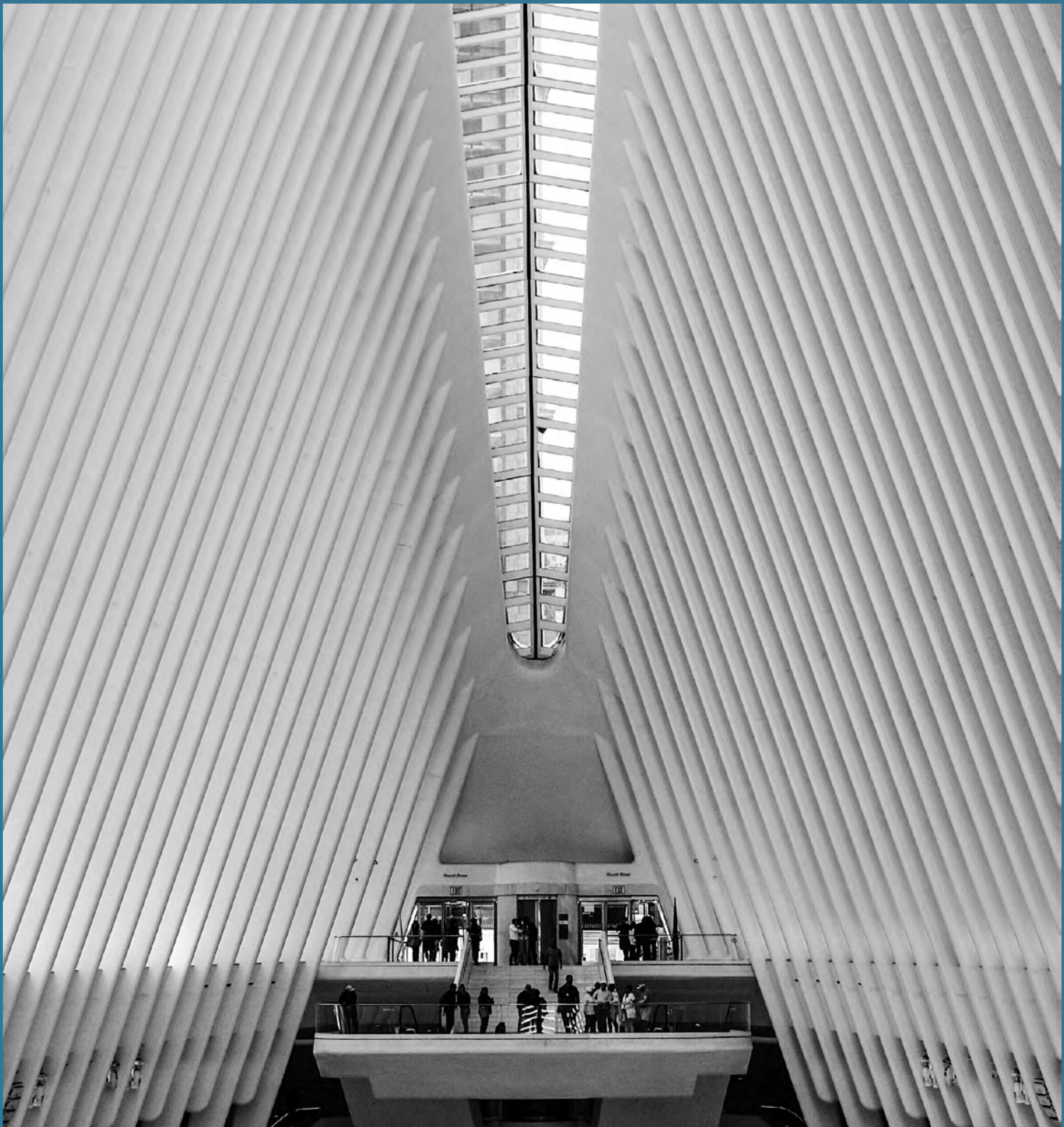

2021

ANNUAL REPORT

AFFINITY INTERNATIONAL

AFFINITY INTERNATIONAL

and Its Subsidiaries

(Registration number 52632)

Consolidated annual financial statements
for the year ended 28 February 2021

These consolidated annual financial statements were prepared by:
L Reyneke & Associates Incorporated

Issued 10 September 2021

GENERAL INFORMATION

Country of incorporation and domicile	Bermuda
Nature of business and principal activities	Investment Holding
Directors	M Hewlett M F Wilson J A F Watlington L A de Koker
Registered office	Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
Business Address	Belvedere Building 69 Pitts Bay Road Pembroke HM 08 Bermuda
Postal Address	PO Box HM 833 Hamilton HM CX Bermuda
BSX Listing Sponsor	Clarien BSX Services Limited
Auditors	L Reyneke & Associates Inc. Chartered Accountants Registered Auditors
Secretary	Alexander Management Ltd
Issued	10 September 2021

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Published 10 September 2021

RISK MANAGEMENT & INTERNAL AUDIT COMMITTEES

Internal Audit

The Risk Management and Internal Audit Committees considered the effectiveness of the internal audit function and monitored adherence to the annual internal audit plan. All internal audit reports were reviewed and discussed at meetings and, where appropriate, recommendations were made to the Board.

Management has reviewed the internal control over internal financial controls, including disclosure and procedures, and presented their findings to the audit and risk committee. Based on this review, nothing has come to the attention of the committee to indicate that significant internal financial controls have not operated as intended.

Risk Management

The Committee reviewed the Company risk register prior to it being presented to the Board. The committee also had two meetings dedicated to risk during the year where matters of risk were discussed.

Going Concern Status

The Committee has considered the going concern status of the Company on the basis of review of the annual financial statements and the information available to the committee and recommended such going concern status for the adoption by the Board.

The Board statement on the going concern status of the Company is contained on page 6 in the statement of directors' responsibilities.

Discharge of Responsibilities

The Committee is satisfied that during the financial year under review it has conducted its affairs, discharged its legal and other responsibilities as outlined in its charter. The Board concurred with this assessment.

Annual Report

The Committee has considered all factors and risks that may impact the integrity of this annual report. The Committee has reviewed and discussed the audited financial statements with the external auditors and executive management as reported in the annual report. Apart from the annual financial statements set out on pages 11 to 39 that form part of the annual report, no other external assurance has been obtained for information contained in the annual report.

The Committee is satisfied that the report complies with the Bermuda Companies Act of 1981 and IFRS and has therefore recommended the annual financial statements for approval to the Board.

A D de Koker
Chairman of the Risk Management Committee

M Cronje
Chairman of the Internal Audit Committee

DIRECTORS' RESPONSIBILITIES & APPROVAL

The directors are required in terms of the Bermuda Companies Act 1981 over companies to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 11 to 39, which have been prepared on the going concern basis, were approved by the board of directors on 10 September 2021 and signed on their behalf by:

Approval of financial statements:

M Hewlett
Group Chief Executive Officer

M F Wilson
Group Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

L REYNEKE & ASSOCIATES INC
Public Accountants & Auditors, Tax Advisors & Management Consultants

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF AFFINITY INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

REGISTRATION NUMBER : 52632

We have audited the Consolidated Annual Financial Statements of Affinity International Limited and Its Subsidiaries set out on pages 15 to 39, which comprise the Statement of Financial Position as at 28 February 2021, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

Opinion

In our opinion, the Consolidated Annual Financial Statements present fairly, in all material respects, the financial position of Affinity International Limited and Its Subsidiaries as at 28 February 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Annual Financial Statements of the current year. The matters were address in the context of our audit of the Consolidated Annual Financial Statements as a whole, and in forming our opinion there on, and we do not provide separate opinion on these matters.

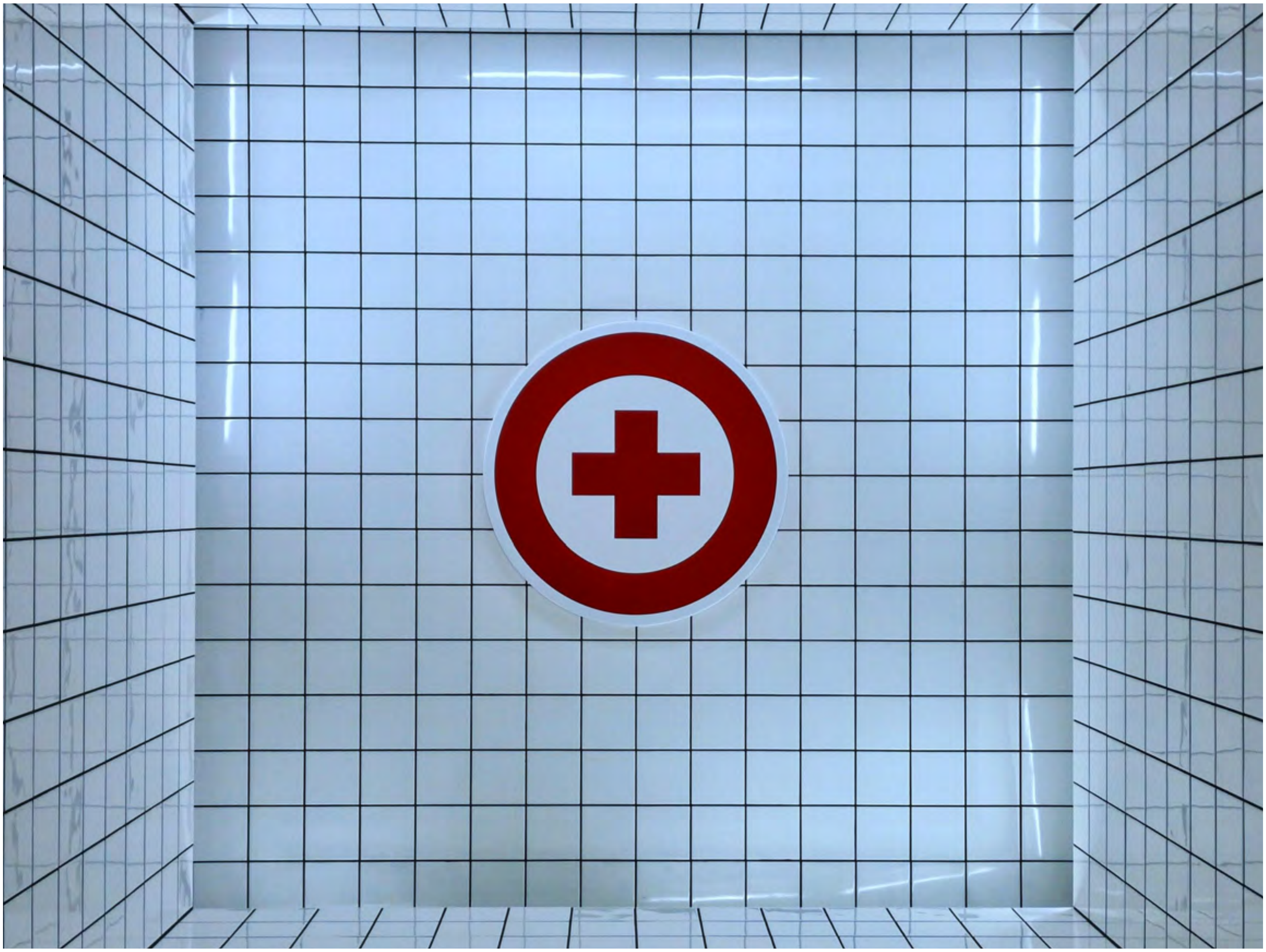
We have determine that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises

L REYNEKE & ASSOCIATES INCORPORATED Reg No: 1995/000503/21
Public Accountants & Auditors, Tax Advisors & Management Consultants

5 Bauhinia street, 30 Cambridge Office Park, First Floor, Highveld Techno Park, Centurion
P O Box 67376 Highveld 0169 Telephone: 011 315 4283
DIRECTOR: L REYNEKE, CA (SA) ,RA ASSOCIATE: S T DAWSON, AGA (SA)



the Directors' Report, which we obtained prior to issuing this report. Other information does not include the Consolidated annual financial statements and our auditor's report thereon.

Our opinion on the Consolidated Annual 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 Annual 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 Annual 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 Annual Financial Statements

The group’s directors are responsible for the preparation and fair presentation of the Consolidated Annual Financial Statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of Consolidated Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Consolidated Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Annual 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 International Standards on Auditing 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 Annual Financial Statements.

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

- Identify and assess the risks of material misstatement of the Consolidated Annual 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Annual Financial Statements, including the disclosures, and whether the Consolidated Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal

L Reyneke CA (SA) RA

13 September 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Affinity International Limited, and Its Subsidiaries for the year ended 28 February 2021.

1. Incorporation

The company was incorporated in Bermuda under registration number 52632 on 05 June 2017 and obtained its certificate to commence business on the same day.

Affinity International Limited is an investment holding company and is listed on the Bermuda Stock Exchange (BSX). The business profile of the Affinity International Limited Group includes the supply of medical insurance, medicine and other related services, financial services, and information technology.

Affinity International Limited's registered office is located at Belvedere Building, 69 Pitts Bay Road, Pembroke HM 08, Bermuda.

The BSX is a member of the World Federation of Exchanges (WFE), an affiliate member of the International Organisation of Securities Commission (IOSCO) and regulated by the Bermuda Monetory Authority (BMA). The BSX is recognised by the US Securities Exchange Commission as a Designated Offshore Securities Exchange (DOSM), and by the UK Financial Services Authority (FSA) as a 'Designated Investment Exchange'.

2. Review of financial results and activities

The results of the Group and the subsidiaries are set out in the attached annual financial statements, as reflected on pages 15 to 39.

3. Shareholding and changes

The company was incorporated with an authorised capital of $50,000, consisting of 1,000 shares of $0.001 par value Class A Voting Shares (the Class A Voting Shares) and 49,999,000 shares of $0.001 par value Class B Non-voting Shares (the Class B Non-Voting Shares).

The Company has issued 200 Class A Voting Shares since the date of incorporation until 23 October 2019, and 10,000,000 Class B Non-voting Shares at a par value of US$0.001 per share on 23 October 2019. The authorised and issued share capital of the Company as at 28 February 2021 is set out in Note 11 “Share Capital” of the consolidated financial statements.

4. Accounting Practices

The financial statements for the year ended 28 February 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, the IFRS Interpretations Committee (IFRS IC), interpretations applicable to companies reporting under IFRS, the Financial Reporting Standards Council. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

5. Dividends

No dividends were declared or paid to the shareholders during the year under review.

6. The Impact of uncertainty of COVID-19

The COVID-19 pandemic has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. We have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our personnel (such as social distancing and working from home). We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our personnel.

7. Directorate

The directors in office at the date of this report are as follows

Director	Office	Designation	Nationality
M Hewlett	Group Chief Executive Officer	Executive	South African
M F Wilson	Group Chief Financial Officer	Executive	British
L A de Koker		Executive	Hungarian
J A F Watlington		Non-Executive	Bermudian

8. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

9. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The directors believe that the company and group have adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company and group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

11. Auditors

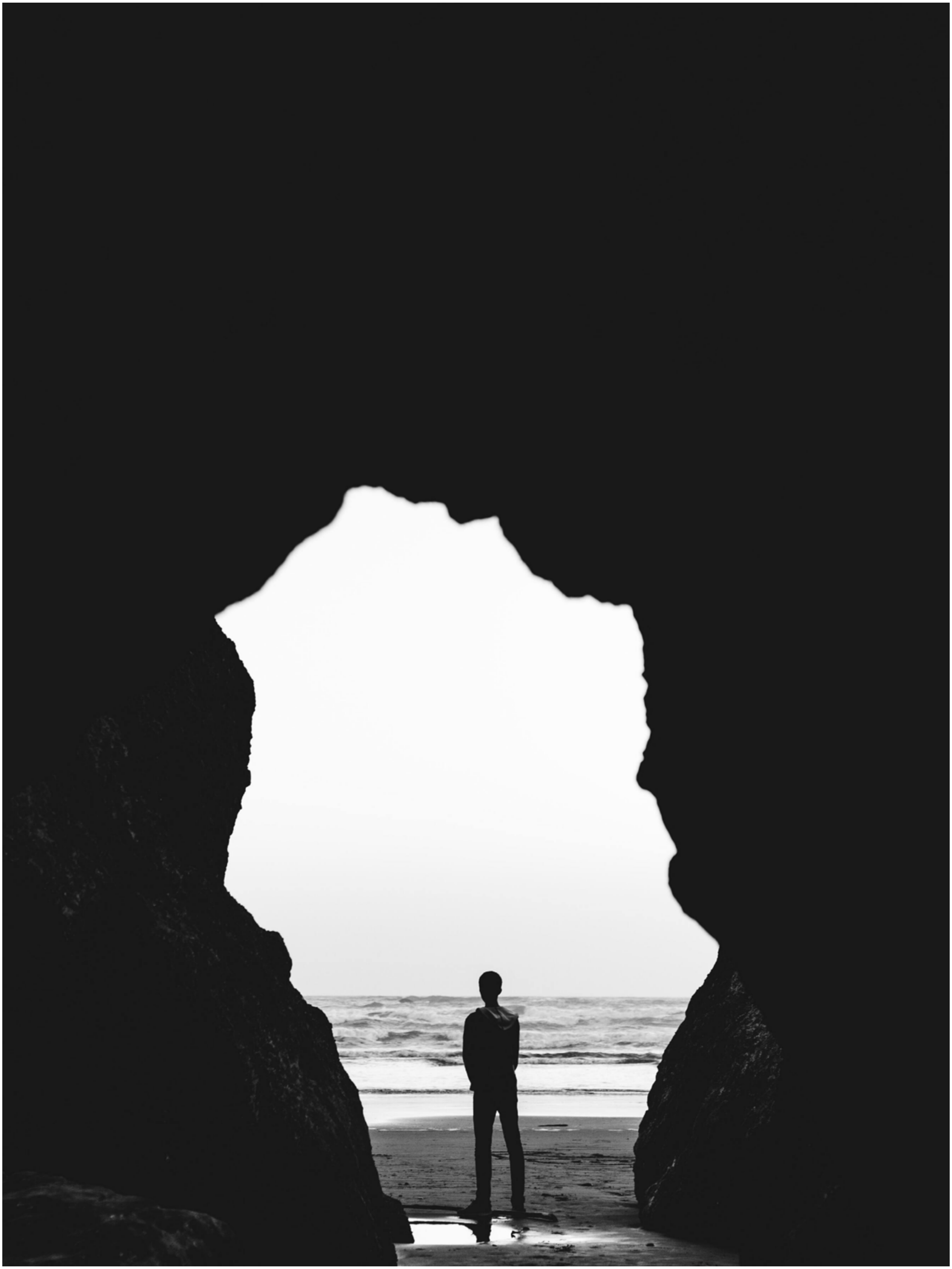
L Reyneke & Associates Inc. acted as auditors for the group for 2021.

12. Secretary

The company secretary is Alexander Management Ltd.

13. Interest in Subsidiary Companies

Name	Cost USD	Held by Company
Affinity Health (Botswana) Private Ltd	12	100%
	12	



STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

Expressed in USD	Note(s)	Company 2021	Company 2020	Group 2021	Group 2020
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	2 491 536	2 402 917
Goodwill	3	-	-	223 622	220 258
Investment in subsidiaries	4	12	12	-	-
Loans to group companies	5	732 968	732 968	-	-
Deferred tax	6	-	-	43 104	54 492
		732 980	**732 980**	**2 758 262**	**2 677 667**
Current Assets					
Inventories	7	-	-	36 705	6 106
Trade and other receivables	8	-	-	1 118 322	908 453
Other financial assets	9	-	-	5 580 553	4 174 702
Current tax receivables		-	-	125 839	142 587
Cash and cash equivalents	10	-	-	10 204 429	6 838 840
		-	**-**	**17 065 848**	**12 070 688**
Total Assets		**732 980**	**732 980**	**19 824 110**	**14 748 355**
Equity and Liabilities					
Equity					
Share capital	11	10 000	10 000	10 000	10 000
Reserves		-	-	381 048	(155 833)
Retained income		-	-	11 166 798	8 104 956
		10 000	**10 000**	**11 557 846**	**7 959 123**
Liabilities					
Non-Current Liabilities					
Finance lease liabilities	13	-	-	20 139	36 447
Other financial liabilities	15	722 980	722 980	722 980	722 980
		722 980	**722 980**	**743 119**	**759 427**
Current Liabilities					
Finance lease liabilities	13	-	-	22 440	22 112
Trade and other payables	14	-	-	1 084 130	1 081 434
Other financial liabilities	15	-	-	-	285 634
Current tax payable		-	-	340 150	490 389
Bank overdraft	10	-	-	251 917	62 222
Insurance contract liabilities	16	-	-	5 824 508	4 088 014
		-	**-**	**7 523 145**	**6 029 805**
Total Liabilities		**722 980**	**722 980**	**8 266 264**	**6 789 232**
Total Equity and Liabilities		**732 980**	**732 980**	**19 824 110**	**14 748 355**

M Hewlett
Group Chief Executive Officer

M F Wilson
Group Chief Financial Officer

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Expressed in USD	Note(s)	Company 2021	Company 2020	Group 2021	Group 2020
Service fees and sale of goods	17	-	-	31 700 460	20 750 898
Cost of services and goods		-	-	(13 305 476)	(9 203 075)
Gross profit		**-**	**-**	**18 394 984**	**11 547 823**
Other operating income	18	-	-	129 931	379 624
Other operating expenses		-	-	(14 355 905)	(9 142 387)
Operating profit	19	**-**	**-**	**4 169 010**	**2 785 060**
Investment income	20	-	-	82 598	60 150
Finance costs		-	-	(32 299)	(20 010)
Profit before taxation		**-**	**-**	**4 219 309**	**2 825 200**
Taxation	21	-	-	(1 157 467)	(875 306)
Profit for the year		-	-	3 061 842	1 949 894
Other comprehensive income:					
Exchange differences on translating foreign operations		-	-	536 881	(155 833)
Other comprehensive income for the year net of taxation		**-**	**-**	**536 881**	**(155 833)**
Total comprehensive income for the year		**-**	**-**	**3 598 723**	**1 794 061**

STATEMENT OF CHANGES IN EQUITY

Expressed in USD	Company Share capital	Company Retained income	Company Total equity	Group Share capital	Group Foreign currency translation reserve	Group Retained income	Group Total equity
Balance at 1 March 2019	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	-	-	-	-	-	1 949 894	1 949 894
Other comprehensive income	-	-	-	-	(155 833)	-	(155 833)
Group reserves - Business combination acquisitions (Note 12)	-	-	-	-	-	6 155 062	6 155 062
Share capital issued	10 000	-	10 000	10 000	-	-	10 000
Balance at 1 March 2020	10 000	-	10 000	10 000	(155 833)	8 104 956	7 959 123
Profit of the year	-	-	-	-	-	3 061 842	3 061 842
Other comprehensive income	-	-	-	-	536 881	-	536 881
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**536 881**	**3 061 842**	**3 598 723**
Balance at 28 February 2021	**10 000**	**-**	**10 000**	**10 000**	**381 048**	**11 166 798**	**11 557 846**
Note(s)	11			11			

STATEMENT OF CASH FLOWS

Expressed in USD	Note(s)	Company 2021	Company 2020	Group 2021	Group 2020
Cash flows from operating activities					
Cash generated from operations	22	-	-	4 421 116	3 402 668
Interest income		-	-	82 598	60 150
Finance costs		-	-	(32 299)	(20 010)
Tax paid	23	-	-	(583 499)	(525 089)
Net cash from operating activities		**-**	**-**	**3 887 916**	**2 917 719**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	-	-	(741 002)	(2 895 181)
Disposal of property, plant and equipment	2	-	-	-	41 529
Premium on business combination		-	-	-	5 722 066
Payment to loans from group companies		-	(732 968)	-	-
Increase in other financial assets		-	-	(1 405 850)	(4 174 702)
Net cash from investing activities		**-**	**(732 968)**	**(2 146 852)**	**(1 306 288)**
Cash flows from financing activities					
Proceeds on share issue	11	-	10 000	-	10 000
(Decrease)/Increase from other financial liabilities		-	722 968	(285 683)	1 008 614
Increase in insurance contract liabilities		-	-	1 736 493	4 088 014
Finance lease payments		-	-	(15 980)	58 559
Net cash from financing activities		**-**	**732 968**	**1 434 830**	**5 165 187**
Total cash movement for the year		**-**	**-**	**3 175 894**	**6 776 618**
Total cash at the beginning of the year		**-**	**-**	**6 776 618**	**-**
Total cash at end of the year	10	**-**	**-**	**9 952 512**	**6 776 618**

ACCOUNTING POLICIES

Corporate information

Affinity International Limited is a limited company incorporated and domiciled in Bermuda.

The annual financial statements for the year ended 28 February 2021 were authorised for issue in accordance with a resolution of the directors on 10 September 2021.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Bermuda Companies Act of 1981.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in US Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

1.3 Property, plant and equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably

Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Leasehold improvements	Straight line	10 years
Other fixed assets	Straight line	6 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

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

1.4 Investments in subsidiaries

Investments in subsidiaries are measured at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.5 Financial instruments

Initial recognition

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

The Company recognise a financial asset or a financial liability in the statement of financial position when the Company become party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a 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 - Assessment whether contractual cash flows are solely payments of principle 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 Company 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.

The Company's financial instruments consist primarily of the following instruments and their measurement principles:

Principles under IAS 39 Financial Instruments: Recognition and Measurement:

- Loans and receivables consist of other receivables and cash and cash equivalents.
- Other financial liabilities consist of interest-bearing liabilities and other payables measured at amortised cost.

Principles under IFRS 9 Financial Instruments: Recognition and Measurement at cost:

- Financial assets at amortised cost consist of other receivables and cash and cash equivalents.
- Other financial liabilities consists of interest-bearing liabilities and other payables.

Impairment of financial assets

Impairment of non-derivative financial assets

Principles under IAS 39 Financial Instruments: Recognition and Measurement at cost:

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets, measured at amortised cost using the effective interest method, the following objective evidence is considered in determining when an impairment loss has been incurred:

- A breach of contract, such as default or delinquency in repayments; and
- It is becoming probable that the debtor will enter bankruptcy or other financial re-organisation (such as business rescue).

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. For financial assets measured at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance for credit losses account.

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9, Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets:

- Amortised cost
- At fair value through profit or loss

Financial liabilities:

- Amortised cost.
- At fair value through profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification:

Trade and other receivables are classified as financial assets subsequently measured at amortised cost (note 8).

They have been classified in this manor because their contractual terms give rise, on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on other receivables.

Recognition and measurement:

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment:

The company recognises a loss allowance for expected credit losses on other receivables, excluding prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses:

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy:

The company writes off a receivable when there is information 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. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other payables

Classification:

Trade and other payables (note 14) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement:

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Trade and other payables expose the company to liquidity risk. Refer to note 14 for details of risk exposure and management thereof.

Cash and cash equivalents:

Cash and cash equivalents are carried at amortised cost.

The company has elected to classify cash flows from interest paid and received as operating activities, cash flows from dividends received as investing activities, and cash flows from dividends paid as financing activities.

Derecognition:

Financial assets:

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities:

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any noncash assets transferred, or liabilities assumed, is recognised in profit or loss.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

Company as lessee:

Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification.

Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion andestimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories includes a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

1.9 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceedthe carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Share capital and equity

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company’s own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.13 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Dividends received from it’s investments – Holding company
- Sales of service in the form of medical insurance contracts – Subsidiary company
- Sale of goods in the form of medical supplies - Subsidiary company

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

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

1.15 Translation of foreign currencies

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

1.16 Insurance Contract Liabilities

Insurance Contract Liabilities consist of:

1. An estimate of the total claims incurred at year end, but not yet paid.

   Claims reserves consist of two parts:

   - Claims incurred and reported and admitted during the financial period, which have as yet not been paid (IBNS).
   - Estimate of claims incurred during the financial period which have not as yet been notified, assessed and paid (IBNR).

   The sum of the two reserves should equal the probability-weighted expected cash outflow, plus an explicit adjustment for risk, with discounting applied if material. Such provisions are applied for outstanding claims with Actuarial Guidance onthe calculation of these reserves as published by the Actuarial Society of South Africa.

   The IBNR is calculated using the basic chain-ladder method, which involves estimating cumulative claim development factors derived from past development periods to obtain an estimate of the ultimate claims for each claims month.

   The primary underlying assumption of the chain – ladder method is that historical loss development patterns are indicative of future loss development patterns.

   The provision estimations techniques and assumptions are periodically reviewed. Whilst the directors consider the Insurance contract liabilities to be fairly stated on the basis of information currently available to them, the ultimate liability will vary as a result of subsequent information and events ,and may result in significant adjustments to the amounts provided.

   Funds relating to such expected claims are held in specific Claims Bank accounts in the name of National Risk Managers (Pty)Ltd, as required by the Binder Agreement entered into between National Risk Managers (Pty)Ltd and Lion of Africa Life Assurance Company Limited, being a duly registered Insurer in terms of the Laws of the Republic of South Africa.

2. Further underwriting reserves has been provided by Directors to cover expected affects of the COVID-19 Pandemic.

3. A Minimum Capital Requirement (MCR) calculated using the Solvency II Approach, which meets all of the requirements as set out in the IAIS's core principals.

   Such MCR specifies the lowest level of capital at which the Prudential Authority can introduce its most severe levels of intervention. The calculation is based on an absolute floor of $991 200, plus 13 weeks operating expenses. The minimum level of capital is designed to provide a minimum assurance of the financial capacity and soundness of the company.

   Reserves held in terms of the MCR are kept in separate call accounts in the name of Affinity Health (Pty) Ltd.

2. New standards and Interpretations

Standards issued but not yet effective:

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the company's financial statements are disclosed below. The company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective:

Amendments to IFRS 3: Definition of a Business:

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the company will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material:

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the company's financial statements.

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7:

Temporary exceptions have been created by the IASB concerning the application of specific hedge accounting requirements as a result of the interest rate benchmark reform. These exceptions apply only to those hedging relationships which are directly affected by the reform, being those where the reform gives rise to uncertainties about:

1. the interest rate benchmark (contractually or noncontractually specified) designated as a hedged risk; and/or
2. the timing or the amount of interest rate benchmark based on cash flows of the hedged item or of the hedging instrument.

The exceptions are as follows:

1. When determining whether a forecast transaction is highly probable, it shall be assumed that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the reform.
2. When assessing the economic relationship between the hedged item and the hedging instrument, entities shall, in their prospective assessments, assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the reform.
3. Entities applying IAS 39 for hedge accounting are not required to undertake the IAS 39 retrospective assessment for hedging relationships directly affected by the reform.
4. For hedges of a noncontractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at inception of such hedging relationships.

The effective date of the amendment is for years beginning on or after 01 January 2020.The company expects to adopt the amendment for the first time in the 2021 financial statements. The impact of the standard will not be material.

IFRS 17 Insurance Contracts:

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e., life, nonlife, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

A specified adaptation for contracts with direct participation features (the variable fee approach)A simplified approach (the premium allocation approach) mainly for short duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is applicable to the company, but not yet implemented

Amendments to IAS 1: Classification of Liabilities as Current or Noncurrent:

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a risk to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively.

The impact of the standard will not be material.

2. Property, plant and equipment - Group

Expressed in USD	2021			2020		
	At cost	Accumulated depreciation	Carrying value	Cost or reevaluation	At cost	Carrying value
Furniture and fixtures	958 460	(579 018)	379 442	886 608	(427 444)	459 164
Motor vehicles	386 115	(256 190)	129 925	369 861	(213 456)	156 405
Office equipment	320 038	(182 869)	137 169	295 686	(133 339)	162 347
IT equipment	1 670 084	(738 479)	931 605	1 199 088	(496 521)	702 567
Computer software	106 490	(69 635)	36 855	103 091	(54 127)	48 964
Leasehold improvements	679 063	(153 496)	525 567	451 116	(69 896)	381 220
Other fixed assets	1 109 215	(758 242)	350 973	1 059 218	(566 968)	492 250
Total	5 229 465	(2 737 929)	2 491 536	4 364 668	(1 961 751)	2 402 917

Reconciliation of property, plant and equipment – 2021 - Group

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	459 164	46 892	(126 614)	379 442
Motor vehicles	156 405	3 515	(29 995)	129 925
Office equipment	162 347	17 238	(42 416)	137 169
IT equipment	702 567	435 953	(206 915)	931 605
Computer software	48 964	530	(12 639)	36 855
Leasehold improvements	381 220	220 063	(75 716)	525 567
Other fixed assets	492 250	16 811	(158 088)	350 973
	2 402 917	741 002	(652 383)	2 491 536

Reconciliation of property, plant and equipment – 2020 - Group

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Closing Balance
Furniture and fixtures	-	66 230	479 386	-	(86 452)	459 164
Motor vehicles	-	12 405	231 548	(31 111)	(56 437)	156 405
Office equipment	-	32 046	164 754	(4 499)	(29 954)	162 347
IT equipment	-	202 453	615 028	-	(114 914)	702 567
Computer software	-	1 910	57 800	-	(10 746)	48 964
Leasehold improvements	-	106 511	316 721	-	(42 012)	381 220
Other fixed assets	-	23 915	584 474	-	(116 139)	492 250
	-	445 470	2 449 711	(35 610)	(456 654)	2 402 917

Property, plant and equipment encumbered as security

Certain motor vehicles are encumbered by instalment sale agreements (Refer to note 13).

3. Goodwill - Group

	2021			2020		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Goodwill	223 622	-	223 622	220 258	-	220 258

Reconciliation of goodwill - 2021

	Opening balance	Foreign exchange differences	Total
Goodwill	220 258	3 364	223 622

Reconciliation of goodwill - 2020

	Opening balance	Additions through business combinations	Total
Goodwill	-	220 258	220 258

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020

4. Investments in subsidiaries

	Company 2021	Company 2020	Group 2021	Group 2020
The carrying amounts of subsidiaries are shown net of impairment losses				
Shares at carrying value	12	12	-	-

5. Loans to group companies

	Company 2021	Company 2020	Group 2021	Group 2020
Subsidiaries				
Affinity Health (Botswana) (Private) Ltd	732 968	732 968	-	-
	732 968	732 968	-	-
Non-Current assets	732 968	732 968	-	-

The loans are interest free and are repayable on demand.

6. Deferred tax

The major components of the deferred tax balance are as follows:

	Company 2021	Company 2020	Group 2021	Group 2020
Deferred tax asset				
Arising as a result of temporary differences on:				
Benefit of previously unrecognised tax loss	**-**	**-**	**43 104**	**54 492**

	Company 2021	Company 2020	Group 2021	Group 2020
Reconciliation of deferred tax asset/(liability)				
At beginning of year	-	-	54 492	-
Recognised in profit or loss:				
Benefit of previously unrecognised tax loss	-	-	(11 388)	(2 415)
Other:				
Arising on business combination	-	-	-	56 907
At end of year	**-**	**-**	**43 104**	**54 492**

7. Inventories

	Company 2021	Company 2020	Group 2021	Group 2020
Merchandise	-	-	36 705	6 106

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020

8. Trade and other receivables

Trade receivables	-	-	363 819	654 063
Other receivables	-	-	754 503	254 390
	-	-	1 118 322	908 453
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	-	-	1 118 322	908 453

Exposure to currency risk

The net carrying amounts, in US Dollar, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in US Dollar by converting the foreign currency amount at the closing rate at the reporting date.

9. Other financial assets

At amortised cost				
Other loan receivables	-	-	5 580 553	4 174 702
Current asstes				
Other loans	-	-	5 580 553	4 174 702

The loans are interest fre and are repayable on demand.

10. Cash and cash equivalents

Cash and cash equivalents consist of:	-	-	2 644	2 468
Cash on hand	-	-	4 301 415	3 601 761
Bank balances	-	-	5 900 371	3 234 611
Short-term deposits	-	-	(251 917)	(62 222)
Bank overdraft	**-**	**-**	**9 952 513**	**6 776 618**
Current assetss	-	-	10 204 429	6 838 840
Current liabilities	-	-	(251 917)	(62 222)
	-	**-**	**9 952 512**	**6 776 618**

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020
11. Share capital				
Authorised				
1000 Class A Voting shares at par value of $0.001 per share	1	1	1	1
49 999 000 Class B Non Voting Shares at par value $0.001 per share	49 999	49 999	49 999	49 999
	50 000	**50 000**	**50 000**	**50 000**
Issued				
200 Class A Voting Shares of $0.001 per share				
10 000 000 Class B Non Voting Shares of $0.001 per share	**10 000**	**10 000**	**10 000**	**10 000**

12. Group reserves - Business combination acquisition

During the prior financial year the group entered into merges and exercised rights in terms of nominee shareholdings.

13. Finance lease liabilities

	Company 2021	Company 2020	Group 2021	Group 2020
Non-current liabilities	-	-	20 139	36 447
Current liabilities	-	-	22 440	22 112
	-	**-**	**42 579**	**58 559**

It is company policy to lease certain motor vehicles and equipment under finance leases.

The average lease term is 5 years and the average effective borrowing rate is 10%.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

There are no restrictions imposed by the leases. The company's obligations under finance leases are secured by the leased assets. Refer to note 2.

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020

14. Trade and other payables

Trade payables	-	-	567 536	982 877
Other payables	-	-	516 594	98 557
	-	**-**	**1 084 130**	**1 081 434**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	**-**	**-**	**1 084 130**	**1 081 434**

Exposure to currency risk

The net carrying amounts, in US Dollar, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in US Dollar by converting the foreign currency amount at the closing rate at the reporting date.

15. Other financial liabilities

At fair value through profit/(loss)				
Other loans	722 980	722 980	722 980	1 008 614
Non-current liabilities	722 980	722 980	722 980	722 980
Current liabilities	-	-	-	285 634
	722 980	**722 980**	**722 980**	**1 008 614**

The loans are unsecured, interest free and are repayable on demand.

16. Insurance contract liabilities

Claims reserves	-	-	2 269 677	1 268 567
Underwriting reserves	-	-	965 906	2 819 447
Minimum capital requirements reserve	-	-	2 588 925	-
	-	**-**	**5 824 508**	**4 088 014**

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020

16. Insurance contract liabilities (continued)

National Risk Managers (Pty)Ltd is contracted per a Binder Agreement signed with Lion of Africa Life Assurance Company Limited , where funds received to cover expected claims are paid into specific Claims Bank Accounts in the name of National Risk Managers (Pty)Ltd, from which all valid claims in terms of pre-specified benefits are paid.

The value of current and expected unpaid claims at year end which are held in the Claims Bank Accounts, are calculated by an Actuary in his capacity as a Fellow of the Actuary Society of South Africa. Such expected claims are calculated as set out in National Risk Managers (Pty) Ltd's accounting policy, relating to Insurance Contract Liabilities.

Due to the Covid – 19 pandemic having developed rapidly in 2020. The resulting impact of the virus on operations and measures taken by the government to contain the virus have negatively affected the company's results in the reporting period. The directors have therefore felt it prudent to provide $965 906 for future Covid related impacts on claims, in order that the expected effects are fully recognised and reserved for the 2021 reporting year.

The directors have agreed to implementing the Solvency II approach in calculating the Minimum Capital Requirements (MCR) as recommended by the Prudential Authority for non-life companies for Affinity Health (Pty) Ltd, so as to protect policyholders. Reserves held in terms of the MCR are kept in separate call accounts in the name of Affinity Health (Pty) Ltd

17. Revenue

Service fees and sale of goods	-	-	31 799 460	20 750 898

18. Other operating income

Profit on disposal of property, plant and equipment	-	-	-	5 919
Sundry income	-	-	129 931	373 705
	-	**-**	**129 931**	**379 624**

19. Operating Profit

Operating profit for the year is stated after accounting for the following:

Remuneration, other than to employees, for:				
Audit fees - Prior year	-	-	49 876	9 573
Audit fees - Other services	-	-	30 379	-
	-	**-**	**80 255**	**9 573**

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020

19. Operating Profit (continued)

Operating lease charges				
Premises				
- Contractual amounts	-	-	976 303	597 054
Equipment				
- Contractual amounts	-	-	8 182	17 767
- Contingent amounts	-	-	187	35
	-	**-**	**984 672**	**614 856**
Employee costs	-	-	7 041 887	5 409 080
Directors remuneration	-	-	222 916	202 838
Directors fees	-	-	18 953	49 227

20. Investment revenue

Interest revenue				
Bank and other cash	-	-	72 906	56 959
Interest - other	-	-	9 692	3 191
	-	**-**	**82 598**	**60 150**

21. Taxation

Major components of the tax expense				
Current taxation				
Local normal tax - current year	-	-	1 132 906	813 431
Under provision - prior yesr	-	-	13 173	59 460
	-	**-**	**1 146 079**	**872 891**
Deferred taxation				
Benefit of unrecognised tax loss	-	-	11 388	2 415
	-	-	11 388	2 415
	-	**-**	**1 157 467**	**875 306**

Expressed in USD	Company 2021	Company 2020	Group 2021	Group 2020
22.Cash generated from operations				
Profit before taxation	-	-	4 219 309	2 825 200
Adjustments for:				
Depreciation	-	-	652 383	456 654
Profit on sale of asstes	-	-	-	(5 919)
Interest received	-	-	(82 598)	(60 150)
Finance costs	-	-	32 299	20 010
Foreign exchange adjustment	-	-	(162 503)	-
Changes in working capital:				
Inventories	-	-	(30 599)	(6 106)
Trade and other receivables	-	-	(209 869)	(908 453)
Trade and other payables	-	-	2 694	1 081 432
	-	**-**	**4 421 116**	**3 402 668**

23. Tax paid

Balance at beginning of the year	-	-	347 802	-
Current tax for the year recognised in loss	-	-	(1 145 612)	(872 891)
Balance at end of year	-	-	214 311	347 802
	-	**-**	**(583 499)**	**(525 089)**

24. Risk Management

Liquidity Risk

The company's risk to liquidity is a result of the funds available to cover future commitments.

The company manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

Deposit and all attract interest at rates that vary with prime. The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit/(loss).

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Management evaluated credit risk relating to customers on an ongoing basis.