
THE REPORT OF HISTORIC FINANCIAL INFORMATION OF AHA

This Annexure contains a report on the historical financial information of AHA. The information has been extracted *inter alia* from the audited financial statements of AHA which were prepared in the manner required by the Act, where applicable and in accordance with IFRS for the three years ended 30 June 2014, 30 June 2013 and 30 June 2012. The information presented in this Annexure 4 is the responsibility of the directors of AHA.

There has been no material change in the nature of the business of AHA since 31 December 2014 up to the Last Practicable Date.

REVIEW OF ACTIVITIES

AHA provides capital resources for the acquisition, capital expending and the expansion of AfroCentric Investment Corporation (ACT) and its subsidiaries. No trading occurs in AHA, the company merely serves as a funding vehicle to ACT through the operations of the AHL group.

ACT Health care assets owns 94.1% in AHL, another investment company which owns 100% of the issued share capital in Medscheme Holdings (Pty) Limited (“Medscheme”), a multi-medical scheme administrator and managed care provider. As the largest health risk management services provider and third largest medical scheme administrator in South Africa, Medscheme’s focus is to achieve sustainability through innovation, effective health risk management, complemented by a relentless drive for operational efficiency and service excellence.

Medscheme has over 3.2 million lives under management. Medscheme’s healthcare management expertise has been gained over 42 years, which includes several years of experience with the Government Employees Medical Scheme (“GEMS”). Although Medscheme is essentially a South African enterprise, the Group has a meaningful presence in Botswana, Namibia, Mauritius, Swaziland, Kenya and Zimbabwe. Medscheme’s operations in Mauritius provide an excellent platform for further international expansion and AHL continues to explore other opportunities on the African continent and elsewhere.

ACT HEALTHCARE ASSETS (PTY) LTD
STATEMENT OF FINANCIAL POSITION

		31 Dec 2014 R'000	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
	Notes				
ASSETS					
Non-current assets					
Investment in subsidiary	3	544 537	540 472	561 464	583 053
Current assets					
Loan to group company	4	104 849	90 628	67 001	49 094
Total assets		649 386	631 100	628 465	632 147
EQUITY AND LIABILITIES					
Capital and reserves					
Issued share capital		_*	_*	_*	_*
Retained earnings		–	–	(3 894)	(3 795)
Total equity		–	–	(3 894)	(3 795)
Non-current liabilities					
Loans from group companies	6	649 386	631 100	632 359	632 147
Taxation	8	–	–	–	3 795
Total equity and liabilities		649 386	631 100	628 465	632 147

* Amount less than R1 000

STATEMENT OF COMPREHENSIVE INCOME

		31 Dec 2014 R'000	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
	Notes				
Finance costs – SARS		–	–	(99)	–
Dividends received	9	90 432	119 380	–	39 823
Profit before tax		90 432	119 380	(99)	39 823
Taxation	8	–	–	–	(3 795)
Profit after tax		90 432	119 380	(99)	36 028

STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Accumulated loss R'000	Total equity R'000
Balance at 30 June 2011	*	–	–
Net profit for the year	–	36 028	36 028
Dividends paid	–	(39 823)	(39 823)
Balance at 30 June 2012	*	(3 795)	(3 795)
Net profit for the year	–	(99)	(99)
Balance at 30 June 2013	*	(3 894)	(3 894)
Net profit for the year	–	119 380	119 380
Dividends paid	–	(115 486)	(115 486)
Balance at 30 June 2014	*	–	–
Net profit for the year	–	90 432	90 432
Dividends paid	–	(90 432)	(90 432)
Balance at 31 December 2014	*	–	–

* Amount less than R1 000

ACT HEALTHCARE ASSETS (PTY) LTD

STATEMENT OF CASH FLOWS

		31 Dec 2014 R'000	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
	Notes				
Cash flows from operating activities					
Cash generated from operations	10	–	–	–	–
Finance costs		–	–	(99)	–
Dividends received	9	90 432	119 380	–	39 823
Tax paid	11	–	–	(3 795)	–
Net cash flow from operating activities		90 432	119 380	(3 894)	39 823
Cash flows from financing activities					
Dividends paid	9	(90 432)	(115 486)	–	(39 823)
Increase in loans from group companies	6	(18 288)	(1 259)	212	19 020
Increase in loan to group company	4	–	(23 627)	(17 907)	(1 975)
Increase/(decrease in borrowing)		14 220	–	–	–
Decrease in investment in subsidiary	3	4 066	20 992	21 589	(17 045)
Net cash flow from financing activities		(90 433)	(119 380)	3 894	(39 823)
Net increase in cash and cash equivalents		–	–	–	–
Cash and cash equivalents at beginning of year		–	–	–	–
Cash and cash equivalents at end of year		–	–	–	–

ACT HEALTHCARE ASSETS (PTY) LTD

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General information

ACT Healthcare Assets (Proprietary) Limited is a private company investing in the healthcare sector. The Company's main business is to provide capital resources for the acquisitions, capital expending and expansion of AfroCentric Investment Corporation Limited and its subsidiaries.

The Company is a limited liability company incorporated and domiciled in South Africa. The address of its registered office is 37 Conrad Street, Florida North, Roodepoort, 1709.

Basis of preparation

The annual financial statements have been prepared under the historical cost convention. The preparation of the annual financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reporting periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The principal accounting policies adopted are set out below and have been applied consistently to all periods presented.

Statement of compliance

The Company's annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

Subsidiaries

Consolidated annual financial statements are not prepared as the Company is a wholly owned subsidiary of AfroCentric Investment Corporation Limited, which is registered in the Republic of South Africa. The consolidated annual financial statements of AfroCentric Investment Corporation Limited are available at the premises of the Company's offices, being 37 Conrad Road, Florida North, Roodepoort, 1709.

Details of the Company's investment in subsidiary are set out in note 3 to the annual financial statements.

Subsidiaries are initially accounted for at cost in accordance with IAS 27 and subsequently measured at cost less accumulated impairment.

Share capital

Ordinary shares

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Financial assets

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right: to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity or
- (d) a contract that will or may be settled in the entity's own equity instruments and is: either a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

At initial recognition, management determines the appropriate classification of financial assets. Financial assets are initially recognised when the Company becomes a party to the contract.

At initial recognition, management determines the appropriate classification of financial assets, attributable to shareholders or policyholders, as follows:

- Financial assets at fair value through profit and loss comprise financial assets held for short-term profit taking. If elected, financial assets may also be classified as held at fair value through profit and loss when initially recognised. Where this option has been elected, the financial assets are designated as financial instruments at fair value through profit and loss.
- Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity where management has both the intent and ability to hold to maturity.

- Loans and receivables originated by the entity are financial assets that are created by the entity by providing money, goods or services directly to a debtor, other than those that are originated with the intention of sale immediately or in the short-term.
- Financial assets that are not classified as any of the above are classified as available for sale.

Financial assets (or a part of a financial asset) are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities

Loans to group companies

Loans to group company are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are carried at amortised cost using the effective interest rate method less required impairment.

Taxation

Income tax expense represents the sum of the tax currently payable.

Current and deferred income tax

The current income tax charge is calculated on the tax laws enacted or substantively enacted at the Statement of financial position date in the countries where the Group's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situation in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the annual financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the Statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Dividend Tax and Secondary Tax on Companies

Dividends Tax will be borne by the shareholder receiving the dividend at a rate of 15%. Tax on dividends in specie will remain the liability of the company declaring the dividend.

South African resident companies are however exempt from Dividends Tax.

In respect of dividends, other than dividends in specie, the company declaring the dividend is required to withhold the Dividends Tax on payment. If the dividend is paid through a regulated intermediary, liability for the withholding tax shifts to the intermediary. Dividend Tax will not need to be withheld if a written declaration is obtained from the shareholder stating that they are either entitled to an exemption or to double taxation relief.

The Company paid Capital Gains Tax on the dividends received from its subsidiary as these dividends were in the form of a capital distribution.

Dividends

Dividends are recorded in the Company's annual financial statements in the period in which they are approved by the Company's shareholders.

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to the following financial risk:

- litigation and legal risk; and
- liquidity risk.

Litigation and legal risk

Legal risk is the risk that the Company will be exposed to contractual obligations which have not been provided for.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities to meet debt repayment and operating requirements.

Management monitors the cash position on a daily basis.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow.

The table below analyses all cash flows from financial liabilities of the business into the time buckets in which they are contractually due to be paid:

Time buckets applicable to the Company

Company	Less than 3 months or on demand R'000	More than 3 months but not exceeding 6 months R'000	More than 6 months but not exceeding 9 months R'000	More than 9 months but not exceeding 1 years R'000	More than 1 year R'000	Total R'000
June 2014						
Loans from group companies	631 100	–	–	–	–	631 100
June 2013						
Loans from group companies	632 359	–	–	–	–	632 359
June 2012						
Loans from group companies	632 147	–	–	–	–	632 147

3. INVESTMENT IN SUBSIDIARY

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
Investment in AfroCentric Health Limited*	540 472	561 464	583 053

* Formerly Lethimvula Investments Limited

4. LOAN TO GROUP COMPANY

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
AfroCentric Funding (Proprietary) Limited	90 628	67 001	49 094

The loan arose due to funds borrowed to AfroCentric funding to payback the United Towers loan.

The loan has no fixed terms of repayment.

The loan is unsecured and interest free.

There are no redemption or conversion rights relating to this loan .

5. ISSUED SHARE CAPITAL

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
Authorised:			
1 000 ordinary shares of R1 each	1	1	1
Issued:			
100 ordinary shares of R1 each	–*	–*	–*

* Amount less than R1 000

6. LOANS FROM GROUP COMPANIES

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
AfroCentric Investment Corporation Limited	470 749	472 009	471 797
AfroCentric Funding (Proprietary) Limited	160 351	160 350	160 350
	631 100	632 359	632 147

The loans received by AfroCentric Investment Corporation Limited and AfroCentric Funding (Pty) Ltd were due to the acquisition in Lethimvula Investments Limited.

These loans are due and payable within 12 months from statement of financial position date and have been carried at cost less required impairment.

The effect of restating to amortised cost over a period on one year is negligible and considered immaterial.

The loan has no fixed terms of repayment.

There are no redemption or conversion rights relating to this loan.

The loans are unsecured and interest free.

7. FINANCIAL INSTRUMENTS

Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Description per the statement of financial position	Amortised cost	30 June 2014	30 June 2013	30 June 2012
		Carrying value	Carrying value	Carrying value
Financial assets				
Investment in subsidiary	✓	540 472	561 464	583 053
Loan to group company	✓	90 628	67 001	49 094

Credit quality of financial assets

The table below analyses all undiscounted cash flows from financial assets into time buckets when they are contractually due to be received.

	Less than 3 months or on demand	More than 3 months but not exceeding 6 months	More than 6 months but not exceeding 9 months	More than 9 months but not exceeding 1 years	Total
	R'000	R'000	R'000	R'000	R'000
June 2014					
Loan to group company	90 628	–	–	–	90 628
June 2013					
Loan to group company	67 001	–	–	–	67 001
June 2012					
Loan to group company	49 094	–	–	–	49 094

8. INCOME TAX EXPENSE

	30 June 2014	30 June 2013	30 June 2012
	R'000	R'000	R'000
Current taxation			
Normal income taxation	–	–	2 625
Tax adjustment for prior years	–	–	1 170
	–	–	3 795

	30 June 2014	30 June 2013	30 June 2012
	%	%	%
Reconciliation of taxation			
South African normal (standard rate)	–	–	28.0
Adjusted for:			
Exempt income	–	–	(28.0)
Capital Gains Taxation	–	–	9.53
Effective rate of tax	–	–	9.53

9. DIVIDENDS

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
Dividend received from AfroCentric Health Limited	119 380	–	39 823
Dividend paid to AfroCentric Investment Corporation Limited	(115 486)	–	(39 823)
Net dividends	3 894	–	–

10. CASH GENERATED FROM OPERATIONS

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
Loss)/profit before tax	119 380	(99)	39 823
Finance costs	–	99	–
Dividends received	(119 380)	–	(39 823)
Cash generated from operations	–	–	–

11. TAX PAID

	30 June 2014 R'000	30 June 2013 R'000	30 June 2012 R'000
Balance at beginning of the year	–	(3 795)	–
Charge to the statement of comprehensive income	–	–	(3 795)
Balance at end of year	–	–	3 795
	–	(3 795)	–

12. RELATED PARTY TRANSACTIONS

Shareholdings

AfroCentric Investment Corporation Limited holds 100% of the issued share capital of the Company. Details of intercompany loans are shown in note 4, 6 and 9.

13. SUBSEQUENT EVENTS

No material events have taken place subsequent to the balance sheet date, which may materially affect the current year's annual financial statements.