair value through other comprehensive income ('FVOCI') – debt investment;
- FVOCI – equity investment; or
- FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's financial assets comprise only financial assets at amortised cost.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group assessed its various financial assets in relation to the various considerations of the business model and concluded that all the financial assets are held by the Group with the main objective of collecting the contractual cash flows and that the contractual terms give rise to cash flows that are solely payments of principal and interest (if applicable). Other factors considered by the Group that support the assessment include the fact that the portfolios of these financial instruments are assessed on the collectability of the portfolio, the fact that the Group does not have a history of selling these types of financial instruments and the fact that the remuneration of managers includes compensation based on the effective collectability of these financial instruments.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment losses are recognised in profit or loss.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Classification

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

The Group's financial liabilities comprise only financial liabilities at amortised cost.

Subsequent measurement

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Finance costs are recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Any gain or loss on derecognition is recognised in profit or loss.

Offsetting

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

5.8 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have incurred an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGUs to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives, including goodwill, and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, other than goodwill which never reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior reporting periods. A reversal of an impairment loss is recognised immediately in profit or loss.

5.9 Impairment of financial assets

Financial assets

The Group recognises loss allowances for expected credit losses ('ECLs') on financial assets measured at amortised.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL's

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets measured at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset or finance lease receivable is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Write-off

The Group writes off the gross carrying amount of a financial asset when there is information and evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 150 days past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice, where appropriate. Any recoveries made are recognised in profit or loss.

5.10 Stated capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of ordinary shares or share options are recognised in equity as a deduction, net of tax from the proceeds.

5.11 Foreign currency translation

Foreign currency transactions

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which it operates (the 'functional currency') are recognised at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the translation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Foreign currency non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange difference component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange difference component of that gain or loss is recognised in profit or loss.

5.12 Provisions

The Group, in certain cases, sells warranties related to specific equipment to customers. These warranties provide the assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. In general, a customer does not have the option to buy the warranty separately from the external service providers. As the warranty does not provide the customer with a service in addition to the assurance that the product complies with agreed-upon specifications and is therefore not a separate performance obligation, these warranties are recognised as provisions.

5.12 Contract liabilities

Option to acquire additional goods

The Group, in certain cases, provides an option to customers to acquire additional goods. This option provides a material right to the customer to purchase equipment at a future date at a discounted price. The revenue that relates to this option is deferred and recognised when the customer exercises its option to purchase the new machines at the discounted prices or when the option lapses. Refer to note 17 of the financial statements.

Service contracts

Revenue that relates to service contracts contracted for a five year period is deferred and recognised on a systematic basis over the remainder period of the contract in terms of services rendered. Refer to note 17 of the financial statements.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

5.13 Income tax

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit;
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Current tax

The tax currently payable (or receivable) is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss 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. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

The Group and its subsidiaries offset current tax assets and current tax liabilities only if certain criteria are met.

5.14 Segment reporting

A segment is a distinguishable component of the Group that is engaged in activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the chief operating decision–maker (which by delegation by the Board of Directors, is the CEO under advice from his senior executive team) and for which discrete financial information is available. Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker.

Details of the operations and products of each business segment are included in note 34 of the financial statements.

5.15 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts to be collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer.

Revenue from goods is recognised at a point in time, which is generally on delivery of the goods and when no further performance obligations are required.

Revenue relating to services is recognised over the period which the service is performed and when control is transferred. Services include service elements of equipment sold.

Revenue from leases is recognised on a straight-line basis over the period of the leases.

Refer to note 21 of the financial statements for details about the Group's accounting policies relating to contracts with customers.

5.16 Finance income

Interest income on investments is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established. Interest and dividend income received in relation to investments held are classified as revenue in profit or loss for the Company, based on the primary activities of the Company.

5.17 Finance costs

All finance costs are recognised in profit or loss using the effective interest method in the period in which they are incurred. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

5.18 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the reporting period in which the employee renders the related service.

Liabilities for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of employee services provided during the reporting period.

5.19 Operating loss

Operating loss is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating loss excludes finance costs, finance income and income tax expense.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

6. New Standards and Interpretations

New and revised standards and interpretations issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the financial statements:

Standard and/or Interpretation	Details of amendment	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards.	Effective for periods beginning on or after 1 January 2020.
Definition of a Business (Amendments to IFRS 3)	The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They: - clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; - narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; - add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; - remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and - add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.	Effective for periods beginning on or after 1 January 2020.
Definition of Material (Amendments to IAS 1 and IAS 8)	The amendments in Definition of Material clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.	Effective for periods beginning on or after 1 January 2020.
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	The amendment provides lessees with an exemption from assessing whether a COVID- 19-related rent concession is a lease modification.	Effective for periods beginning on or after 1 June 2020.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Standards and Interpretations	Details of amendment	Effective date
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	Effective for periods beginning on or after 1 January 2022.
Reference to the Conceptual Framework (Amendments to IFRS 3)	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.	Effective for periods beginning on or after 1 January 2022.
Annual Improvements to IFRS Standards 2018–2020	Makes amendments to the following standards: - IFRS 9 – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. - IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.	Effective for periods beginning on or after 1 January 2022.

All applicable new and revised standards and interpretations will be adopted at the effective date as disclosed.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

7. Property, Plant and Equipment

Reconciliation of movements within the carrying amounts of property, plant and equipment

	Right-of-use asset: Buildings*	Fixtures and fittings	Office equipment	Computer equipment	Demo units	Total
Group						
Movements during the reporting period						
Additions through common control transaction (refer note 9)	1,071,378	204,093	14,827	65,439	599,118	**1,954,855**
Additions	-	-	370	18,078	3,623,661	**3,642,109**
Depreciation	(247,241)	(7,110)	(1,195)	(10,962)	(149,085)	**(415,593)**
Carrying amount	**824,137**	**196,983**	**14,002**	**72,555**	**4,073,694**	**5,181,371**
Closing balance at 29 February 2020						
At cost	1,813,102	219,883	18,100	140,196	4,354,538	**6,545,819**
Accumulated depreciation	(988,965)	(22,900)	(4,098)	(67,641)	(280,844)	**(1,364,448)**
Carrying amount	**824,137**	**196,983**	**14,002**	**72,555**	**4,073,694**	**5,181,371**

**Buildings represent the administrative and warehouse storage space leased by the Group.*

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Right-of-use assets

As lessee, the Group has entered into a lease in relation to properties. Property, plant and equipment includes right-of-use assets with a carrying amount of R 824,137, related to a leased property utilised for administrative and warehouse storage purposes. Refer to note 19 of the financial statements.

Demo units

In terms of the ophthalmology industry, it is standard practice for the Group to perform demonstrations to prospective clients in the form of on-site demonstrations or in the form of placement of units at a customer premises for an agreed-upon period. The sole purpose of these identified units are to facilitate demonstrations and none of these units, identified for this purpose, have been sold to a customer.

Useful lives and residual values

The Group reviews the estimated useful lives and residual values of property, plant and equipment at each reporting date. No adjustments were made based on the current period review.

Impairment

The Group reviews the carrying amounts of items of property, plant and equipment at each reporting date to determine whether any indication of impairment is present. No indicators of impairment were present based on the current period review and therefore no impairment loss was recognised in profit or loss.

Contractual commitments

No current contractual commitments exist to purchase items of property, plant and equipment.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

8. Goodwill

	2020
Reconciliation of movements within the carrying amount of goodwill	
Group	
Movements during the reporting period	
Additions through common control transaction (refer note 9)	600,372
Impairment	(600,372)
Carrying amount	-
Closing balance at 29 February	
At cost	600,372
Accumulated impairment	(600,372)
Carrying amount	-

Cash-generating unit and goodwill allocation

Cash-generating unit	Segment	2020
Group		
IsoPharm Proprietary Limited ('IsoPharm')*	Ophthalmology	600,372
		600,372

**The cash-generating unit allocation is disclosed in relation to the goodwill acquired as part of the common control transaction.*

Impairment

Method of testing for impairment

The Group calculates the recoverable amount using the value-in-use method. Discounted cash flow forecasts for a five-year period with the application of a terminal growth rate are used to determine the recoverability of the goodwill.

A strategic plan was implemented in the current reporting period to move the operations of IsoPharm to a new operational location in Pretoria. Due to the regulatory requirements the new premises will take a period of time to be ready for use which resulted in no operational activity in IsoPharm during the reporting period. The Responsible Pharmacist resigned during the reporting period and the Board is in the process of filling the position. The company cannot undertake operations without this appointment being finalised. This process has been affected by the COVID-19 pandemic.

Due to the lack of operational activity and the coupled uncertainty of the readiness of the new premises in terms of regulations and inspections, management identified significant uncertainty in terms of the inputs of the value-in-use model. Due to management not being able to perform a reliable estimate of the recoverable amount, the goodwill is considered to be impaired.

An impairment loss of R 600,372 is recognised in profit or loss in the current reporting period.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

9. Investment in subsidiaries

	2020
Company	
Investment held in iHealthcare Group Limited ('IHG')	41,564,600
	41,564,600

Direct and indirect interests in subsidiaries analysis

Subsidiary	Country of incorporation	Principle operating industry	Interest classification	Issued share capital 2020	% of proportion of ownership interest 2020	% of voting rights held 2020
iHealthcare Group Limited	South Africa	Investment holding	Direct	3,599,396	66.09	66.09
IsoClear Proprietary Limited	South Africa	Ophthalmology industry	Indirect***	2	66.09	66.09
IsoOps Proprietary Limited	South Africa	Dormant*	Indirect***	120	66.09	66.09
IsoPharm Proprietary Limited	South Africa	Dormant**	Indirect***	3	66.09	66.09
IsoProp Proprietary Limited	South Africa	Dormant*	Indirect***	120	66.09	66.09

**These companies were registered during the reporting period and are dormant at the reporting date.*

***IsoPharm Proprietary Limited ceased operations during the reporting period. Refer to note 8 of the financial statements.*

****These companies are held indirectly through the investment in iHealthcare Group Limited.*

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Transaction under common control

On 30 November 2019, the Company acquired a 66.09% direct interest in iHealthcare Group Limited ('IHG'). The settlement of the acquired was performed in terms of a share for share transaction between the Company and the external shareholders of IHG. The total value of the purchase consideration amounted to R 41,564,600.

The carrying amount of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, were as follows:

	Recognised consolidated carrying amounts by IHG
Property, plant and equipment	1,954,856
Goodwill	600,372
Deferred tax	651,328
Inventories	14,772,170
Trade and other receivables	4,505,227
Cash and cash equivalents	9,917,305
Total assets	**32,401,258**
Contract liabilities	(842,625)
Provisions	(49,500)
Trade and other payables	(6,252,278)
Current tax liabilities	(1,146,155)
Lease liability	(1,134,406)
Total liabilities	**(9,424,964)**
Net carrying amount	22,976,294
Equity-settled share-based payment reserve	(1,380,018)
Adjusted net carrying amount	21,596,276
Non-controlling interests	(7,323,297)
	14,272,979
Purchase consideration	(41,564,600)
Common control reserve	**(27,291,621)**

This transaction was classified as a transaction under common control. The transaction resulted in the recognition of a common control reserve amounting to (R 27,291,621). This reserve is recognised in retained losses in equity.

Notes to the Financial Statements
for the 11 months ended 29 February 2020

Figures in R

10. Deferred Tax

	2020
Deferred tax assets and liabilities	
Group	
Deferred tax asset based on nature of temporary difference	
Assessed loss available for future set-off against taxable income	446,336
Temporary differences	702,105
• Contract liabilities	235,935
• Loss allowance	21,453
• Accruals	196,307
• Lease liability	248,410
	1,148,441
Deferred tax liabilities based on nature of temporary difference	
Temporary differences	(231,942)
• Prepayments	(1,183)
• Right-of-use asset	(230,759)
	916,499

Off-setting

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. The deferred tax assets and deferred tax liabilities have therefore been off-set and presented in the statement of financial position as follows:

	2020
Group	
Deferred tax assets	916,499
Deferred tax liabilities	-
	916,499

Reconciliation of the movements in the carrying amounts of deferred tax

	2020
Group	
Acquired through common control transaction (refer note 9)	651,328
Assessed losses available for set-off against future taxable income	300,494
Temporary differences	(35,323)
• Warranty provisions	(13,860)
• Accruals	(12,975)
• Loss allowance	(10,309)
• Lease liabilities	(69,223)
• Prepayments	1,815
• Right-of-use asset	69,229
Closing balance as at 29 February 2020	**916,499**

Recognition of deferred tax asset

Management expects sufficient future taxable income in the relevant subsidiaries to enable these companies to utilise the unutilised tax losses as at the reporting date.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

	2020
Deferred tax assets and liabilities	
Company	
Deferred tax asset based on nature of temporary difference	
Temporary differences	
Assessed loss available for future set-off against taxable income	51,868
	51,868

Off-setting

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. The deferred tax assets and deferred tax liabilities have therefore been off-set and presented in the statement of financial position as follows:

Company	
Deferred tax assets	51,868
Deferred tax liabilities	-
	51,868

Reconciliation of the movements in the carrying amounts of deferred tax

Company	
Assessed losses available for set-off against future taxable income	51,868
Closing balance as at 29 February 2020	**51,868**

Recognition of deferred tax asset

Management expects sufficient future taxable income in the Company to enable the Company to utilise the unutilised tax losses as at the reporting date.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

11. Inventories

	2020
Group	
Finished goods	14,270,660
Goods in transit	461,212
	14,731,872

12. Trade and other receivables

	2020
Group	
Trade receivables	5,493,821
Loss allowance	(74,968)
	5,418,853
Prepayments	6,521
Deposits	88,376
Other receivables	11
Value-Added Tax receivable	596,491
	6,110,252

Financial risk

Information about the Group's exposure to credit risk and impairment losses for trade receivables is included in note 30 of the financial statements.

13. Loans Receivable

	2020
Group	
At amortised cost	
Shareholders	
CD Landsberg	206,518
This loan is unsecured. The loan will bear interest, linked to prime only after 6 months of the effective loan date. The loan will be repaid 10 monthly instalments. The effective date of the loan is 1 February 2020.	
	206,518

Financial risk

No loss allowance was recognised in terms of loans receivable.

Information about the Group's exposure to credit risk and impairment losses for loans receivable is included in note 30 of the financial statements.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

14. Cash and cash equivalents

	2020
Group	
Balances with banks	2,844,911
	2,844,911

All bank accounts are denominated in South African Rand.

Banking facilities

The Group, through its subsidiary, IsoClear Proprietary Limited is busy investigating the potential of an overdraft facility, as well as foreign currency facilities, in the form of foreign exchange contract management.

Credit rating

All cash resources are placed with reputable financial institutions. The credit ratings in terms of Standard and Poor's rating agency for First National Bank, a division of FirstRand Bank Limited were za.AA in terms of the long-term outlook and za.A-1+ in terms of the short-term outlook for the local currency division within South Africa. The financial institution had an overall stable rating.

Financial risk

Information about the Group's exposure to credit and market risks and impairment losses for cash and equivalents is included in note 30 of the financial statements.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

15. Stated Capital

	Group 2020	Company 2020
Authorised share capital		
500,000,000 ordinary no par value shares		
Issued share capital		
1,540,120 ordinary no par value shares	41,564,720	41,564,720
	41,564,720	**41,564,720**

During the reporting period, the Company amended the Memorandum of Incorporation ('MOI') for authorised share capital to increase it from 1,000 ordinary par value shares to 500,000,000 ordinary no par value shares. The amended MOI was filed with the Companies and Intellectual Property Commission.

Reconciliation of issued shares

Description of transaction	Group Number of shares 2020	Company 2019
Issue of shares for cash	120	120
Issue of shares in terms of common control transaction (refer note 9)	1,540,000	1,540,000
	1,540,120	**1,540,120**

During the current reporting period, the Company issued 120 ordinary shares, at the incorporation date, amounting to R 120.

During the current reporting period, the Company issued 1,540,000 ordinary shares in terms of the common control transaction amounting to R 41,564,600. Refer to note 9 of the financial statements.

The above transactions were executed in terms of specific and general authorities granted by shareholders at its AGM.

16. Non-controlling Interests

	2020
Group	
Acquired through common control transaction (refer to note 9)	7,323,297
Share of losses for the period	(321,564)
	7,001,733

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Summary of financial information of subsidiary with material non-controlling interests

The following table summarises the information relating to the subsidiary with material non-controlling interests before any intergroup-eliminations:

	iHealthcare Group Limited 12 months ended 29 Feb 2020
Non-controlling percentage (%)	33.91
Non-current assets	291,605
Current assets	4,014,512
Non-current liabilities	-
Current liabilities	(843,103)
Net assets	**3,463,014**
Net assets attributable to non-controlling interests	1,174,308
Revenue	2
Profit for the period	(3,736,179)
Total comprehensive income for the period	**(3,736,179)**
Total comprehensive income attributable to non-controlling interests	(1,266,938)
Cash flows from operating activities	(2,015,853)
Cash flows from investing activities	2,234,113
Cash flows from financing activities	(291,405)
Net movements in cash and equivalents	**(73,145)**

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

17. Contract Liabilities

	2020
Group	
Option to acquire additional goods	525,000
Service contracts	254,100
	779,100
Non-current liabilities	715,575
Current liabilities	63,525
	779,100

Option to acquire additional goods

In certain contracts, the Group provided a customer with the option to acquire additional goods in the form of a material right to purchase equipment at a discounted price in the future. The option is exercisable after 60 months from the contract date (which was concluded in the prior reporting period) and management estimated and continues to estimate, that this option will be exercised by the specific customer. Refer to note 21 of the financial statements.

Service contracts

In certain contracts, the Group sells a service element to customers. The service element was purchased by a single customer in the prior reporting period and the service period is 60 months from contract date. The customer paid in advance for the service element. Refer to note 21 of the financial statements.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

18. Trade and other payables

	2020
Group	
Trade creditors	5,040,428
Accrued leave pay	94,166
Accrued bonus	100,948
Employee-related accruals	124,826
Accrued audit fee	1,100,000
Operating cost accruals	215,892
Other payables	12,230
	6,688,490
Company	
Trade creditors	22,831
Accrued audit fee	50,000
Operating cost accruals	24,431
	97,262

Leave pay accrual

An accrual is recognised for leave pay due to the employees based on the accumulated leave days multiplied by the daily remuneration rate.

Bonus accrual

Accrued bonuses are determined annually at the reporting date in relation to qualifying employees.

Financial risk

Information about the Group's exposure to liquidity risk for trade payables is included in note 30 of the financial statements.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

19. Leases

	2020
Leases as lessee	
Group	
Lease liability	887,179
	887,179
Non-current liabilities	-
Current liabilities	887,179
	887,179

The Group, through its subsidiary, IsoClear Proprietary Limited leases buildings for administrative and storage purposes. The lease was entered into on 1 January 2019.

Terms

The incremental borrowing rate of the lease is determined as 10.25%. The lease payments amounts to R 88,358 per month. The lease payments escalate annually. The non-cancellable lease term of the contract is 12 months. Management confirmed their intention to exercise the renewal option of an additional 12 months. The remaining lease term of 22 months was used in determining the lease liability.

In terms of the lease agreement, the lessor reserves the right to relocate the Group to a similar sized and equipped premises upon reasonable notice. Management confirmed that the lessor has no operational reason or strategic plan to relocate the Group in the foreseeable future and that the clause is merely a standard clause included in the lease agreement and confirmed furthermore that there is no intent to move the Group to a similar premises in the foreseeable future.

Right-of-use-asset

The right-of-use asset related to the buildings is included in property, plant and equipment as disclosed in note 7 of the financial statements.

In addition, the Group, through its subsidiary, IsoClear Proprietary Limited leases storage space for exhibition materials on a month-to-month basis. This lease has been classified as a short term lease.

Leases as lessor

The Group, through its subsidiary, IsoClear Proprietary Limited, sub-leases a portion of its right-of-use asset over buildings on a monthly basis to a third party. The lease is classified as an operating lease.

Income from sub-leasing of right-of-use asset included in other income	100,980

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Maturity analysis of lease payments

The Group's specific maturity analysis of the lease liability, based on contractual undiscounted cash flows, at the reporting date, is as follows:

	Less than 3 months	Between 3 to 12 months	1-5 years
Lease liability	278,817	650,573	-

Amounts recognised in profit or loss

	Group 2019
Short term lease expense	6,235
Interest on lease liabilities	27,008
Sub-lease rental income	(100,980)
	(67,737)

20. Loan from Group Company

	2020
Company	
At amortised cost	
Subsidiary	
iHealthcare Group Limited	1,190,743
This loan is unsecured, bears no interest and is repayable on demand.	
	1,190,743

Financial risk

Information about the Group's exposure to liquidity risk for loans from group companies is included in note 30 of the financial statements.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

21. Revenue

The Group generates revenue primarily from the sale of consumable products, equipment sales and pharmaceutical products related to the ophthalmology industry. Other sources of revenue for the Group include rental income from operating leases entered into with customers.

	Group 2020
Revenue from contracts with customers	8,190,972
Other revenue	27,208
• Dividend income	-
• Revenue related to leases	27,208
Total revenue	**8,218,180**

Disaggregation of revenue

In the following tables, revenue from contracts with customers is disaggregated by timing of revenue recognition and major service offering. The tables also include a reconciliation of the disaggregated revenue with the Group's reportable segments (refer note 34 of the financial statements).

Timing of revenue recognition

	Group Ophthalmology segment 2020
At a point in time	8,127,447
Over a period of time	63,525
Revenue from contracts with customers	8,190,972
Other revenue	27,208
Total revenue	**8,218,180**

Major service offering

	Group Ophthalmology segment 2020
Consumable product sales	8,127,447
Services of equipment	63,525
Revenue from contracts with customers	8,190,972
Other revenue	27,208
Total revenue	**8,218,180**

During the reporting period, the Group recognised revenue amounting to R 79,342 in relation to customers in Namibia. All other revenue from contracts with customers originated from customers in South Africa.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Contract balances

Receivables

The following table provides information about receivables from contracts with customers. Refer to note 12 of the financial statements.

	Group 2020
Receivables classified as trade receivables	5,493,821
Loss allowance	(74,968)
	5,418,853

Contract liabilities

The contract liabilities relates to payments received in advance for service contracts (applicable to some equipment) and the option which gives the customer the material right to acquire machines at a discounted prices in the future for revenue not yet recognised. Refer to note 17 of the financial statements.

	Group 2019
Revenue recognised in relation to service contracts	**63,525**

The remaining performance obligations in relation to the service element that have an expected duration of one year or less amounts to R 63,525. The remaining performance obligations that have an expected duration of more than one year, in relation to the service element amounts to R 190,575. The Group did not have any other remaining performance obligations at the current reporting date.

Major customers

The information related to major customers of the Group is set out below:

Contribution to revenue

	Group	
	Revenue	Contribution (%)
Major customer	2020	2020
Customer A*	6,069,900	74.10
Customer B*	884,194	10.79
	6,954,094	**84.89**

Receivable balances

	Group	
	Balance	Balance (%)
Major customer	2020	2020
Customer A*	3,783,888	68.88
Customer B*	548,722	9.99
	4,332,610	**78.87**

**The identification of the customers are considered to be confidential competitive information.*

There is no indication or uncertainty that these customers will not transact with the Group in future periods.

Figures in R

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service offering	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Consumable product sales	The Group sells consumables related to the ophthalmology industry. These goods include general surgical and equipment consumables. These products may only be sold to a hospital, pharmacy or medical practitioners in terms of applicable regulations under the license agreement held.	Revenue is recognised at a point in time when control passes to the specific customer.
	Customers obtain control of these products when the goods are delivered to and have been accepted at their premises.	Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises.
	Invoices are generated at that point in time. Invoices are usually payable within 30-60 days which indicates that no financing is provided to customers.	
	The Group allows for rebates on specific deals and contracts but not as a standard term or condition.	Where a rebate is allowed, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. Accumulated experience is used to estimate the rebates and the probability, leading to a significant reversal of revenue. At the end of the current and prior reporting periods, management estimated that no reversal of revenue will be recognised in relation to rebates.
	Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods i.e. no cash refunds are offered except under very exceptional circumstances. The return policy is rarely exercised by customers.	A refund liability (included in trade and other payables) and a right to the returned goods (included in inventories) are recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed and updated at each reporting date. At the end of the current and prior reporting period, no refund liability or right to the returned goods was recognised.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Equipment sales	The Group sells equipment and peripherals related to the ophthalmology industry.	Revenue is recognised at a point in time when control passes to the specific customer.
	Customers obtain control of these products when the goods are delivered to and have been accepted at their premises and in some instances the on-boarding element (which is integral to certain equipment) has been completed. The turnaround time for the on-boarding element is not considered to be significant.	Revenue is recognised when the goods are delivered and have been accepted by the customers at their premises.
	Invoices are generated at that point in time. Invoices are usually payable within 30 days which indicates that no financing is provided to customers.	
Services in relation to equipment	The Group also sells a separately identified service contract to certain customers to perform an annual service of the equipment over a contractually determined period. Invoices in this regard is generated at the point in time as described above with the same payment terms as described above.	Revenue is recognised over a period of time as the customer receives and consumes the service when delivered. The output method is used to recognise the service element over a period of time whereby a completed services in comparison to remaining services are used as the basis.
	The customer pays in advance for the service contract.	The deferred revenue is included in contract liabilities.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

22. Operating Profit/(Loss)

	Group 2020	Company 2020
Operating profit/(loss) before interest is stated after taking the following into account:		
Sub-lease rental income (refer note 19)	100,980	-
Impairment gain on trade receivables	38,467	-
Gain on foreign exchange	53,543	-
Reversal of accrual for operating lease expense*	120,183	
Recoupment of internet expenses	618	-
Auditor's remuneration	(727,787)	-
• Audit services	(727,787)	-
Employee benefit expense	(342,907)	-
Share-based payment expense	-	-
Depreciation	(415,593)	-
• Right-of-use asset: Buildings	(247,241)	-
• Fixtures and furniture	(7,110)	-
• Office equipment	(1,195)	-
• Computer equipment	(10,962)	
• Demo units	(149,085)	-
Impairment loss on goodwill	(600,372)	-
Write-off of trade receivables	(14,551)	-
Legal expenses	(789,979)	(296,805)
Listing fees	(1,104,040)	(579,547)
Corporate advisor fee	(92,385)	(92,385)
Leases (refer note 19)		
• Short term lease expense	(6,235)	-

**The reversal related to lease expenses accrued in the prior reporting period which was not incurred during the current reporting period of the subsidiary, Isoclear Proprietary Limited.*

23. Finance Income

	Group 2020
Banks	45,529

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

24. Finance Costs

	Group 2020
Lease liability (refer note 19)	27,008
Current tax payables	11,801
Banks	13
	38,822

25. Income Tax Expense

	Group 2020	Company 2020
Tax expense		
Current tax		
Current period	(1,049,726)	-
	(1,049,726)	-
Deferred tax		
Originating and reversing temporary differences	265,171	51,868
	265,171	51,868
	(784,555)	**51,868**

Reconciliation of income tax expense

	Group 2020	Company 2020
Loss before tax	(163,725)	(1,288,125)
Income tax calculated at 28.0% (2019: 28.0%)	(45,843)	(360,675)
Tax effect of:		
Non-deductible expenses		
• Legal expenses	88,754	83,105
• Penalties paid	10,654	5,327
• Listing related expenses	554,218	220,375
• Impairment of goodwill	168,104	-
Status of operational income		
• Expenses incurred	8,668	-
	784,555	**(51,868)**
Effective tax rate for the period (%)	-479.19	4.03

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

26. Loss and Headline Loss per Share

	Group 2020
Loss and headlines loss per ordinary share	
Basic and diluted loss per ordinary share	
Basic loss per ordinary share has been calculated using the following:	
Loss for the period	(948,280)
Non-controlling interest	321,564
Loss attributable to ordinary shareholders	(626,716)
Weighted number of ordinary shares in issue	385,110
Weighted number of ordinary shares in issue for purposes of dilution	385,110
Basic loss per ordinary shares (cents)	**(162.7)**
Diluted loss per share (cents)	**(162.7)**
Headline and diluted headline loss per ordinary share*	
Headline loss per ordinary share has been calculated using the following:	
Loss attributable to ordinary shareholders	(626,716)
Impairment of goodwill net of tax**	600,372
Headline loss for the period	(26,344)
Weighted number of ordinary shares in issue	385,110
Weighted number of ordinary shares in issue for purposes of dilution	385,110
Headline loss per ordinary shares (cents)	**(6.8)**
Diluted headline loss per share (cents)	**(6.8)**

**Although headline earnings is not required by the 4AX Listing Requirements this represents a measure reviewed by management and is based on the requirements of the SAICA Circular 1/2019.*

***This item is considered a permanent difference and thus has no tax impact.*

Reconciliation of weighted average number of shares in issue

	2020	
	Actual	Weighted
Shares issued - incorporation	120	110
Shares issued - common control transaction	1,540,000	385,000
	1,540,120	385,110
Dilutionary effect of LTI scheme	-	-
Weighted number of ordinary shares in issue for purposes of dilution	**1,540,120**	**385,110**

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

27. Cash Generated from Operations

	Group	Company
	2020	2020
Loss before tax	**(163,725)**	**(1,288,125)**
Adjusted for		
Finance income	(45,529)	-
Finance costs	38,822	-
Non-cash flow items		
Depreciation	415,593	-
Impairment loss on trade receivables	(38,467)	-
Impairment of goodwill	600,372	-
Changes in working capital		
Adjustments for decrease in inventories	40,298	-
Adjustments for increase in trade and other receivables	(1,566,558)	-
Adjustments for increase in trade and other payables	436,207	97,262
Adjustments for contract liabilities	(63,525)	-
Adjustments for provisions	(49,500)	-
Net cash flows from operations	**(396,012)**	**(1,190,863)**

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

28. Income Tax Paid/(Refunded)

	Group 2020	Company 2020
Net tax payable/(receivable) at the end of the period	482,558	-
Income tax expense recognised in profit or loss	(784,555)	51,868
Less: deferred tax included in income tax expense	(265,171)	(51,868)
Acquired through common control transaction (refer note 9)	(1,146,155)	-
	(1,713,323)	**-**

29. Cash Flow from Financing Activities Analysis

The changes in the Group's cash flows from financing activities can be categorised as follows:

2020	Group Non-cash movements	Cash movements	Total
Proceeds from issue of ordinary shares*	41,564,600	120	41,564,720
Repayment of borrowings	-	-	-
Repayment of lease liability	-	(247,227)	(247,227)
Repayment of cash-settled share-based payment liability	-	(874,033)	(874,033)
	41,564,600	**(1,121,140)**	**40,443,460**

**The non-cash element refers to the common control transaction as per note 9 of the financial statements.*

2020	Company Non-cash movements	Cash movements	Total
Proceeds from issue of ordinary shares*	41,564,600	120	41,564,720
Proceeds from loan from group company	-	1,190,743	1,190,743
	41,564,600	**1,190,863**	**42,755,463**

**The non-cash element refers to the common control transaction as per note 9 of the financial statements.*

Notes to the Financial Statements
for the 11 months ended 29 February 2020

Figures in R

30. Financial Instruments - Fair Value and Risk Management

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. In order to maintain or adjust the capital structure of the Group, the Board of Directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. This strategy has remained unchanged from the prior reporting period.

The Group does not have any externally imposed capital requirements.

The debt to equity ratio of the Group is 59.22%. The measure in terms of total debt for the Group excludes contract liabilities, deferred tax and income tax liabilities when performing this calculation.

Classification and fair values of financial instruments

The following summarises the valuation methods and assumptions used in estimating the fair values of financial instruments reflected in the tables below.

Financial assets at amortised cost
The carrying value of financial assets at amortised cost with a remaining life of less than 12 months reasonably approximates fair value due to the short-term period to maturity.

Financial liabilities at amortised cost
The carrying value of financial liabilities with a maturity of less than 12 months reasonably approximates fair value due to their short-term nature. For longer maturities fair value is calculated based on the present value of future principal and interest cash flow.

Fair value hierarchy
When measuring the fair value of an asset or a liability, the company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

The following table shows the fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets - Group

2020	At amortised cost	Total	Fair value
Trade and other receivables*	5,418,864	5,418,864	-
Loans receivable*	206,518	206,518	-
Cash and cash equivalents*	2,844,911	2,844,911	-
	8,470,293	**8,470,293**	**-**

Financial liabilities - Group

2020	At amortised cost	Total	Fair value
Trade and other payables*	6,368,550	6,368,550	-
	6,368,550	**6,368,550**	**-**

**The carrying amount is a reasonable approximation of fair value. The financial instrument represents a financial instrument which is not measured at fair value on a recurring basis.*

Financial liabilities - Company

2020	At amortised cost	Total	Fair value
Trade and other payables*	97,262	97,262	-
Loans from group companies*	1,190,743	1,190,743	-
	1,288,005	**1,288,005**	**-**

**The carrying amount is a reasonable approximation of fair value. The financial instrument represents a financial instrument which is not measured at fair value on a recurring basis.*

Amounts disclosed in the tables above are exclusive of all statutory amounts payable or refundable from a legislative nature in relation to Value-Added Tax, prepayments and accruals that are not considered to be financial instruments.

The Group did not have any financial instruments measured at fair value on a recurring basis during the current or prior reporting periods.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Financial risk management objectives

Risks and related mitigating procedures are assessed by executives with assistance from line managers and employees on a continuous basis to ensure the safeguarding of the Group, its people, its assets and its businesses.

The Group has exposure to the following risks from its financial instruments:

- market risk (including interest rate and currency risk);
- credit risk; and
- liquidity risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and procedures for measuring and managing risk and the Group’s management of capital. Further quantitative disclosures are included in the financial statement notes relating to the financial instrument concerned.

The Group’s objective is to effectively manage each of the above risks associated with its financial instruments, in order to limit the Group’s exposure as far as possible to any financial loss associated with these risks.

The Board is ultimately responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks. The Board has established the Audit and Risk Committee, which is responsible for monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, 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 Group’s business activities. The Group, through training and management standards and procedures, aims to develop a disciplined and structured control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign exchange rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk management

The Group's exposure to interest rate risk is on a floating rate basis. At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is set out in the table below.

	Group
	2020
Cash and cash equivalents	2,844,911
	2,844,911

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Cash flow sensitivity linked to interest rate risk

A change of 200 basis points in interest rates at the reporting date would have increased profit or loss by the amounts shown below. This analysis assumes that the other variables remain constant and is based on closing balances compounded annually.

	Group
	2020
Impact on profit or loss for the reporting period*	56,898
	56,898

**Effect on equity is equal to the effect on profit or loss (excluding tax effects thereon).*

Foreign currency risk management

The Group is exposed to foreign currency risk through the importation of products and equipment. The Group's exposure to the fluctuations in foreign currency is closely monitored and the appropriate instrument will be utilised when appropriate to mitigate this risk.

The primary foreign currency to which the Group is exposed is the US Dollar and Euro.

Foreign currency sensitivity analysis

The following table indicates the Group's sensitivity at reporting date to the indicated movements in foreign exchange on financial. The rates of sensitivity are the rates used when reporting the currency risk to the Group and represents management's assessment of the possible change in reporting foreign currency exchange rates. The Group is exposed to movements in the exchange rates related to the Euro.

			Group	
2020	**EUR 1:**	**R 16.28**	**R 17.28**	**R 19.28**
Impact on profit or loss for the reporting period*		50,444	53,543	59,740
		50,444	**53,543**	**59,740**

**Effect on equity is equal to the effect on profit or loss (excluding tax effects thereon).*

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk is concentrated in the Group's trade receivables, loans receivable and cash and equivalents.

The carrying amounts of financial assets represent the maximum credit exposure.

Summary of impairment losses recognised in profit or loss

The following table provides a summary of the impairment losses on financial assets recognised in profit or loss during the reporting period.

	Group
	2020
Impairment gain on trade receivables	38,467
	38,467

The Group did not account for any impairment losses on other financial assets in the profit or loss of the Group in the current reporting periods.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the default risk associated with the industry of the customer.

New customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes financial statements, credit agency information and in some cases bank references. Sale limits are established for each customer and reviewed regularly by management. Any sales exceeding those limits require approval in relation to the delegation of authority policy established by the Group.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of between 30 and 60 days for customers. In limited instances, the standard payment period may be extended with specific approval.

The Group has a history of limited exposure to write-offs in relation to customer accounts. More so, although the Group is continuously expanding its footprint and client base, the Group has credit histories for many of the significant customers dealing with the Group on a recurring basis. Based on the limited exposure to historical write-offs, the Group does not insure its debtors.

The Group deals with customers in Namibia and South Africa. The Namibian economy is not considered to be volatile or unstable.

The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Based on the credit approval process of the Group, the Group does not have any trade which are regarded to have been credit-impaired on initial recognition.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Expected credit loss ('ECL') assessment

The Group allocates a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are internally defined using qualitative and quantitative factors that are indicative of the risk of default.

Due to the fact that the majority of the Group's customers fall within the South African ophthalmology medical industry, exposures within each credit risk grade are assigned by the customer ageing. An ECL rate is calculated for each ageing based on delinquency status and actual credit loss experience of that specific ageing.

ECL rates are based on actual credit loss experience over the past two years in combination with similar key role-players within the ophthalmology medical industry. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

The following tables present the ECL rates of the Group having applied all factors as discussed above.

Loss ratings model 2020

	Ageing			
	0 - 30 days ECL rate %	31 - 60 days ECL rate %	61 - 90 days ECL rate %	In excess of 90 days ECL rate %
ECL rates at 28 February 2019	0.77	2.06	4.12	36.01
Forward-looking adjustment	0.03	0.07	0.14	1.29
ECL rates as at 29 February 2020	**0.80**	**2.13**	**4.26**	**37.30**

The loss ratings at the end of the previous reporting date were adjusted for forward-looking information by increasing these ratios with a factor of 3.57%. This factor was determined using macro-economic factors and a weighting as indicated below.

Macro-economic factors considered

Factors considered	Weighting assigned	Weighted adjustment
Inflation*	30.00	12.20
Interest rates*	30.00	(4.88)
Moody's ratings**	15.00	5.00
GDP growth**	15.00	0.50
COVID-19 pandemic***	10.00	5.50
Forward-looking factor		**3.57**

**Direct impact on operations in terms of product prices and spend of customers.*

***Indirect impact as this is representative of the economy as a whole.*

****Adjusted indirect impact as the COVID-19 pandemic was evident, but not yet significant, in South Africa at the reporting date.*

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Summary of applied ECL ratings to trade receivables

	Group 2020			
Ageing	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit-impaired
Current	0.80	5,242,988	41,903	No
31 - 60 days beyond terms	2.13	172,011	3,666	No
61 - 90 days beyond terms	0.00	-	-	No
90 days and more beyond terms	37.30	78,822	29,399	Yes
		5,493,821	**74,968**	

Movements in the loss allowance

The movement in the allowance for impairment in respect of trade receivables during the reporting period was as follows:

Description	Group 2020
Acquired through common control transaction (refer note 9)	113,435
Amounts written-off in profit or loss previously included in loss allowance	-
Net remeasurement of loss allowance	(38,467)
	74,968

Loans receivable ('loans')

Impairment of the loans have been measured using the lifetime expected loss model.

The Group considers all of the indicators within the ECL model when determining the credit risk associated with any loans. The Group's assessment indicated that the generally have a low credit risk based on the financial performance of the shareholder as well as the financial performance and ability of the shareholder to settle the outstanding balance. The Group also considers the historical default information as well as forward-looking information such as budgets and forecasts.

Due to the considerations above and the application of these considerations in the ECL model, the Group did not recognise an impairment on the loans in the current reporting period.

Cash and cash equivalents

Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures in terms of the general approach adopted by management. The Group considers all of the indicators within the ECL model when determining the credit risk associated with cash and equivalents.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the financial institution combined with the fact that the institution is reputable within the economic environment (refer to note 14 of the financial statements of the financial statements) and the fact that none of the other indicators, considered in terms of the ECL model indicated an increased credit risk. For this reason, no loss allowance has been recognised in relation to cash and equivalents at the current or prior reporting dates.

Liquidity risk

The liquidity risk of the Group is managed by the risk committee which monitors the repayment and settlement terms of all internally and externally funded debt. From a Group perspective, financial assistance is available to Group companies to ensure that all repayment terms outside of the Group are adhered to by each company. Any internal funding is repayable to the intergroup lender only when funds are available.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

The maturity analysis of financial liabilities at each reporting date is set out in the table below. The maturity analysis for the lease liability is included in note 19 of the financial statements. These amounts are gross and undiscounted, and include contractual interest payments. The Group, as indicated below, has no liabilities for which the maturity analysis exceeds 5 years.

	Group			
2020	Total	Up to 3 months	Between 3 to 12 months	Between 1 to 5 years
Trade and other payables*	6,368,550	6,368,550	-	-
	6,368,550	**6,368,550**	**-**	**-**

	Company			
2020	Total	Up to 3 months	Between 3 to 12 months	Between 1 to 5 years
Trade and other payables*	97,262	97,262	-	-
Loans from group companies	1,190,743	-	1,190,743	-
	1,288,005	**97,262**	**1,190,743**	**-**

**Accrued expenses that are not financial liabilities are not included.*

31. Directors and Prescribed Officer

Directors' interest in the share capital of the Company

2020	Direct number	Indirect number	Total number	Total %
Executive directors				
Dr A Jacobsz	-	70,000	70,000	0.05
Dr PJL Odendaal	70,120	-	70,120	0.05
Non-executive directors				
AP Coetzee*	-	-	-	-
K Fleischhauer*	-	-	-	-
Dr HD Hoffman*	-	-	-	-
KJM Moja*	-	-	-	-
Prescribed officer				
JH Visser**	-	-	-	-
	70,120	**70,000**	**140,120**	**0.09**

**Appointed on 1 March 2020.*

There have been no changes between the reporting date and the date of this report. The directors have no non-beneficial shareholdings.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Remuneration

Executive directors

No directors remuneration was paid to the executive directors during the current reporting periods.

Non-executive directors

No directors remuneration was paid to the non-executive directors during the current reporting periods.

Prescribed officer

The prescribed officer was appointed on 1 March 2020. No remuneration was thus paid to the prescribed officer during the current reporting period.

The Group is in the process of finalising formal contracts with the Board members.

Share awards

During the 2017 reporting period, two employees of the subsidiary of the Group, IsoClear Proprietary Limited ('IsoClear'), were granted long-term incentives in the form of shares in the subsidiary of the Group, iHealthcare Group Limited ('IHG'). The shares awarded were subject to both a service and performance condition and would vest in two tranches. The details of the incentive awards are as follows:

	CD Landsberg (CEO and executive director)	P de Witt (Financial manager)
Number of shares	50,000 ordinary shares in IHG	30,000 ordinary shares in IHG
Date of issue	1 February 2017	20 November 2017
Vesting - Tranche 1	30,000 ordinary shares after 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)	20,000 ordinary shares after 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)
Vesting - Tranche 2	20,000 ordinary shares after a further 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)	10,000 ordinary shares after a further 2.5 years in service (service condition) and upon all bi-annual performance agreements met (performance condition)
Dividends	Dividends are accrued and paid out at the vesting dates adjusted for interest foregone after taking Dividend Tax into effect.	Dividends are accrued and paid out at the vesting dates adjusted for interest foregone after taking Dividend Tax into effect.
Other	All non-dilution mechanisms enjoyed by existing shareholders are available to the participant.	All non-dilution mechanisms enjoyed by existing shareholders are available to the participant.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

Valuation method

At the reporting date, management could not reliably estimate the fair value of the services received due to the short historical information related to the listing of the Company on 4AX. The valuation of the share-based payment-scheme is estimated with reference to the fair value of the quoted market price of the ordinary shares of the Company. The inputs used in the calculation of the scheme is as follow:

• Number of shares applicable after share split adjusted for vesting period*	18,000
• Share price as at 29 February 2020	R 26.99
• Dividend Tax rate	20%
• Accrued net dividend per share	R 1.12
Cash-settled share-based payment liability as at 29 February 2020	**505,980**

**Due to the uncertainty in relation to the performance obligations, Tranche 2 was excluded from the valuation at the reporting date.*

Resignation

CD Landsberg resigned during the current reporting period on 31 January 2020. The shares in relation to Tranche 1 was issued to this participant on the date of resignation as the service and performance condition was satisfied.

The participant received 30,000 ordinary shares. IsoClear purchased these shares and the shares were issued at the fair value market price of the IHG's shares of R 26,99.

The amount awarded to this participant amounted to R 878,487 during the reporting period.

This participant forfeited Tranche 2 of the scheme and this portion of the incentive was cancelled.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

32. Related Parties

Identification

The subsidiaries of the Company is set out in note 9 of the financial statements.

The directors of the Company is set out in note 31 of the financial statements.

	Group 2020	Company 2020
Related party balances		
Loans to/(from) related parties		
Subsidiaries		
iHealthcare Group Limited	-	(1,190,743)
	-	**(1,190,743)**
Trade receivables - related parties		
Directors		
Dr A Jacobsz	-	-
Dr PJL Odendaal	6,115	-
Entity related to director		
Club Surgical Centre Proprietary Limited	234,715	-
	240,830	**-**

All outstanding balances will be settled with cash resources.

	Group 2020	Company 2020
Related party transactions		
Revenue from related parties		
Directors		
Dr A Jacobsz	1,133	-
Dr PJL Odendaal	22,852	-
Entity related to director		
Club Surgical Centre Proprietary Limited	234,715	-
	235,848	**-**

Key management personnel

All key management personnel are considered to be the directors and prescribed officer of the Group. No remuneration was paid during the current or prior reporting periods to directors or the prescribed officer.

All related party transactions are conducted on an arm's length basis and any outstanding balances to or from the Group are no more or less favourable than any other supplier or customer of a similar size.

Notes to the Financial Statements
for the 11 months ended 29 February 2020

Figures in R

33. Contingent Liabilities

The directors are not aware of any contingent liabilities of a material nature.

34. Segment Analysis

The Group has the following two business units as strategic divisions, which are reportable segments. These divisions offer different products and services, and are managed separately because they require different strategies.

The segments of the Group are based on the information reported to the chief operating decision-maker (Chief Executive Officer) and have not changed from the prior reporting period. The Group primarily operates in South Africa and due to the immaterial foreign revenue (refer to note 21 of the financial statements, the Group does not report information based on geographical region.

All inter-segment transactions are priced on an arm's length basis.

Reportable segments	Operations
Ophthalmology	The ophthalmology segment provides a service offering specialising within the ophthalmology medical field to hospitals, pharmacies and medical practitioners. The service offering includes the sale of consumables, equipment and pharmaceutical products to customers in South Africa.
Group services	Group Central Services provides strategic direction and shared services to the Group.

	Group
	2020

Revenue analysis

Business unit	External revenue
Ophthalmology	8,218,180
	8,218,180

Profit after tax analysis

Business unit	Operating profit/(loss) after tax
Operating profit before tax	**(163,725)**
• Ophthalmology	1,124,400
• Group services	(1,288,125)
Income tax expense	(784,555)
• Ophthalmology	(836,423)
• Group services	51,868
Profit for the period	**(948,280)**
• Ophthalmology	287,977
• Group services	(1,236,257)

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

	Group 2020
The following items are included in the operating profit/(loss) before tax:	
Depreciation	
• Ophthalmology	(415,593)
Finance income	45,529
• Ophthalmology	45,529
• Group services	-
Finance costs	(38,822)
• Ophthalmology	(38,822)
• Group services	-

Net operating assets analysis

Business unit	Net operating assets
Ophthalmology	(19,680,347)
Group services	40,328,463
	20,648,116

During the reporting period, the Group acquired property, plant and equipment amounting to R 3,642,108.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

35. Events After the Reporting Date

Non-adjusting event: COVID-19 global pandemic

Widespread local and global uncertainty associated with the COVID-19 pandemic was, and remains, prevalent after the reporting date. On 15 March 2020 a National State of Disaster was declared in South Africa due to the COVID-19 pandemic and subsequently, on 26 March 2020, a national lockdown became effective for all South African citizens and businesses. This national lockdown was extended until 30 April 2020. On 1 May 2020 a risk-adjusted phased-in approach of economic activity was implemented and promulgated in terms of the Disaster Management Act of South Africa, 2002 (Act 57 of 2002).

The significant operational subsidiary of the Group, IsoClear, was classified as an essential services provider during the risk-adjusted phased-in approach which impacted the operations of the Group as follows:

- Operations continued where goods were sold to customers after the implementation of the risk-adjusted approach in terms of the essential services classification of the major operating subsidiary of the Group resulting in a recovered operational level since 01 May 2020;
- The management of appropriate inventory levels to meet the demand of customers since the implementation of the risk-adjusted approach with borders opening for the import of goods ensured that all performance obligations in relation to contracts entered into with customers could be met by the Group;
- All staff were encouraged to work remotely if possible;
- The implementation of all required regulations in relation to the operational premises of the company and staff members present at these premises which resulted in an immaterial increase in costs;
- Extended terms were negotiated with some foreign suppliers to mitigate the risk of foreign exchange fluctuations due to the downgrade of the South African economy by Moody's which will be managed with the foreign exchange contract management facility from the bankers in the foreseeable future; and
- Financial budgets in relation to the 2021 reporting period were revised and pro-active cost saving measures were implemented where possible.

The Board is of the opinion that the pandemic will not have a material impact on the financial stability of the Group or the Company in the foreseeable future based on the fact that neither the Group or Company utilised any relief measures implemented by government; customers did not request any extended terms or relief in relation to outstanding accounts; and the fact that the Group continued operations since the implementation of the risk-adjusted approach. Going forward, the extent of the impact of COVID-19 remains uncertain and cannot be predicted. The financial position and operating results of the Group and Company may, to a certain extent, depend on future developments.

The Board is not aware of any other matter or circumstance arising since the reporting date, to the date of this report, that could have a material effect on the financial position of the Group or Company.

36. Going Concern

The directors have considered the liquidity, solvency and working capital requirements of the Group for the foreseeable future, taking into account the effect of the COVID-19 pandemic, from the date of approval of the financial statements, and have no reason to believe the Group or Company will not be a going concern in the reporting period ahead.

However, as discussed in note 35 of the financial statements, the extent of the impact of the COVID-19 pandemic remains uncertain and cannot be predicted by the directors.

Notes to the Financial Statements

for the 11 months ended 29 February 2020

Figures in R

37. Analysis of Shareholding

Range of shares held	Group 2020 Shareholders Number	Group 2020 Shareholders Percentage	Group 2020 Shares in issue Number	Group 2020 Shares in issue Percentage
1 - 20,000	-	-	-	-
20,001 - 30,000	-	-	-	-
30,001 - 50,000	-	-	-	-
50,001 - 250,000	22	100.00	1,540,120	100.00
250,001 - 1,000,000	-	-	-	-
Over 1,000,000	-	-	-	-
	22	**100.00**	**1,540,120**	**100.00**

Shareholder type	Group 2020 Shareholders Number	Group 2020 Shareholders Percentage	Group 2020 Shares in issue Number	Group 2020 Shares in issue Percentage
Non-public shareholders	2	9.09	140,120	9.10
Directors and Prescribed Officers	2	9.09	140,120	9.10
Other Employees	-	-	-	-
Public shareholders	20	90.91	1,400,000	90.90
	22	**100.00**	**1,540,120**	**100.00**

Beneficial shareholdings with a holding greater than 5% of issued shares

None of the shareholders holds a beneficial interest of greater than 5% of the issued shares.

Corporate Information

iHealthcare Group Holdings Limited

Incorporated in the Republic of South Africa
Company registration number: 2019/155531/06
('iHealthcare Holdings' or 'the Company' or the Group')

Business address
Sappi Technology Centre
The Innovation Hub
Cnr Aaron Klug and Max Theiler Street
Persequor
Pretoria
0020

Postal address
P O Box 36290
Menlo Park
Pretoria
0102

Company Secretary

FluidRock Co Sec Proprietary Limited
Block 5, Suite 201
Monument Office Park
79 Steenbok Avenue
Monument Park
Pretoria
0181

Corporate Advisors

Pallidus Capital Proprietary Limited
Die Groenhuis
38 Garsfontein Road
Waterkloof
Pretoria
0145

Transfer Secretaries

4 Africa Exchange Registry Proprietary Limited
Hill on Empire
4th Floor Building A
16 Empire Road
Parktown
2193

4 Africa Exchange

Share code: 4AIHGH
ISIN: ZAE400000077

Industry: Healthcare

Auditors

SizweNtsalubaGobodo Grant Thornton Incorporated
Summit Place Office Park
Building 4
221 Garsfontein Road
Menlyn
Pretoria
0081

Attorneys

Van Huyssteens Commerical Attorneys
26 Pinaster Avenue
Hazelwood
Pretoria
0081

Bankers

First National Bank, a division of FirstRand Bank Limited
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton
Johannesburg
2196

iHealthcare
Group Holdings Ltd

www.ihgh.co.za