2015 ANNUAL FINANCIAL STATEMENTS

AfroCentric
GROUP

COMPANY INFORMATION

REGISTRATION NUMBER:	1988/000570/06
REGISTERED ADDRESS:	37 Conrad Road Florida North Roodepoort 1709
POSTAL ADDRESS:	Private Bag X34 Benmore 2010
AUDITORS:	SizweNtsalubaGobodo Inc. 20 Morris Street Woodmead 2191
	PricewaterhouseCoopers Inc. 2 Eglin Road Sunninghill 2157
COMPANY SECRETARY:	Wilbert Mhlanga AfroCentric Investment Corporation Limited (From 1 March 2014 to 31 January 2015)
	Shireen Lutchan AfroCentric Investment Corporation Limited (From 1 March 2015)
GROUP INVESTOR RELATIONS:	Shivani Ramdhani AfroCentric Investment Corporation Limited Tel: +27 11 671 2475 shivanir@afrocentrichealth.com

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Group Annual Financial Statements of AfroCentric Investment Corporation Limited ("AfroCentric") for the year ended 30 June 2015 were prepared by Shivani Ramdhani CA(SA), General Manager: Group Finance, AfroCentric Investment Corporation Limited and were reviewed by Hannes Boonzaaier CA(SA), Chief Financial Officer of AfroCentric Investment Corporation Limited.

DIRECTORS' RESPONSIBILITY STATEMENT

for the year ended 30 June 2015

The Directors are responsible for the preparation, integrity and fair presentation of the Annual Financial Statements of the Group as presented on pages 12 to 82. These Annual Financial Statements have been prepared in accordance with IFRS, the Companies Act and the JSE Listings Requirements; and include amounts based on judgements and estimates made by management.

The Directors are also responsible for the Group's system of internal financial controls. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the Annual Financial Statements, and to adequately safeguard, verify and maintain accountability of the assets and to prevent and detect misstatement and loss.

Based on results of the reviews of the internal financial controls conducted by the internal audit function during the 2015 financial year and considering the information and explanations provided by management and discussions with the external auditor on the results of the audit, and assessed by the Audit and Risk Committee, nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of the overall system of controls has occurred during the period under review.

The going concern basis has been adopted in preparing the Annual Financial Statements. The Directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on review of forecasts and budgets and available cash resources. The Annual Financial Statements support the viability of the Company and the Group.

Furthermore the Group has secured banking facilities which are in excess of the Group's funding requirements for the foreseeable future.

The Annual Financial Statements have been jointly audited by PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc., which are independent accounting and auditing firms, which were given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board of Directors and Committees of the Board. The Directors believe that all representations made to the auditors during the audit were valid and appropriate.

The audit opinion of PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc. appears on page 11.

The Board acknowledges its responsibility to ensure the integrity of the Integrated Annual Report. The Directors confirm that they have collectively reviewed the content of this report and believe it addresses material issues and is a fair presentation of the integrated performance of the Group.

The Annual Financial Statements have been approved by the Board of Directors and signed on 11 September 2015.

Hannes Boonzaaier
Group Chief Financial Officer

Dewald Dempers
Group Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

In terms of Section 88(2)(e) of the Companies Act No. 71 of 2008, I declare that to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the South African Companies Act No. 71 of 2008 and that all such returns are true, correct and up to date.

Shireen Lutchan
Company Secretary (from 1 March 2015)

11 September 2015

AUDIT AND RISK COMMITTEE REPORT

in terms of Section 94(7)(f) of the Companies Act No. 71 of 2008
for the year ended 30 June 2015

This report is presented by the Audit and Risk Committee (herein referred to as "the Committee") in terms of Section 94(7)(f) of the Companies Act No. 71 of 2008.

MEMBERSHIP

The Committee consists of two Independent Non-executive Directors and one Non-executive Director. The Company is in the process of restructuring the constitution of this Committee in order to fully comply with the legislative and governance requirements.

MEETINGS AND DUTIES

The Audit and Risk Committee held four meetings during the year. At these meetings, the Committee received and considered reports from external audit, internal audit, Group Finance and the Group legal, governance, risk and compliance departments.

Apart from the statutory duties of the Audit and Risk Committee as set out in the Companies Act and the provisions of the JSE Listings Requirements and King III principles, the Committee has performed its duties and responsibilities according to its charter.

INDEPENDENCE OF THE EXTERNAL AUDITORS

SizweNtsalubaGobodo Inc. and PricewaterhouseCoopers Inc. were appointed as external auditors of the Company and the Group. The Committee has satisfied itself that the external auditors are independent of the Group, as set out in the Companies Act, which includes a consideration of conflicts of interests as prescribed by the Public Audit Act No. 25 of 2004 ("PAA").

EFFECTIVENESS OF INTERNAL CONTROLS

After consideration of all of the findings reported by internal audit covering those areas included in their annual work plan, explanations given by management and discussions with the external auditor on the results of the audit, the Committee concluded that there had been no material breakdown in the Company's overall controls system and the internal financial controls form a reasonable basis for the preparation of reliable Annual Financial Statements. The Committee is satisfied that the Group Annual Financial Statements are based on appropriate accounting policies, supported by reasonable and prudent judgement and estimates.

ANNUAL FINANCIAL STATEMENTS

The Committee is satisfied that the Group Annual Financial Statements are based on appropriate accounting policies supported by reasonable and prudent judgements and estimates. The Committee is of the view that, in all material respects, it complies with the relevant provisions of the Companies Act and IFRS and fairly presents the financial position and the results of its operations and cash flows for the year ended 30 June 2015. Having achieved its objective for the financial year, the Audit and Risk Committee recommended the audited Annual Financial Statements for the year ended 30 June 2015 for approval to the Board.

GOVERNANCE OF RISK

The Committee oversees the implementation of the policy and plan which ensures that risk is managed by means of risk managed systems and processes. The Committee is satisfied that the appropriate and effective risk management are in place.

FINANCE DIRECTOR AND FINANCE FUNCTION

The Committee considered the appropriateness of the experience and expertise of the Group Financial Director and concluded that this was appropriate. The expertise, resources and experience of the finance function was considered and it was concluded that these were suitable.

RESPONSIBILITY STATEMENT

The Audit and Risk Committee acknowledges its responsibility on behalf of the Board of Directors to ensure the integrity of this Integrated Annual Report. The Committee has accordingly applied its mind to the report and believes that it appropriately and sufficiently addresses all material issues, and fairly presents the integrated performance of AfroCentric and its subsidiaries and associates for the year. The Audit and Risk Committee recommends this Integrated Annual Report to the Board of Directors for approval.

Yasmin Masithela
Chairperson

Audit and Risk Committee
11 September 2015

DIRECTORS' REPORT
for the year ended 30 June 2015

The AfroCentric Board of Directors present their Integrated Annual Report for the year ended 30 June 2015.

NATURE OF BUSINESS
The Company is a black-owned, diversified investment holding company which is listed on the JSE and trades under the Healthcare Sector under code ACT.

BUSINESS ACTIVITIES
The business activities of the Group are segmented into two diversified areas – AfroCentric Health and AfroCentric Technology.

AFROCENTRIC HEALTH
The majority stake held by AfroCentric ("the Company") in AHL as at 30 June 2015 was 94.1% (2014: 94.1%).

AHL is one of the three areas of diversification for the Group. AHL owns 100% shareholding in the following subsidiaries:

Medscheme Holdings (Proprietary) Limited
A well-recognised and growing multi-medical schemes administrator.

Helios IT Solutions (Proprietary) Limited
Originally part of Medscheme, this business has now been operating independently as a stand-alone business for two financial years. The subsidiary provides health-centric technology solutions.

Aid for Aids Management (Proprietary) Limited
Specialists in Aids related treatments for Medical Aids and corporate clients.

The business received accreditation from the Council for Medical Schemes in May 2012 and was transferred out of Medscheme to form a new subsidiary in the Group.

The acquisition of WAD
Agreements were concluded for the acquisition of various WAD businesses, the principal enterprise being Pharmacy Direct which is a designated service provider to a wide range of South African medical aid schemes. The business supplies chronic medication under prescribed minimum benefits and normal chronic benefits to approximately 110 000 patients nationally. Pharmacy Direct was awarded a tender in terms of which chronic medication is dispensed on behalf of the government to districts in five of South Africa's nine provinces.

AFROCENTRIC TECHNOLOGY
Jasco Electronics Holdings Limited
The Company holds a 19.3% minority interest in Jasco Electronics Holdings Limited ("Jasco").

Jasco is listed on the JSE and provides solutions, services and products to customers through three core divisions, namely Information and Communication Technologies ("ICT"), Industry Solutions ("Industry") and Energy Solutions ("Energy").

- ICT Solutions includes the telecommunications and information technology businesses of Jasco, Spescom, ARC Telecoms and the telecommunications arm of associate M-TEC.
- Industry Solutions includes the Security business and FerroTech.
- Energy Solutions includes Electrical Manufacturers and Lighting Structures, as well as the energy arm of M-TEC.

At year-end the Group has suffered an impairment loss of R21 million that relates to Jasco Electronics Holdings Limited ("Jasco") due to the decline in Jasco's share price. As a result management has made the decision to sell the investment in the next 12 months and accordingly has classified the asset as a "Non-current Asset held for sale".

FINANCIAL REVIEW
Group consolidated Revenue increased by 7.15% to R2.098 billion.

Group Headline Earnings decreased by 2.30% to R179.8 million compared to R183.9 million in the prior year. Diluted Headline Earnings Per Share decreased by 19.70% to 38.43 cents per share (2014: 47.83 cents per share).

GOING CONCERN
The Annual Financial Statements have been prepared on the going concern basis. The Board of Directors having performed a review of the Group's ability to continue as a going concern in the foreseeable future and therefore, based on this review, consider the preparation of the Annual Financial Statements on this basis to be appropriate.

DIVIDENDS
The Company declared an interim dividend of 10 cents per ordinary share as at 25 March 2015. The Company further declared a final dividend of 10 cents per ordinary share for the year ended 30 June 2015. These dividends are subject to the Dividends Withholding Tax in terms of the Income Tax Act (Act No. 58 of 1962, amended) for which shareholders are liable.

In accordance with the JSE Listings Requirements, the following additional information pertaining to the final dividend is disclosed:

- the dividends have been declared out of profits available for distribution;
- the local Dividends Withholding Tax rate is 15%;

- the gross dividend amount is 10 cents per ordinary share;
- the net cash dividend amount is therefore 8.5 cents per ordinary share;
- for purposes of the final distribution 554 377 328 Ordinary Shares will be deemed to be in issue on the dividend record date;
- the Company has 554 377 328 Ordinary Shares in issue on declaration date; and
- the Company's income tax reference number is 9600/148/71/3.

SHARE CAPITAL

The Company's share capital remained at 467 855 101 Ordinary Shares in the financial year under review. Subsequent to the year-end (on 7 July 2015), 86 522 227 shares were issued as a result of the WAD transaction, therefore 554 377 328 shares are in issue.

The details of the Company's share capital are set out in note 16 of these Annual Financial Statements.

As per the Companies Act No. 71 of 2008, Section 38, the Board of Directors may resolve to issue shares of the Company at any time, but only within the classes, and to the extent, that the shares have been authorised by or in terms of the Company's Memorandum of Incorporation.

SHARE REPURCHASES

During the year, no share repurchases were made by the Company. AfroCentric Health Limited holds 3 518 605 Treasury Shares.

AUDIT AND RISK COMMITTEE

The information relating to the Audit and Risk Committee is set out on page 3 of the Integrated Annual Report.

DIRECTORS

The following information relates to the Directors of AfroCentric for the financial year ended 30 June 2015:

Director's name	Date of appointment	Designation
ATM Mokgokong (Chairperson)	10 June 2010	Non-executive
MJ Madungandaba	10 June 2010	Non-executive
JM Kahn	20 December 2005	Independent Non-executive
MI Sacks	20 December 2005	Independent Non-executive
JG Appelgryn	17 September 2013	Non-executive
GL Napier	1 September 2011	Lead Independent Non-executive
NB Bam	20 December 2005	Independent Non-executive
Y Masithela	1 September 2011	Independent Non-executive
WRC Holmes	23 June 2010	Executive, salaried
D Dempers	5 September 2012	Executive, salaried

Directors' ordinary shareholdings as at 30 June 2015

Director	Direct beneficial	Indirect beneficial	Held by associate	Total	%
ATM Mokgokong (Chairperson)	1 707 926	41 896 880	7 292 132	50 896 938	10.88
NB Bam	150 000	–	–	150 000	0.03
JM Kahn	18 535 608	–	–	18 535 608	3.96
MI Sacks	17 579 938	–	–	17 579 938	3.76
MJ Madungandaba	–	97 759 388	17 014 979	114 774 367	24.53
Y Masithela	–	–	–	–	–
GL Napier	–	–	–	–	–
D Dempers	7 626 810	–	–	7 626 810	1.63
JG Appelgryn	1 447	–	–	1 447	0.00
	45 601 729	139 656 268	24 307 111	209 565 108	44.79

Directors' ordinary shareholdings at 30 June 2014

Director	Direct beneficial	Indirect beneficial	Held by associate	Total	%
ATM Mokgokong (Chairperson)	1 707 926	41 896 876	7 292 132	50 896 934	23.59
NB Bam	150 000	–	–	150 000	0.07
JM Kahn	18 535 608	–	–	18 535 608	8.60
MI Sacks	17 579 938	3 760 000	–	21 339 938	9.89
WRC Holmes	1 353 846	–	–	1 353 846	0.63
MJ Madungandaba	–	97 759 392	17 014 979	114 774 371	53.2
Y Masithela	–	–	–	–	–
GL Napier	–	–	–	–	–
D Dempers	7 626 810	876 242	–	8 503 052	3.94
JG Appelgryn	181 447	–	–	181 447	0.08
	47 135 575	144 292 510	24 307 111	215 735 196	100.00

Since the end of the financial year and up to the date of this report, the interests of Directors have remained unchanged.

A further detailed analysis of shareholders including majority shareholding is available on pages 9 and 10.

Refer to note 33.2 for more information relating to Directors that have entered into a service contract with the Company.

During the year under review, no material contracts in which Directors have an interest were entered into which significantly impacted the business of the Company.

DIRECTORS' REMUNERATION

Remuneration of Non-executive Directors and Board Committee members

Non-executive Directors received the following total remuneration in the year under review:

Director	Fees R'000
ATM Mokgokong (Chairperson)	821*
MJ Madungandaba	649*
JM Kahn	#
MI Sacks	#
JG Appelgryn	187
NB Bam	187
Y Masithela	187
GL Napier	187

\# Messrs Kahn and Sacks waived their rights to receive any Director's fees.
* These Directors' fees are a cumulative figure for services rendered within the AfroCentric Investment Corporation Limited Group and its subsidiaries.

Remuneration of Executive and Non-executive Directors

Details of the remuneration are set out fully in note 24 of the Group Annual Financial Statements.

Remuneration of the three highest paid employees who are not Directors

Employee	Annual cost to company R'000
KM Aron	4 203
V Pillay	3 756
T Rametse	3 122

COMPANY SECRETARY AND REGISTERED OFFICE

The Board was satisfied that Mr Wilbert Mhlanga, who was appointed with effect from 1 March 2014 until his resignation on 31 January 2015, was suitably qualified for the position during his tenure. The Board was satisfied that Mr Mhlanga complied with Section 87 of the Companies Act and that he possessed the necessary skills and experience to be appointed as Company Secretary of the Group. The Company Secretary had an arm's length relationship with the Board, as required by the Companies Act.

Ms Shireen Lutchan was appointed as the new Company Secretary with effect from 1 March 2015. The registered office of the Company is 37 Conrad Street, Florida North, Roodepoort, 1709.

MATERIAL RESOLUTIONS

In terms of the JSE Listings Requirements the Company noted the material resolutions passed at the prior Annual General Meeting and during the financial year under review:

- General approval to repurchase shares
- Inter-company loans and other financial assistance
- Fees payable to Non-executive Directors
- Financial Statements for the Financial Year Ended 30 June 2015
- Audit Report for the Year ended 2015
- Reappointment of Independent Registered Auditors
- Election and re-election of Directors
- Appointment of members to the Audit and Risk Committee
- Approval to issue Ordinary Shares and to sell Treasury Shares, for cash
- Endorsement of the remuneration policy
- Authority of Directors

Details of these resolutions can be obtained via the Company's website or on request.

MATERIAL COMMITMENTS AND LEASE PAYMENTS

No material capital commitments or lease payments have been contracted for or approved by the Board of Directors.

LITIGATION STATEMENT

In terms of the JSE Listings Requirements the Directors note that they are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position, apart from the matters per note 32 of the Annual Financial Statements.

BORROWING POWERS

In terms of the Memorandum of Incorporation the borrowing powers of the Company are unlimited.

INSURANCE

The Group protects itself and the Directors against crime and professional indemnity by maintaining a comprehensive insurance programme.

COMPLIANCE

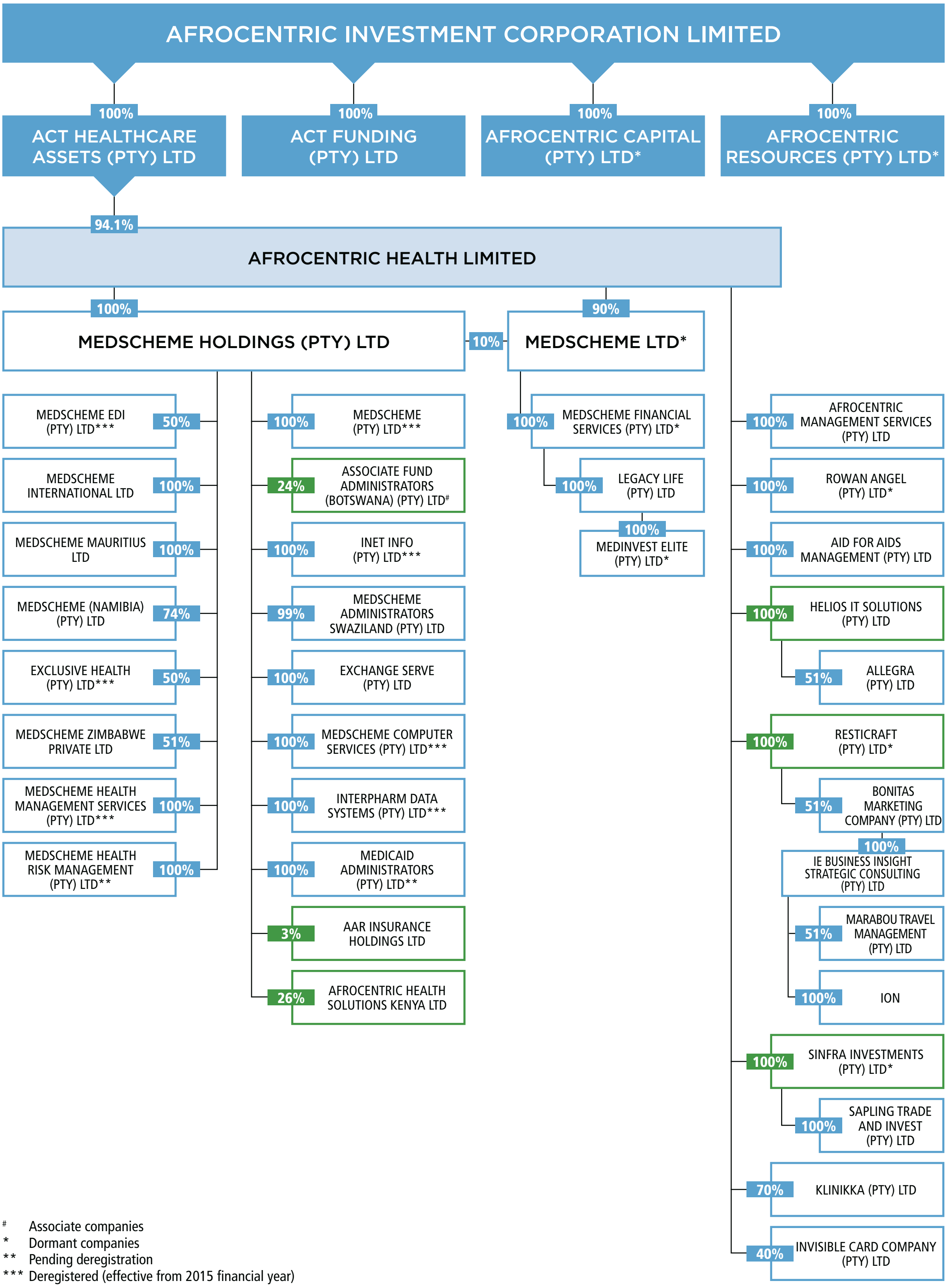
No events or actions during the financial year have led to the Group being non-compliant with the required laws and regulations relevant to the individual business units.

AUDITORS

PricewaterhouseCoopers Inc. and SizweNtsalubaGobodo Inc. serve as independent joint auditors of the Company.

The Company's interest in subsidiaries and investments:

Company name	Nature of business	Issued ordinary share capital	June 2015 %	June 2014 %
AfroCentric Resources (Proprietary) Limited	Dormant	Less than 1 000	**100.00**	100.00
AfroCentric Capital (Proprietary) Limited	Dormant	Less than 1 000	**100.00**	100.00
ACT Healthcare Assets (Proprietary) Limited	Holding	Less than 1 000	**100.00**	100.00
ACT Funding (Proprietary) Limited	Financing	Less than 1 000	**100.00**	100.00
Jasco Electronics Holdings Limited	ICT, Industry and Energy	44 263 793	**19.30**	20.27



Associate companies
* Dormant companies
** Pending deregistration
*** Deregistered (effective from 2015 financial year)

SHAREHOLDER ANALYSIS

as at 30 June 2015

ORDINARY SHAREHOLDERS

	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
Shareholder spread				
1 – 10 000 shares	3 701	66.62	13 625 281	2.91
10 001 – 25 000 shares	1 067	19.21	17 773 903	3.80
25 001 – 50 000 shares	433	7.79	15 497 027	3.31
50 001 – 100 000 shares	169	3.04	12 633 566	2.70
100 001 – 500 000 shares	133	2.39	27 787 959	5.94
500 001 – 1 000 000 shares	14	0.26	10 188 511	2.18
1 000 001 shares and over	38	0.69	370 348 854	79.16
Total	5 555	100.00	467 855 101	100.00
Distribution of shareholders				
Individuals	5 032	90.59	120 995 001	25.86
Nominees and trusts	276	4.97	65 270 721	13.95
Other corporate bodies	107	1.93	51 037 936	10.91
Treasury	3	0.05	3 518 605	0.75
Private companies	104	1.87	226 118 032	48.33
Close corporations	33	0.59	914 806	0.20
Total	5 555	100.00	467 855 101	100.00

Public/non-public shareholder spread	Number of shareholders	Number of shares	% of shares in issue
2015			
Non-public shareholders	**22**	**213 083 713**	**45.54**
Directors	**17**	**185 257 997**	**39.60**
Treasury	**3**	**3 518 605**	**0.75**
Associates of Directors	**2**	**24 307 111**	**5.20**
Public shareholders	**5 533**	**254 771 388**	**54.46**
Total	**5 555**	**467 855 101**	**100.00**
2014			
Non-public shareholders	22	215 735 196	46.11
Directors	19	191 428 085	40.91
Associates of Directors	3	24 307 111	5.20
Public shareholders	5 958	252 119 905	53.89
Total	5 980	467 855 101	100.00

SHAREHOLDER ANALYSIS continued

as at 30 June 2015

Major shareholders holding more than 5% of the issued share capital	Number of shares	% of shares in issue
2015		
Golden Pond Trading 175 (Proprietary) Limited	**67 519 752**	**14.43**
Community Healthcare Holdings (Proprietary) Limited	**61 826 667**	**13.21**
Community Investment Holdings (Proprietary) Limited	**61 283 522**	**13.10**
AfroCentric Empowerment Trust	**32 427 200**	**6.93**
Total	**223 057 141**	**47.67**
2014		
Golden Pond Trading 175 (Proprietary) Limited	67 519 752	14.43
Community Healthcare Holdings (Proprietary) Limited	61 826 667	13.21
Community Investment Holdings (Proprietary) Limited	61 283 522	13.10
AfroCentric Empowerment Trust	34 427 200	7.36
Total	225 057 141	48.10

BACKGROUND TO OUR SHAREHOLDING STRUCTURE

In 2006 AfroCentric embarked on a restructuring and recapitalisation programme.

At that time two beneficiaries – which represented a broad base of historically disadvantaged South Africans ("HDSAs") – were invited to participate via the formation of the AfroCentric Empowerment Trust ("ACET"). As part of the recapitalisation programme ACET acquired 51% of the AfroCentric ordinary share capital.

The two beneficiaries of ACET are the South African Council of Churches and the Fort Hare Foundation. Both of these institutions play a pivotal role in the transformation of our country.

Our largest shareholders are Community Investment Holdings, the ACET and Golden Pond. They represent the membership of the South African Medical and Dental Practitioners Association, medical professionals who are substantial HDSAs or of HDSA parentage.

REPORT OF THE INDEPENDENT AUDITORS

to the members of AfroCentric Investment Corporation Limited for the year ended 30 June 2015

We have audited the consolidated and separate Annual Financial Statements of AfroCentric Investment Corporation Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2015, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 82.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Company's Directors are responsible for the preparation and fair presentation of these Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal controls as the Directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these Annual Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Financial Statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the Annual Financial Statements 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 entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion the Annual Financial Statements present fairly, in all material respects, the consolidated and separate financial position of AfroCentric Investment Corporation Limited as at 30 June 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the Annual Financial Statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit and Risk Committee Report and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

SizweNtsalubaGobodo Inc. PricewaterhouseCoopers Inc.

SizweNtsalubaGobodo Inc.	**PricewaterhouseCoopers Inc.**
Alex Phillipou	Victor Muguto
Registered Auditor	Registered Auditor

Johannesburg
11 September 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
ASSETS					
Non-current assets		**991 080**	881 257	**10 829**	53 743
Plant and equipment	6	**102 639**	100 143	**–**	–
Investment property	7	**15 000**	15 000	**–**	–
Intangible assets	8	**744 487**	603 152	**–**	–
Available for sale financial instrument	9.5	**18 444**	–	**–**	–
Investments in associates	10	**14 873**	77 183	**–**	42 493
Deferred income tax assets	14	**95 637**	85 779	**10 829**	11 250
Current assets		**569 738**	679 450	**604 304**	594 874
Trade and other receivables	9.2	**228 884**	190 828	**1 631**	876
Receivable from subsidiary	9.3	**–**	–	**567 004**	470 748
Investment in Preference Shares	9.6	**–**	90 000	**–**	90 000
Cash and cash equivalents	9.7	**334 051**	389 449	**34 011**	31 591
Inventory	15	**6 803**	4 610	**–**	–
Taxation	29	**–**	4 563	**1 658**	1 658
		24 788	–	**24 788**	–
Non-current Asset held for sale	12	**24 788**	–	**24 788**	–
Total assets		**1 585 606**	1 560 707	**639 921**	648 617
EQUITY AND LIABILITIES					
Capital and reserves		**1 104 149**	1 070 968	**552 932**	550 002
Issued ordinary share capital	16	**17 821**	17 821	**17 821**	17 821
Treasury Shares		**(2 324)**	(2 324)	**–**	–
Share premium	17	**525 633**	525 633	**525 633**	525 633
Share-based payment reserve		**20 160**	10 765	**20 160**	10 765
Foreign currency translation reserve		**2 204**	1 337	**–**	–
Retained earnings/(accumulated loss)		**540 655**	517 736	**(10 682)**	(4 217)
Non-controlling interest	18	**62 930**	52 634	**–**	–
Total equity		**1 167 079**	1 123 602	**552 932**	550 002
Non-current liabilities		**86 252**	171 117	**–**	–
Borrowings	9.9	**–**	112 946	**–**	–
Deferred income tax liabilities	14	**54 822**	43 188	**–**	–
Provisions	19	**8 350**	8 350	**–**	–
Post-employment medical obligations	20	**3 134**	3 202	**–**	–
Accrual for straight-lining of leases	21	**19 946**	3 431	**–**	–
Current liabilities		**332 275**	265 988	**86 989**	98 615
Trade and other payables	9.8	**146 317**	121 887	**20 221**	17 533
Borrowings	9.9	**61 224**	44 877	**–**	–
Loans from Group companies	9.10	**–**	–	**60 705**	75 342
Provisions	19	**9 211**	9 105	**6 063**	5 740
Employment benefit liability	22	**111 105**	90 119	**–**	–
Taxation	29	**4 418**	–	**–**	–
Total liabilities		**418 527**	437 105	**86 989**	98 615
Total equity and liabilities		**1 585 606**	1 560 707	**639 921**	648 617

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	Notes	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Revenue	23	**2 098 312**	1 958 260	**–**	–
Other income		**28 799**	34 248	**166 857**	125 613
Dividends received	24	**–**	2	**160 340**	115 486
Sundry income		**–**	–	**837**	1 674
Finance income	25	**28 799**	34 246	**5 680**	8 453
Depreciation	6	**(35 727)**	(40 475)	**–**	–
Amortisation	8	**(48 734)**	(43 907)	**–**	–
Impairment of intangible assets	8	**–**	(40 620)	**–**	–
(Impairment)/reversal of investment in associate	10	**(36 697)**	3 720	**–**	–
Fair value gain/(loss)	10	**–**	–	**(17 705)**	3 086
Share of profits from associates	10	**19 037**	4 341	**–**	–
Information technology costs		**(100 036)**	(116 542)	**(400)**	(113)
Employee benefit costs	24	**(1 191 722)**	(1 113 898)	**(1 233)**	(1 282)
Rent expense and property costs	24	**(115 798)**	(123 663)	**(483)**	(528)
Other expenses	24	**(318 260)**	(247 375)	**(14 237)**	(9 391)
Loss on disposal of assets	24	**(186)**	(235)	**–**	–
Bad debt write-off	24	**(71)**	(189)	**–**	–
Increase in provision for doubtful debts		**(167)**	–	**–**	–
Finance costs	25	**(9 997)**	(16 547)	**(6 724)**	(9 693)
Share-based payment expense		**(9 395)**	(10 765)	**(1 120)**	(815)
Profit before income tax		**279 358**	246 353	**124 955**	106 877
Income tax	26	**(100 584)**	(75 692)	**(421)**	3 136
Profit for the year		**178 774**	170 661	**124 534**	110 013
Attributable to:					
Equity holders of the Parent		**154 032**	153 741	**–**	–
Non-controlling interests	18	**24 742**	16 920	**–**	–
Other Comprehensive Income:					
Items that may be reclassified to profit and loss					
– Foreign exchange benefit		**867**	83	**–**	–
Items that may not be reclassified to profit and loss					
– Remeasurements of post-employment benefit obligations		**(114)**	–	**–**	–
Other Comprehensive Income for the year, net of tax		**753**	83	**–**	–
Total comprehensive income for the year		**179 527**	170 744	**124 534**	110 013
Attributable to:					
Equity holders of the Parent		**154 785**	153 823	**124 534**	110 013
Non-controlling interest	18	**24 742**	16 920	**–**	–
		179 527	170 744	**124 534**	110 013
Earnings per share (cents) attributable to equity holders of the Parent					
– Basic	27	**33.08**	40.00	**–**	–
– Diluted	27	**33.08**	40.00	**–**	–

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

GROUP	Ordinary share capital R'000	Preference share capital R'000	Share premium R'000	Contingent reserve R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Treasury shares R'000	Retained earnings R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 30 June 2013	15 584	166	340 961	137 258	49 225	1 254	(2 324)	460 750	50 205	1 053 079
Issue of share capital (note 16)	2 237	–	184 672	–	–	–	–	–	–	186 909
Redemption of share capital (note 16)	–	(166)	–	–	–	–	–	–	–	(166)
Share-based payment expense	–	–	–	–	(38 460)	–	–	–	–	(38 460)
Reduction of contingent shares issued (note 16)	–	–	–	(137 258)	–	–	–	–	–	(137 258)
Transfer from non-controlling interest as a result of share buy-backs	–	–	–	–	–	–	–	168	(168)	–
Second tranche payment	–	–	–	–	–	–	–	(26 744)	–	(26 744)
Net profit for the year	–	–	–	–	–	–	–	153 741	16 920	170 661
Other Comprehensive Income	–	–	–	–	–	83	–	–	–	83
Dividends paid (note 30)	–	–	–	–	–	–	–	(70 178)	(14 323)	(84 501)
Balance as at 30 June 2014	**17 821**	**–**	**525 633**	**–**	**10 765**	**1 337**	**(2 324)**	**517 736**	**52 634**	**1 123 602**
Share-based payment expense	**–**	**–**	**–**	**–**	**9 395**	**–**	**–**	**–**	**–**	**9 395**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**154 032**	**24 742**	**178 774**
Other Comprehensive Income	**–**	**–**	**–**	**–**	**–**	**867**	**–**	**(114)**	**–**	**753**
Dividends paid (note 30)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(130 999)**	**(14 446)**	**(145 445)**
Balance as at 30 June 2015	**17 821**	**–**	**525 633**	**–**	**20 160**	**2 204**	**(2 324)**	**540 655**	**62 930**	**1 167 079**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY continued

for the year ended 30 June 2015

COMPANY	Ordinary share capital R'000	Preference share capital R'000	Share premium R'000	Contingent reserve R'000	Share-based payment reserve R'000	Retained earnings R'000	Total equity R'000
Balance as at 30 June 2013	15 584	166	340 961	137 258	49 225	(17 308)	525 886
Issue of share capital	2 237	–	184 672	–	–	–	186 909
Redemption of share capital (note 16)	–	(166)	–	–	–	–	(166)
Share-based payment expense	–	–	–	–	(38 460)	–	(38 460)
Reduction of contingent shares to be issued (note 16)	–	–	–	(137 258)	–	–	(137 258)
Dividends paid (note 30)	–	–	–	–	–	(70 178)	(70 178)
Second tranche payment (note 16)	–	–	–	–	–	(26 744)	(26 744)
Profit for the year	–	–	–	–	–	110 012	110 012
Balance as at 30 June 2014	**17 821**	**–**	**525 633**	**–**	**10 765**	**(4 217)**	**550 002**
Share-based payment expense	–	–	–	–	9 395	–	9 395
Profit for the year	–	–	–	–	–	124 534	124 534
Dividends paid (note 30)	–	–	–	–	–	(130 999)	(130 999)
Balance as at 30 June 2015	**17 821**	**–**	**525 633**	**–**	**20 160**	**(10 682)**	**552 932**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Note	GROUP 2015 R'000	GROUP 2014 (Restated) R'000[1]	COMPANY 2015 R'000	COMPANY 2014 (Restated) R'000[1]
Cash flows from operating activities					
Cash receipts from customers		**2 382 459**	2 171 397	**82**	18 668
Cash paid to suppliers and employees		**(1 985 463)**	(1 850 353)	**(13 341)**	(9 344)
Cash generated from operations	28	**396 996**	321 044	**(13 259)**	9 324
Dividends received	24	**–**	2	**160 340**	115 486
Finance income	25	**28 799**	34 246	**5 680**	8 453
Finance costs	25	**(9 997)**	(16 547)	**(6 724)**	(9 693)
Taxation paid	29	**(92 958)**	(85 559)	**–**	–
Dividends paid	30	**(130 999)**	(70 178)	**(130 999)**	(70 178)
Dividends paid to shareholders with a non-controlling interest	30	**(14 446)**	(14 323)	**–**	–
Net cash inflow from operating activities		**177 395**	168 685	**15 038**	53 392
Cash flows from investing activities					
Proceeds on disposal of tangible assets		**7 205**	367	**–**	–
Proceeds on disposal of intangible assets		**–**	81	**–**	4
Purchase of DBC assets in Klinikka	4	**–**	(7 980)	**–**	–
Purchase of plant and equipment	6	**(45 552)**	(49 956)	**–**	
Purchase of intangible assets	8	**(190 074)**	(60 761)	**–**	–
Purchase of other assets	9.5	**(715)**	–	**–**	–
Redemption of Jasco Preference Shares	9.6	**90 000**	10 000	**90 000**	10 000
Purchase of Invisible Card Company	10	**–**	(6 346)	**–**	–
Purchase of Kenya investment	10	**–**	(18 211)	**–**	–
Purchase of additional shares in Jasco	10	**–**	(3 440)	**–**	(3 440)
Dividends received from associates	10	**1 841**	1 360	**–**	
Long-term loan paid	13	**–**	76 378	**–**	–
Decrease in investment and loans to associates		**234**	(4 432)	**–**	–
Net cash (outflow)/inflow from investing activities		**(137 061)**	(62 940)	**90 000**	6 564
Cash flows from financing activities					
Shares issued	16	**–**	259	**–**	259
Decrease in borrowings		**(96 599)**	(50 105)	**–**	(3 471)
Decrease in loans from Group companies		**–**	–	**(102 618)**	(19 993)
Second tranche payment		**–**	(26 744)	**–**	(26 744)
Net cash inflow from financing activities		**(96 599)**	(76 590)	**(102 618)**	(49 949)
Effect of foreign exchange rate changes		**867**	83	**–**	–
Net increase in cash and cash equivalents		**(55 398)**	29 238	**2 420**	10 007
Cash and cash equivalents at the beginning of the period		**389 449**	360 211	**31 591**	21 584
Cash and cash equivalents at the end of year	9.7	**334 051**	389 449	**34 011**	31 591

1. In the previous financial year the second tranche payment, a financing activity, was incorrectly classified under operating activities.

1. SUMMARY OF ACCOUNTING POLICIES

General information

AfroCentric Investment Corporation Limited (the "Company"), together with its subsidiaries (together forming the "Group"), is a public company operating in the healthcare fund management sector and associated industries. The Company's main business is to acquire and hold assets for investment purposes.

The Company is a limited liability company incorporated and domiciled in South Africa. The address of its registered office is 37 Conrad Road, Florida North, Roodepoort, South Africa. The majority of the Company's shares are held by public shareholders.

These consolidated Annual Financial Statements have been approved for issue by the Board of Directors on 11 September 2015.

Statement of compliance

The Company and the Group Annual Financial Statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Policies Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These Annual Financial Statements have been prepared in accordance with IFRS, the Companies Act and the JSE Listings Requirements.

Basis of presentation

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

The Annual Financial Statements have been prepared under the historical cost convention except for the following:

- Post-employment medical obligations, independently valued using the Projected Unit Credit Method.

Carried at fair value:

- Financial instruments held for trading or designated at fair value through profit or loss; and
- Financial instruments not held for trading is designated as available for sale; and
- Investment property held at fair value using independent market valuations.

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 years. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

(a) Amendments to published standards effective in 2015, relevant to the Company's operations

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
Amendments to IAS 32: Financial Instruments – Presentation on Financial Instruments, Asset and Liability Offsetting	1 January 2014	The IASB has issued amendments to the application guidance in IAS 32: Financial instruments – Presentation, that clarify some of the requirements for off-setting financial assets and financial liabilities on the balance sheet.
Amendments to IFRS 10: "Consolidated Financial Statements", IFRS 12 and IAS 27 for investment entities	1 January 2014	The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an "investment entity" definition and which display particular characteristics. Changes have also been made in IFRS 12 to introduce disclosures that an investment entity needs to make. A subsequent amendment relating to the clarification of the application of the consolidation exception for investment entities and their subsidiaries.(Effective 1 January 2016 referred to below)

1. SUMMARY OF ACCOUNTING POLICIES continued

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
IASB issues narrow-scope amendments to IAS 36: "Impairment of Assets on Recoverable Amount Disclosures"	1 January 2014	These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.
Amendment to IAS 19 regarding defined benefit plan	1 July 2014	These narrow-scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

(b) New standards and Amendments to published standards not effective in 2015

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
IFRS 9: Financial Instruments (2009)	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.
IFRS 9: Financial Instruments (2010)	1 January 2018	The IASB has updated IFRS 9: "Financial Instruments" to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39: "Financial Instruments" – Recognition and Measurement, without change, except for financial liabilities that are designated at fair value through profit or loss.
IFRS 15: Revenue from Contracts with Customers	1 January 2018	The FASB and IASB issued their long-awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of Revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer.
Amendments to IAS 27: "Separate Financial Statements" on equity accounting	1 January 2016	In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.
Amendments to IFRS 10: "Consolidated Financial Statements" and IAS 28: "Investments in Associates and Joint Ventures" on sale or contribution of assets	1 January 2016	The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a "business", then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
Amendments to IFRS 10: "Consolidated Financial Statements" and IAS 28: "Investments in Associates and Joint Ventures" on applying the consolidation exemption	1 January 2016	The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

1. SUMMARY OF ACCOUNTING POLICIES continued

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
Amendments to IAS 1: "Presentation of Financial Statements" disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.
Amendment to IAS 16: "Property, Plant and Equipment" and IAS 38: "Intangible Assets, on depreciation and amortisation"	1 January 2016	In this amendment the IASB has clarified that the use of Revenue-based methods to calculate the depreciation of an asset is not appropriate because Revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that Revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

(c) Annual improvements effective in 2015 relevant to the Company's operations

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
Amendment to IFRS 2: "Share-based Payment"	Transactions occurring after 1 July 2014	The amendment clarifies the definition of a "vesting condition" and separately defines "performance condition" and "service condition".
Amendment to IFRS 3: "Business Combinations"	Transactions occurring after 1 July 2014	The standard is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity on the basis of the definitions in IAS 32: "Financial Instruments – Presentation". The standard is further amended to clarify that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Consequential changes are also made to IFRS 9, IAS 37 and IAS 39.
Amendment to IFRS 8: "Operating Segments"	1 July 2014	The standard is amended to require disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. The standard is further amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.
Amendment to IFRS 13: "Fair Value Measurement"	1 July 2014	When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

1. SUMMARY OF ACCOUNTING POLICIES continued

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
IAS 16: "Property, Plant and Equipment", and IAS 38: "Intangible Assets"	1 July 2014	Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: • either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or • the accumulated depreciation is eliminated against the gross carryng amount.
IAS 24: "Related Party Disclosures"	1 July 2014	The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the Parent of the reporting entity ("the management entity").
IFRS 13: "Fair Value Measurement"	1 July 2014	The amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.
IAS 40: "Investment Property"	1 July 2014	The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.
IFRS 3: "Business Combinations"	1 July 2014	The standard is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope of exemption only applies in the financial statements of the joint arrangement itself.

1. SUMMARY OF ACCOUNTING POLICIES continued

(d) Annual improvements not effective in 2015 relevant to the Company's operations

IFRS	EFFECTIVE DATE	SUBJECT OF AMENDMENT
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 January 2016	This is an amendment to the changes in methods of disposal – Assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
IFRS 7: Financial Instruments – Disclosures	1 January 2016	Servicing contracts – The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required.
IAS 19: Employee Benefits	1 January 2016	Discount rate: regional market issue – The amendment to IAS 19 clarifies that market depth of high-quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high-quality corporate bonds in that currency, government bond rates must be used.

The Group has assessed the significance of these new standards, amendments and interpretations that are not yet effective in 2015 and concluded that they will have no material financial impact on the Annual Financial Statements and therefore the Group has not early adopted them in the current financial year.

Basis of consolidation

Subsidiaries

The consolidated Annual Financial Statements incorporate the Annual Financial Statements of the Company and entities controlled by the Company. They are available at the premises of the Company's offices, being 37 Conrad Road, Florida North, Roodepoort, 1709.

Business combinations

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

1. SUMMARY OF ACCOUNTING POLICIES continued

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to Other Comprehensive Income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, 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.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

At the Company level, however, Investment in associates are accounted for at fair value through profit and loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the Statement of Comprehensive Income and its share of post-acquisition movements in Other Comprehensive Income is recognised in Other Comprehensive Income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the amount adjacent to "share of profit/(loss) of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the Statement of Comprehensive Income.

1. SUMMARY OF ACCOUNTING POLICIES continued

Foreign currency translation

Functional and presentation currency

Items included in the Annual Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated Annual Financial Statements are presented in South African Rand, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in Other Comprehensive Income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the income statement within "Other (losses)/gains" – net Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss and other changes in the carrying amount are recognised in Other Comprehensive Income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in Other Comprehensive Income.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in Other Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in Other Comprehensive Income.

Recognition of assets

The Group recognises assets when it obtains control of a resource as a result of a past event from which future economic benefits are expected to flow to the enterprise and:

(a) When it is probable that the future economic benefits associated with the assets will flow to the enterprise; and

(b) The assets have a cost or value that can be measured reliably.

Tangible assets

Plant and equipment

Office equipment, motor vehicles, furniture and fittings, computer equipment and building infrastructure are recorded at cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is charged on the straight-line basis over the estimated useful lives of the assets.

The estimated maximum useful lives are:

• Office equipment and furniture and fittings	6 years
• Motor vehicles	5 years
• Computer equipment	3 to 5 years
• Building infrastructure	10 years

1. SUMMARY OF ACCOUNTING POLICIES continued

The residual values and useful lives of assets are reviewed on an annual basis and, if appropriate, are adjusted accordingly.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income. In determining the estimated residual value, expected future cash flows have not been discounted to their net present values.

Derecognition

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use on disposal and the gain or loss arising from the derecognition of an item of plant and equipment is included in profit and loss when the item is derecognised.

Investment property

Definition

Investment property is property (land or building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both rather than for:

(a) Use in the production or supply of goods or services or for administrative purposes; or

(b) Sale in the ordinary course of business.

Initial recognition

Investment property is initially recognised at cost.

Subsequent measurement

An investment property is subsequently measured at fair value per IAS 40 and gains or losses from the fair value adjustments are recognised in profit or loss. The valuation is obtained by an independent valuer.

Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses from derecognition of an investment property are determined as the net disposal proceeds less the carrying amount and are recognised in profit or loss.

Intangible assets

Intangible assets are recorded at cost less accumulated amortisation and impairment.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in the investments in associates and is tested for impairment as part of the overall balance.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Contractual customer relationships

Acquired contractual customer relationships from business combinations are recognised at fair value at acquisition date. Contractual customer relationships intangible assets are amortised using the straight-line method over their useful lives of five or ten years. Management reviews the carrying value where objective evidence of impairment exists. The carrying value is written down to estimated recoverable amount when a permanent decrease in value occurs. Any impairment is recognised in the Statement of Comprehensive Income when incurred.

Trademarks, brands and intellectual property

Trademarks, brands and intellectual property have a finite useful life and are initially measured at fair value and subsequently amortised over its useful life. Amortisation is calculated using the straight-line method to allocate the cost of trademarks, brands and intellectual property over their estimated useful lives of ten years. The carrying value of these intangible assets is assessed for any impairment if impairment indicators exist and any required adjustment will be expensed in the Statement of Comprehensive Income.

Internally generated computer software development costs

Costs associated with internally generating computer software programs are generally expensed as incurred.

1. SUMMARY OF ACCOUNTING POLICIES continued

However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the Group and have a profitable benefit exceeding the cost beyond one year, are recognised as intangible assets.

The following criteria are required to be met before the related expenses can be capitalised as an intangible asset. These criteria are:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete the intangible asset and use or sell it
- Its ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Expenditure that enhances and extends the benefits of computer software programs beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of fifteen years.

Directly attributable costs associated with the acquisition and installation of software are capitalised.

Computer software acquired

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (two to seven years). The carrying value of these intangible assets is assessed for any impairment if impairment indicators exist and any required adjustment will be expensed in the Statement of Comprehensive Income.

Impairment of assets

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Operating leases

The Group is the lessee

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised in full as an expense in the year in which the termination takes place.

Financial instruments

Initial recognition and measurement

Financial instruments include all financial assets and liabilities, typically held for liquidity, investment or trading purposes. All financial instruments are initially recognised at fair value plus directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately in profit or loss. Financial instruments are recognised (derecognised) on the date the Group becomes party to a contract that gives rise thereto. At initial recognition, management determines the appropriate classification of financial instruments, attributable to shareholders or policyholders, as follows:

- 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 on to maturity.

1. SUMMARY OF ACCOUNTING POLICIES continued

- Financial instruments at fair value through profit and loss comprise financial instruments held for short-term profit-taking.
- Loans and receivables originated by the entity are non-derivative financial assets that are created by the Group by providing money, goods or services directly to a debtor other than those that are originated with the intention to sell in the short term.
- Investments are designated as available for sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available for sale category.
- Financial liabilities at amortised cost are liabilities that are neither held for trading nor designated at fair value.

Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classifications below.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Where the Group is to sell more than an insignificant amount of held-to-maturity investments, the entire category would be reclassified as available for sale assets with the difference between amortised cost and fair value being accounted for in Other Comprehensive Income.

Held-to-maturity investments are held at amortised cost, using the effective interest method, less any impairment losses. Interest income/(expense), calculated using the effective interest method, is recognised in profit or loss in the finance income line.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held at amortised cost, it shall be reclassified as available for sale and remeasured at fair value, and the difference between its carrying amount and fair value shall be recognised directly in equity through the Statement of Changes in Equity until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

Financial assets and liabilities designated at fair value through profit or loss

A financial instrument is classified under this category when it is acquired or incurred principally for the purposes of selling or repurchasing in the near future, those forming part of a portfolio of financial instruments in which there is evidence of short-term profit-taking and instruments that are acquired by the Group for the purpose of selling in the near future and generating a profit. This designation is made on initial recognition and is irrevocable.

Subsequent to initial recognition, the fair values are remeasured at each reporting date, with arising gains and losses reported in profit or loss in the fair value gains/(losses) for the period.

Available for sale

Financial assets classified by the Group as available for sale are generally strategic capital investments held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Available for sale financial assets are subsequently measured at fair value. Unrealised gains or losses are recognised directly in the revaluation reserve until the financial asset is derecognised or impaired. When the available for sale financial assets are disposed of, the cumulative fair value adjustments in the revaluation reserve are reclassified to profit or loss in the fair value gains/(losses) for the period.

Interest income/(expense), calculated using the effective interest method, is recognised in profit or loss. Dividends received on debt or equity instruments are recognised in profit or loss in finance income when the Group’s right to receive the payment has been established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as at fair value through profit or loss or available for sale.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Origination transaction costs and origination fees received that are integral to the effective rate are capitalised to the value of the loans and amortised through interest income as part of the effective interest rate.

1. SUMMARY OF ACCOUNTING POLICIES continued

Financial liabilities at amortised cost

Financial liabilities that are neither held for trading nor designated at fair value are measured at amortised cost using the effective interest method. Interest expense, calculated using the effective interest method, is recognised in profit or loss in the finance costs.

Non-current Assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that is carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Receivables from subsidiaries and Group entities

Receivables from subsidiaries and Group entities are non-derivative financial assets with no fixed or determinable payments that are not quoted in an active market and with no intention of trading. They are included in current assets and carried at amortised cost using the effective interest rate method less required impairment.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in Other Comprehensive Income are reclassified to profit or loss as gains and losses from investment securities.

Trade and other receivables

Trade and other receivables comprise loans and receivables. Loans and receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the assets' carrying amount and the present amount of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Comprehensive Income within "bad debt write-off". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to "bad debts recovered".

Impairment of assets held at amortised cost

These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1. SUMMARY OF ACCOUNTING POLICIES continued

A provision for impairment of debt securities held at amortised cost is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in payments;

(iii) It becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) The disappearance of an active market for that financial asset because of financial difficulties; or

(v) Observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:

- adverse changes in the payment status of issuers or debtors in the Group; or
- national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. Management assesses the annual cash requirements and the fair value in determining whether or not the asset will be held at amortised cost.

If there is objective evidence that an impairment loss has been incurred on investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Comprehensive Income. If an investment held at amortised cost or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Whenever sales or reclassification of more than an insignificant amount of investments held at amortised costs do not meet any of the conditions listed above, any remaining investments held at amortised cost shall be reclassified as available for sale. On such reclassification, the difference between their carrying amount and fair value shall be recognised directly in equity through the Statement of Changes in Equity until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held at amortised cost, it shall be reclassified as available for sale and remeasured at fair value, and the difference between its carrying amount and fair value shall be recognised directly in equity through the Statement of Changes in Equity until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in profit or loss.

Prepayments and deposits

Prepayments and deposits are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if they relate to financial assets. The prepayments and deposits which relate to the receipt of goods or services are initially and subsequently measured at cost.

Cash and cash equivalents

Cash and cash equivalents are carried at amortised cost. For the purpose of the Statement of Cash Flows, cash includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade and other payables

Trade and other payables comprise payables classified as financial liabilities. Payables classified as financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1. SUMMARY OF ACCOUNTING POLICIES continued

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the amortised cost is recognised in the Statement of Comprehensive Income under "finance costs" over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

Contingent liabilities

Contingent liabilities have been recognised as part of business combinations detailed in note 4. Contingent liabilities are liabilities for which a reliable estimate can be made, yet the probability of an outflow of economic benefits is remote.

The fair values of contingent liabilities recognised as part of the business combinations have been determined by management as the amounts that a third party would charge to assume the contingent liabilities. These amounts reflect all expectations about possible cash flows and not the single most likely or the expected maximum or minimum cash flow.

Contingent liabilities acquired as part of a business combination

After their initial recognition the Group measures contingent liabilities that are recognised separately due to a business combination at the higher of:

(i) the amount that would be recognised in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18: Revenue.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the Statement of Comprehensive Income as finance costs.

Employee costs

Pension and provident fund obligations

The Group operates a number of defined contribution plans, the assets of which are held in separate trustee-administered funds. The pension and provident plans are funded by payments from employees and by the Group, taking account of the recommendations of independent qualified actuaries. The funds are administered in terms of the Pension Funds Act and periodic actuarial valuations are performed.

The Group's contributions to the defined contribution pension and provident plans are charged to the Statement of Comprehensive Income in the year to which they relate. The Group has no further payment obligations once the contributions have been paid.

Post-employment medical obligations

Some of the retired employees are provided with post-employment healthcare benefits. No further post-employment healthcare benefits will be granted. These obligations are valued annually by independent qualified actuaries using the Projected Unit Credit Method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other Comprehensive Income in the period in which they arise. Interest costs are charged to the Statement of Comprehensive Income as finance costs.

Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the Statement of Financial Position date. This provision is recognised in the statement of financial position under "employment benefit liability".

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or

1. SUMMARY OF ACCOUNTING POLICIES continued

- providing termination benefits as a result of an offer made to encourage voluntary redundancy.

Benefits falling due more than twelve months after the Statement of Financial Position date are discounted to present value.

Short-term benefits

Short-term benefits consist of salaries, accumulated leave payments, profit share, bonuses and any non-monetary benefits such as medical aid contributions. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided to the "employee benefit costs" in the Statement of Comprehensive Income.

The Group recognises a liability and an expense for bonuses based on a formula where there is a contractual obligation or a past practice that created a constructive obligation. The Group has a 13th cheque salary structuring mechanism and an incentive scheme. The expense is recognised as "employee benefit costs" in the Statement of Comprehensive Income. Factors that are taken into account when determining the incentive bonus amount include key performance indicators and performance of both the individual and the Company.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less accumulated impairment in the separate Annual Financial Statements of the Company.

Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for services provided in the ordinary course of business.

The Group recognises Revenue when the amount can be measured reliably and it is probable that the future economic benefits will flow to the entity.

All Revenue excludes value added tax ("VAT"). All expenditure on which input VAT can be claimed, excludes VAT.

Revenue is derived substantially from administration of healthcare benefits services provided to various organisations within and outside South Africa and comprises administration fees, health risk management fees, management fees, IT and other Revenue.

Administration fees

Gross fees for the administration of medical schemes, and the provision of managed care services, are recognised as Revenue on the accrual basis as the services are provided. Administration fees are accounted for as Revenue in the Statement of Comprehensive Income.

Finance income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

Dividend income

Dividend income is recognised when the right to receive payment is established (date of declaration).

Other expenditure

All other expenditure is recognised as and when incurred.

Taxation

Direct taxation

Direct taxation includes all domestic and foreign taxes based on taxable profits and capital gains tax. Current tax is determined for current period transactions and events and deferred tax is determined for future tax consequences. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

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 situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

The Group off-sets current tax assets and current tax liabilities when it has a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised in full, using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and

1. SUMMARY OF ACCOUNTING POLICIES continued

their carrying values in the Annual Financial Statements. Deferred 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 tax liability is settled. However, deferred tax is not recognised if:

- initial recognition of goodwill;
- initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and
- investments in subsidiaries and associates where the Group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group off-sets deferred tax assets and deferred tax liabilities when:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends Tax

Taxes on dividends declared by the Group are recognised as part of the dividends paid within equity, as Dividends Tax represents a tax on the shareholder and not the Group, at the rate of 15%. Tax on dividends in specie will remain the liability of the Company declaring the dividend.

South African resident companies are exempt from the new Dividends Tax. Upon declaring a dividend (excluding dividends in specie) the Group withholds the Dividends Tax on payment and, where the dividend is paid through a regulated intermediary, liability for withholding Dividends Tax shifts to the intermediary. Dividend tax does 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 tax relief.

Dividends Tax withheld by the Group on dividends paid to its shareholders and payable at the reporting date to the South African Revenue Service ("SARS") is included in "trade and other payables" in the Statement of Financial Position.

Dividends

Dividends are recorded in the Group's Annual Financial Statements in the period in which they are approved by the Group's shareholders.

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.

When the Group reacquires its own equity instruments, those instruments ("Treasury Shares") shall be deducted from equity. In the event that the shares are cancelled upon reacquisition, share capital and share premium are respectively reduced with the original issue price of the shares reacquired. Any difference between the original issue price and the reacquisition price is recognised as an increase or decrease in the retained earnings. Where such Treasury Shares are acquired and held by other members of the consolidated Group the consideration paid or received is recognised directly in equity as a treasury share reserve.

Share-based payments

The Group had applied the requirements of IFRS 2: Share-based Payments. The Group issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Vesting assumptions are reviewed at each reporting period to ensure that they reflect current expectations. The Group treats the share-based payment reserves in the same manner at Company and Group level. At Company level, the reserves are accounted for at the same value as the Group due to the fact that ACT Company is responsible for issuing the shares to the subsidiary executives. The share-based payment expense is accounted for individually in each impacted subsidiary where the executives are employed.

1. SUMMARY OF ACCOUNTING POLICIES continued

The Group IFRS 2 share-based payment expense is recharged to the aforementioned subsidiaries due to the fact that the AHL executives are employed by those respective subsidiaries and accordingly they should bear the related costs.

Consolidation procedures

In order that the consolidated Annual Financial Statements present financial information about the Group as that of a single economic entity, the following steps are then taken:

(i) The carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary are eliminated.

(ii) Non-controlling interests in the profit or loss of consolidated subsidiaries for the reporting period are identified.

(iii) Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Parent shareholders' equity in them. Non-controlling interests in the net assets consist of:

- the amount of those non-controlling interests at the date of the original combination calculated in accordance with IFRS 3.
- the non-controlling interest's share of changes in equity since the date of the combination.

Off-setting financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to off-set the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Inventory

Inventory is stated at the lower of cost or net realisable value. The cost of inventories shall comprise the cost of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

As inventories held by the Group represents highly specialised medical equipment at high value, the policy adopted by the Group is the specific identification of cost method.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Financial Officer, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Operating decision-maker as the person that makes strategic decisions.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed as follows:

Impairment of goodwill

The carrying amount of goodwill is tested annually for impairment in accordance with the stated accounting policy. The recoverable amount of the cash-generating units ("CGUs") has been determined based on value-in-use calculation, being the net present value of the discounted cash flows of the CGU less the tangible net asset value of that CGU. Details of the main assumptions applied in determining the net present value of the CGU are provided in note 8 in these Annual Financial Statements.

Carrying value of tangible and intangible assets

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

The carrying amount of tangible and intangible assets at 30 June 2015 was R103 million (June 2014: R100 million) and R744 million (June 2014: R603 million) respectively.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

Impairment of Sapling Trade and Invest (Proprietary) Limited

As part of the purchase price allocation of the Sapling Trade and Invest (Proprietary) Limited transaction in September 2012, the Group identified the following intangible assets:

- contractual customer relationships; and
- goodwill.

However, last year the sole income-generating contract with the primary client was prematurely terminated, resulting in no foreseeable future income.

This has resulted in the full impairment of the contractual customer relationship intangible asset (R17.52 million) and goodwill (R23.1 million) in the 2014 financial year.

Deferred tax assets

The deferred tax assets include an amount of R59.6 million which relates to carried forward tax losses. Some companies have incurred losses over the past financial years but management have concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for these companies. In the previous financial periods AfroCentric and its related subsidiaries have attained their approved business plans and budget targets.

The main contributors to the assessed losses within the Group relate to losses brought forward in AfroCentric Investment Corporation, and a subsidiary, being Aid for Aids Management (Proprietary) Limited.

The assessed losses brought forward in AfroCentric Investment Corporation and Aid for Aids Management (Proprietary) Limited are expected to be utilised on an annual basis going forward. This is due to the change in approach to the deductibility of expenses against taxable income in AfroCentric Investment Corporation and the expectation that Aid for Aids Management (Proprietary) Limited will be generating taxable profits in the foreseeable future.

Although Helios IT Solutions, another subsidiary of AfroCentric Investment Corporation, have also declared an assessed loss for the 2015 financial year, it is expected that the assessed losses will decrease in future years of assessment due to the reduction of exempt income within the entity.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events, as disclosed in note 32.

2. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS continued

Contingent litigation liability

The contingent liabilities which remained after the purchase price of the AfroCentric Health Limited acquisition was settled, have been determined by the Directors using the maximum loss and the probability of these contingencies materialising at the date of acquisition as indicated as follows:

2015	Maximum loss R'000	Probability %	Fair value R'000
Neil Harvey & Associates	**83 500**	**10%**	**8 350**
	83 500		**8 350**
2014			
Neil Harvey & Associates	83 500	10%	8 350
	83 500		8 350

	June 2015 R'000	June 2014 R'000
Carrying amount of contingent litigation liability at the beginning of the year	**8 350**	8 350
Fair value adjustments	**–**	–
Carrying amount of contingent litigation liability at the end of the period	**8 350**	8 350

The contingent litigation liability is disclosed under "Provisions", note 19.

3. FINANCIAL RISK MANAGEMENT

General

Risk management is a priority issue because it affects every part of the business. It is a pre-emptive process that allows the Group to assess and analyse risk in an integrated fashion, identifying potential areas in advance and then to proactively create processes and measures for compliance.

Fundamentally, the Board's responsibility in managing risk is to protect the Group's employees, its policyholders and the Group in every facet. It fully accepts overall responsibility for risk management and internal control and, in so doing, the Board has deployed effective control mechanisms to prevent and mitigate the impact of risk.

Primary responsibility for risk management at an operational level rests with the Executive Committee. Management and various specialist Committees are tasked with integrating the management of risk into the day-to-day activities of the Group. Refer to the Corporate Governance Report (available on AfroCentric's website) for more detail regarding the Committee's involvement in risk management.

The Healthcare and Administration business activities are exposed to a variety of financial risks:

- market risk;
- credit risk; and
- liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3. FINANCIAL RISK MANAGEMENT continued

Market risk

Currency risk

Currency risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group is not exposed to any currency risk in relation to its foreign operations in Namibia and Swaziland as the currencies of these countries are fixed to the South African Rand.

The most significant exposure is to the Mauritian Rupee and the US Dollar. The impact of currency risk on the Statement of Comprehensive Income amounted to a profit (foreign currency gains) of R0.867 million (June 2014: R0.083 million loss).

At 30 June 2015, if the currency had weakened/strengthened by 10% against the Mauritian Rupee, with all other variables held constant, post-tax profit for the year would have been R63 146 lower/higher, mainly as a result of foreign exchange gains/losses on translation of the Mauritian operation.

At 30 June 2015, if the currency had weakened/strengthened by 10% against the Dollar, with all other variables held constant, post-tax profit for the year would have been R551 831 lower/higher, mainly as a result of foreign exchange gains/losses on translation of the Zimbabwean operation.

Price risk

The Group is exposed to equity securities price risk due to its investment in Jasco Electronics Holdings Limited, which is a listed entity on the JSE Limited. As such the fair value of the investment is affected by changes in the share price. The Company's own shares are also listed on the JSE Limited.

To manage the price risk the Group Investment Committee reviews its investments (including Jasco Electronics Holdings Limited) regularly to ensure that the downside price risk is mitigated.

The table below summarises the impact of an increase/decrease of the share price of Jasco Electronics Holdings Limited on the post-tax profit of the Group.

Change in percentage share price	Increase on post-tax profit R	Decrease on post-tax profit R
5% increase/(decrease)	1 008 265	(1 008 265)
10% increase/(decrease)	2 016 531	(2 016 531)
15% increase/(decrease)	3 024 796	(3 024 796)

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially off-set by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group has used a sensitivity analysis technique that measures the estimated change to the statements of comprehensive income and equity of an instantaneous increase of 1% (100 basis points) in the market interest rates for each class of financial instrument, with all other variables remaining constant. The sensitivity analysis excludes the impact of market risks on net post-employment benefit obligations.

3. FINANCIAL RISK MANAGEMENT continued

Market risk continued

Instruments exposed	Increase in 1% on statement of comprehensive income R'000
2015	
Bank borrowings	**(1 187)**
Bank balances and short-term investments	**3 800**
Total	**2 613**
2014	
Preference dividend	900
Bank borrowings	(1 586)
Bank balances and short-term investments	3 319
Total	2 633

Under these assumptions, a 1% increase in market interest rates at 30 June 2015 would increase profit before tax by approximately R2 613 000 (June 2014: R2 633 000).

Credit risk

Credit risk arises from cash and cash equivalents and other investments, that is, deposits with banks and financial institutions, as well as credit exposures to clients, including outstanding receivables and committed transactions. For banks and financial institutions only independently rated parties with a minimum rating of "AA" are accepted (please refer to note 9.7). If clients do not have an independent rating, risk control assesses the credit quality of the client, taking into account its financial position, past experience and other factors. Credit risk is managed at both the Group and Company level.

A significant portion of the Group's client base comprises high-credit quality financial institutions. The "Healthcare business" has under agreement the authority to draw funds due and payable to it directly from the bank accounts of certain medical schemes using a collection module. Revenue from medical schemes is therefore settled in cash.

No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by these counterparties.

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 at a Group and Company level. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by keeping committed credit facilities available.

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

3. FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

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

Time buckets applicable to the Group

	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 year R'000	Between 1 to 2 years R'000	Between 2 to 3 years R'000	Total R'000
2015							
Borrowings	**61 224**	**–**	**–**	**–**	**–**	**–**	**61 224**
Trade and other payables	**142 468**	**1 283**	**1 283**	**1 283**	**–**	**–**	**146 317**
2014							
Borrowings	–	–	–	44 877	112 946	–	157 823
Trade and other payables	103 500	6 129	6 129	6 129	–	–	121 887

Time buckets applicable to the 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 year R'000	Between 1 to 2 years R'000	Between 2 to 3 years R'000	Total R'000
2015							
Loans from Group companies	**60 705**	**–**	**–**	**–**	**–**	**–**	**60 705**
Trade and other payables	**6 196**	**4 675**	**4 675**	**4 675**	**–**	**–**	**20 221**
2014							
Loans from Group companies	75 342	–	–	–	–	–	75 342
Trade and other payables	17 533	–	–	–	–	–	17 533

3. FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

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

Time buckets applicable to the Group

	Less than 3 months 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 year R'000	Between 1 to 2 years R'000	Between 2 to 3 years R'000	Total R'000
2015							
Trade and other receivables*	**195 964**	**8 327**	**8 327**	**16 266**	**–**	**–**	**228 884**
2014							
Trade and other receivables	175 421	2 568	2 568	10 271	–	–	190 828
Preference Shares	–	90 000	–	–	–	–	90 000

* This includes prepayments and deposits. These are not considered past due as no repayment terms are applicable to them.

The carrying amount of all financial assets and liabilities approximate the fair value.

Time buckets applicable to the Company

	Less than 3 months 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 year R'000	Between 1 to 2 years R'000	Between 2 to 3 years R'000	Total R'000
2015							
Trade and other receivables	**1 631**	**–**	**–**	**–**	**–**	**–**	**1 631**
2014							
Trade and other receivables	876	–	–	–	–	–	876
Preference Shares	–	90 000	–	–	–	–	90 000

3. FINANCIAL RISK MANAGEMENT continued

Liquidity risk continued

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

Description per the statement of financial position	Fair value	Amortised cost	CARRYING VALUE GROUP 2015 R'000	CARRYING VALUE GROUP 2014 R'000	CARRYING VALUE COMPANY 2015 R'000	CARRYING VALUE COMPANY 2014 R'000
Loans and receivables						
Preference Shares		✓	–	90 000	–	90 000
Trade and other receivables		✓	**228 884**	190 828	**1 631**	876
Cash and cash equivalents		✓	**334 051**	389 449	**34 011**	31 591
Financial liabilities measured at amortised cost						
Borrowings (non-current and current)		✓	**61 224**	157 823	–	–
Trade and other payables		✓	**146 317**	121 887	**20 221**	17 533

Capital risk management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors cash flow on the basis of the gearing ratio. This ratio is calculated as long-term debt divided by total capital employed. Total capital employed is calculated as "equity", as shown in the Statement of Financial Position, plus long-term debt.

During 2015 the Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio within 0% to 15%.

The gearing ratios at 30 June 2015 and 30 June 2014 respectively were as follows:

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Total long-term borrowings	–	112 946	–	–
Total equity	**1 167 079**	1 123 602	**552 932**	550 002
Total capital employed	**1 167 079**	1 236 548	**552 932**	550 002
Gearing ratio	–	9.13%	–	–
Adjusted to include short-term borrowings:				
Total borrowings (note 9.9)	**61 224**	157 823	**60 705**	75 342
Total equity	**1 167 079**	1 123 602	**552 932**	550 002
Total capital employed	**1 228 303**	1 281 425	**613 637**	625 344
Gearing ratio (including short-term borrowings)	**4.98%**	12.32%	**9.89%**	12.05%

4. BUSINESS COMBINATIONS

Purchase of DBC SA (Proprietary) Limited assets in Klinikka (Proprietary) Limited

Klinikka (Proprietary) Limited was incorporated during the prior financial year. The Incorporation of Klinikka (Proprietary) Limited led to the acquisition of 100% of the assets and assumed liabilities of DBC SA (Proprietary) Limited in November 2013. DBC SA (Proprietary) Limited is in the business of selling specialised back treatment equipment to medical practitioners and hospitals. IFRS 3 requires the acquirer to allocate the cost of a business combination at the effective date by recognising the acquirer's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria.

The acquisition of DBC SA (Proprietary) Limited is being accounted for using the purchase price method of accounting, which requires that the assets and liabilities of DBC SA (Proprietary) Limited be measured at fair value at 1 November 2013.

DBC SA (Proprietary) Limited	R'000
Fair value of 100% net asset value at acquisition	5 545
Furniture and fittings	935
Inventory	4 610
Cash outflow for the purchase of 100% of net asset value	7 980
Goodwill arising from acquisition	2 435
Cash outflow for the purchase of 100% net asset value	(7 980)
Cash resources acquired on acquisition	–
Net cash outflow	(7 980)

Purchase of WAD companies

On 1 August 2015 ("effective date") AfroCentric concluded agreements governing the acquisition of 100% of the WAD assets, being Pharmacy Direct, Curasana and Glen Eden, from WAD and its subsidiaries. The principal enterprise, being Pharmacy Direct, is a designated service provider to a wide range of South African medical aid schemes. The business supplies chronic medication under prescribed minimum benefits and normal chronic benefits to approximately 110 000 patients nationally. Pharmacy Direct was awarded a tender in terms of which chronic medication is dispensed on behalf of the government to districts in five of South Africa's nine provinces. The WAD transaction will instill positive synergies to the Group's general value proposition for all stakeholders, adding scale, enhancing marketing and distribution channels, and positively positioning the Group for accelerated growth. The purchase consideration for the WAD subsidiaries is 86.5 million AfroCentric shares as well as 30.8 million contingent shares, being the maximum number of AfroCentric shares that management believes will be issued due to the attainment of certain profit levels in Glen Eden in the foreseeable future.

As at the effective date, being after the reporting date, the initial accounting has not been completed due to the timing of the transaction occurring very close to the financial reporting period-end and therefore the following information in terms of IFRS 3 paragraph 64 (e to q) is not available and cannot be disclosed in the 2015 financial statements, being:

- The qualitative factors that constitutes goodwill;
- The contingent consideration;
- The acquired receivables;
- The amounts recognised for each major class of assets and liabilities assumed;
- The contingent liabilities assumed;
- Total amount of goodwill that is expected to be deductible for tax purposes;
- Separately recognised transactions from the business combination; and
- Any bargain purchase.

4. BUSINESS COMBINATIONS continued

Below is the breakdown of the consideration paid for these business combinations:

	Number of shares (millions)	Share price (R)[3]	Total value R
Share issue for Pharmacy Direct and Curasana (tranche 1)[1]	67 405	5.15	347 136
Glen Eden (tranche 1)[2]	19 117	5.15	98 453
Glen Eden (tranche 2)[2]	30 883	5.15	159 047
			604 636

Notes

1. In the case of Curasana and Pharmacy Direct it is management's view that certain profit targets will not be achieved by these entities, hence additional shares will not be issued, apart from the shares that were already issued in tranche 1.
2. In the case of Glen Eden, management believes that certain profit target levels will be achieved, hence the maximum number of additional shares will be issued (tranche 2) over and above the shares that were already issued in tranche 1.
3. This is the AfroCentric Investment Corporation Limited share price as at the effective date.

5. SEGMENT INFORMATION

The Group's Chief Executive Officer and Chief Financial Officer have restructured the operating segments due to Jasco Electronics Holdings Limited being classified as a Non-current Asset held for sale in the current year (please refer to note 12 for further detail). The operating segments identified are examined from a service perspective (total healthcare vs information technology) and geographical perspective (South Africa vs Africa). The geographical segments identified include all businesses outside of South Africa which include Botswana, Mauritius, Namibia, Kenya, Swaziland and Zimbabwe. Individually each business outside of South Africa is not material hence management has taken the decision to disclose all business outside of South Africa as a separate operating segment.

Nature of business segments:

- Healthcare SA – consists of medical scheme administration and managed healthcare services in South Africa. Please refer to note 11 which indicates AfroCentric Health Limited's summarised financial information.
- Healthcare Africa – consists of all healthcare services outside of South Africa. This includes associate earnings (Botswana and Kenya).
- Information technology – this relates to all IT-related services for the Group.

5. SEGMENT INFORMATION continued

	Healthcare South Africa R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
2015						
Gross Revenue	1 913 529	157 818	2 071 347	401 454	(374 489)	2 098 312
Other income	–	17 729	17 729	165	(165)	17 729
Administration expenses	(1 682 750)	(105 860)	(1 788 610)	(311 455)	373 825	(1 726 240)
Amortisation of intangibles	(113)	(267)	(380)	(34 448)	(13 906)	(48 734)
Depreciation	(11 141)	(1 906)	(13 047)	(22 680)	–	(35 727)
Net finance income	15 488	2 680	18 168	627	7	18 802
– Finance income	33 531	2 724	36 255	681	(8 137)	28 799
– Finance cost	(18 043)	(44)	(18 087)	(54)	8 144	(9 997)
Share-based payment expense	(9 395)	–	(9 395)	–	–	(9 395)
Net fair value gain/impairment of assets	2 068	(14 904)	(12 836)	–	(23 861)	(36 697)
– Fair value gain/impairment of assets	19 773	(14 904)	4 869	–	(19 774)	(14 905)
– Impairment of Jasco	(17 705)	–	(17 705)	–	(4 087)	(21 792)
Net share of profit of associate	(105)	766	661	–	647	1 308
– Share of profit of associate	(105)	766	661	–	–	661
– Share of profit from Jasco	–	–	–	–	647	647
Profit/(loss) before taxation	227 581	56 056	283 637	33 663	(37 942)	279 358
Income tax expense	(73 024)	(17 718)	(90 742)	(10 406)	564	(100 584)
Profit/(loss) for the year	154 558	38 338	192 896	23 257	(37 379)	178 774
Net segment assets	2 013 236	126 357	2 139 593	465 035	(1 019 022)	1 585 606
Segment assets	1 988 448	126 357	2 114 805	465 035	(1 019 022)	1 560 818
Held-for-sale asset	24 788	–	24 788	–	–	24 788
Segment liabilities	314 999	24 254	339 253	314 834	(235 560)	418 527

Adjusted profit (EBITDA) earnings for management earnings
EBITDA excludes the effects from significant items of income and expenditure which may have an impact on the quality of earnings such as depreciation, amortisation and impairments. It also excludes the effects of equity-settled share-based payments.

	Healthcare South Africa R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
2015						
Profit/(loss) before taxation	227 581	56 056	283 637	33 663	(37 942)	279 358
Depreciation and amortisation	11 254	2 173	13 427	57 128	13 906	84 461
Reversal of impairment	(2 068)	14 904	12 836	–	23 861	36 697
Share-based payment expense	9 395	–	9 395	–	–	9 395
Net finance income	(15 488)	(2 680)	(18 168)	(627)	(7)	(18 802)
Adjusted profit/(loss) for the year	230 674	70 453	301 127	90 164	(182)	391 109

5. SEGMENT INFORMATION continued

Below is the restated operating segments that would have been disclosed if the decision was taken last year to change the operating segments as they are disclosed this year:

	Healthcare South Africa R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
2014 (Restated)						
Gross Revenue	1 790 698	142 146	1 932 844	366 132	(340 716)	1 958 260
Other income	1	–	1	1	–	2
Administration expenses	(1 588 538)	(97 242)	(1 685 780)	(256 663)	340 540	(1 601 903)
Amortisation of intangibles	(77)	(222)	(299)	(24 480)	(19 128)	(43 907)
Depreciation	(11 690)	(2 147)	(13 837)	(26 638)	–	(40 475)
Net finance income	14 440	2 409	16 849	850	–	17 699
– Finance income	40 524	2 545	43 069	869	(9 692)	34 246
– Finance cost	(26 084)	(136)	(26 220)	(19)	9 692	(16 547)
Share-based payment expense	(10 765)	–	(10 765)	–	–	(10 765)
Net fair value gain/ impairment of assets	(34 197)	–	(34 197)	–	(2 703)	(36 900)
Net share of profit of associate	(168)	1 704	1 536	–	2 805	4 341
Profit/(loss) before taxation	159 704	46 648	206 352	59 202	(19 201)	246 353
Income tax expense	(54 662)	(13 156)	(67 818)	(18 134)	10 260	(75 692)
Profit/(loss) for the year	105 042	33 492	138 534	41 068	(8 941)	170 661
Segment assets	2 027 164	99 110	2 126 274	292 920	(858 487)	1 560 707
Segment liabilities	359 123	20 876	379 999	165 127	(108 021)	437 105

Adjusted profit (EBITDA) earnings for management earnings

EBITDA excludes the effects from significant items of income and expenditure which may have an impact on the quality of earnings such as depreciation, amortisation and impairments. It also excludes the effects of equity-settled share-based payments.

	Healthcare South Africa R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
2014						
Profit/(loss) before taxation	159 704	46 648	206 352	59 202	(19 201)	246 353
Depreciation and amortisation	11 767	2 369	14 136	51 118	19 128	84 382
Reversal of impairment	34 197	–	34 197	–	2 703	36 900
Share-based payment expense	10 765	–	10 765	–	–	10 765
Net finance income	(14 440)	(2 409)	(16 849)	(850)	–	(17 699)
Adjusted profit/(loss) for the year	201 993	46 608	248 601	109 470	2 630	360 701

6. PLANT AND EQUIPMENT

GROUP	Motor vehicles R'000	Building infrastructure R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Total R'000
Year ended 30 June 2015						
Opening carrying amount	1 542	191	56 469	31 985	9 956	100 143
Additions	1 508	–	30 354	8 641	5 049	45 552
Disposals	(30)	(2)	(2 814)	(3 812)	(676)	(7 334)
Depreciation charge	(796)	(105)	(23 635)	(8 298)	(2 893)	(35 727)
Reclassification	–	–	(4)	(5)	14	5
Closing carrying amount	**2 224**	**84**	**60 370**	**28 511**	**11 450**	**102 639**
At 30 June 2015						
Cost	5 094	524	138 590	75 749	33 158	253 115
Accumulated depreciation	(2 870)	(440)	(78 220)	(47 238)	(21 708)	(150 476)
Closing carrying amount	**2 224**	**84**	**60 370**	**28 511**	**11 450**	**102 639**
Year ended 30 June 2014						
Opening carrying amount	1 819	267	47 025	28 738	12 500	90 349
Additions	370	27	37 763	9 234	3 497	50 891
Disposals	(113)	–	(308)	(182)	–	(603)
Depreciation charge	(659)	(103)	(27 848)	(7 854)	(4 011)	(40 475)
Reclassification	125	–	(163)	2 049	(2 030)	(19)
Closing carrying amount	1 542	191	56 469	31 985	9 956	100 143
At 30 June 2014						
Cost	4 173	529	116 859	86 976	31 957	240 494
Accumulated depreciation	(2 631)	(338)	(60 390)	(54 991)	(22 001)	(140 351)
Closing carrying amount	1 542	191	56 469	31 985	9 956	100 143

7. INVESTMENT PROPERTY

	2015 R'000	2014 R'000
Opening fair value	**15 000**	15 000
Fair value gain	**–**	–
Closing fair value	**15 000**	15 000

Investment property consists of land, portion 108 (a portion of portion 27) of the farm Weltevreden 202 Roodepoort, South Africa.

The Company has elected the fair value model in terms of IAS 40: Investment Property.

At 30 June 2015 the land was valued at an amount of R15 000 000.

The valuation was obtained by an independent valuer, Mr J van der Hoven, a property practitioner from ARC Properties. Mr Van der Hoven obtained his Postgraduate Masters Degree in Architecture (recognised by RIBA and ARB) and has more than eight years' experience as a property practitioner.

The fair value of investment property was determined based on current prices in an active market for similar property in the same location and condition.

An independent valuation of the Group's investment property was performed by valuers to determine the fair value thereof as at 30 June 2015 and 2014. Refer to note 9.11 for further detail on the valuation process of the investment property.

8. INTANGIBLE ASSETS

	Goodwill R'000	Intellectual property R'000	Computer software R'000	Internally generated computer software R'000	Customer relationships R'000	Brands R'000	Total R'000
GROUP							
Opening carrying amount at 1 July 2014	**398 123**	**12 144**	**38 513**	**101 704**	**43 670**	**8 998**	**603 152**
Additions	–	–	**130 993****	**59 081**	–	–	**190 074**
Amortisation charge for the year	–	**(841)**	**(18 142)**	**(14 824)**	**(13 025)**	**(1 902)**	**(48 734)**
Reclassification	–	–	**(5)**	–	–	–	**(5)**
Carrying value at 30 June 2015	**398 123**	**11 303**	**151 359**	**145 961**	**30 645**	**7 096**	**744 487**
Opening carrying amount at 1 July 2013	422 289	4 564	31 283	81 862	77 406	10 901	628 305
Additions	2 696	9 634	16 142	34 721	–	–	63 193
Disposals	–	–	(77)	–	–	–	(77)
Amortisation charge for the year	–	(2 054)	(11 152)	(12 582)	(16 216)	(1 903)	(43 907)
Impairment (notes 2 and 4)	(23 100)	–	–	–	(17 520)	–	(40 620)
Reclassification	–	–	2 317	(2 297)	–	–	20
Adjustment to goodwill	(3 762)	–	–	–	–	–	(3 762)*
Carrying value at 30 June 2014	398 123	12 144	38 513	101 704	43 670	8 998	603 152
Carrying value at 30 June 2015 comprises:							
Cost	**424 985**	**24 935**	**197 321**	**189 791**	**151 893**	**22 938**	**1 011 863**
Accumulated impairment	**(23 100)**	–	–	–	**(23 980)**	**(3 200)**	**(50 280)**
Accumulated amortisation	–	**(13 632)**	**(45 962)**	**(43 830)**	**(97 268)**	**(12 642)**	**(213 334)**
Adjustment to goodwill	**(3 762)**	–	–	–	–	–	**(3 762)***
Carrying value at 30 June 2015	**398 123**	**11 303**	**151 359**	**145 961**	**30 645**	**7 096**	**744 487**

* The adjustment to goodwill relates the change in estimates on the initial purchase acquisition of Sapling Trade and Invest (Proprietary) Limited.
** R95.59 million relates to the acquisition of the FICO licence, for medical scheme fraud investigation.

8. INTANGIBLE ASSETS continued

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Goodwill	**398 123**	398 123	**–**	–
Computer software	**59 610**	38 513	**–**	–
FICO (computer software)	**91 749**	–	**–**	–
Nexus (internally generated computer software)	**83 816**	98 507	**–**	–
Gexus (internally generated computer software)	**34 545**	–	**–**	–
Development costs (internally generated computer software)	**27 600**	3 197	**–**	–
Intellectual property	**11 303**	12 144	**–**	–
Customer relationships	**30 645**	43 670	**–**	–
Brand	**7 096**	8 998	**–**	–
	744 487	603 152	**–**	–
A summary per cash-generating unit (CGU) of the goodwill allocation is presented below:				
Healthcare Administration SA CGU				
Medscheme – healthcare administration	**265 262**	265 262	**–**	–
Medscheme – health risk management	**89 298**	89 298	**–**	–
Aid for Aids Management (Proprietary) Limited – healthcare administration	**23 490**	23 490	**–**	–
Allegra (Proprietary) Limited – healthcare IT support	**1 268**	1 268	**–**	–
Bonitas Marketing – healthcare marketing support	**835**	835	**–**	–
Klinikka (Proprietary) Limited – medical equipment supplier	**2 435**	2 435	**–**	–
Healthcare Africa CGU				
Medscheme Mauritius Limited – local administration	**4 969**	4 969	**–**	–
Medscheme Mauritius Limited – International administration	**10 566**	10 566	**–**	–
	398 123	398 123	**–**	–

8. INTANGIBLE ASSETS continued

Management determines the recoverable amount of cash-generating units as being the higher of net selling price or value in use. In the absence of an active market, value in use is used to determine the recoverable amount. A traditional method of discounting management's best estimate of future cash flows attributable to the cash-generating unit has been applied to determine the value in use. A growth rate has been applied to cash flow streams to take into account the effect of inflation.

Assumptions used in the determination of the discount rate are as follows:

- R208 (maturing in 2021) is yielding 7.94% as at 30 June 2015
- A market risk premium of 5.8% is justified as the overall risk is to the downside. CPI growth for 2016 is forecast to be 5.4%.

(Please note that the inputs above were adjusted for geographical and entity-specific risk).

The table below indicates the variables used in the determination of the discounted cash flows for the separate business units:

	Beta	WACC	Forecast period	Average growth rate
Medscheme – healthcare administration	0.6	14.38	10 years	5.40%
Medscheme – health risk management	0.6	14.38	10 years	5.40%
Aid for Aids Management (Proprietary) Limited – healthcare administration	0.6	14.38	10 years	5.40%
Allegra (Proprietary) Limited – healthcare IT support	0.6	14.38	9 years	5.44%
Bonitas Marketing – healthcare marketing support	0.6	12.88	3 years	5.53%
Klinikka (Proprietary) Limited – medical equipment supplier	0.6	14.38	3 years	2.50%
Medscheme Mauritius Limited – local administration	1.43	13.71	5 years	4.00%
Medscheme Mauritius Limited – international administration	1.43	13.22	5 years	4.00%

The net present value of these forecasts support the carrying value of the goodwill indicated above.

Below is the movement of goodwill for each cash-generating unit:

	Opening R'000	Additions R'000	Disposals R'000	Impairment R'000	Closing R'000
2015					
Medscheme – healthcare administration	265 262	–	–	–	265 262
Medscheme – health risk management	89 298	–	–		89 298
Aid for Aids Management (Proprietary) Limited – healthcare administration	23 490	–	–	–	23 490
Medscheme Mauritius Limited – local administration	4 969	–	–	–	4 969
Medscheme Mauritius Limited – international administration	10 566	–	–	–	10 566
Allegra (Proprietary) Limited – healthcare IT support	1 268	–	–	–	1 268
Bonitas Marketing – healthcare marketing support	835	–	–	–	835
Klinikka (Proprietary) Limited – medical equipment supplier	2 435	–	–	–	2 435
	398 123	–	–	–	398 123

8. INTANGIBLE ASSETS continued

	Opening R'000	Additions R'000	Disposals R'000	Impairment R'000	Closing R'000
2014					
Medscheme – healthcare administration	265 001	261	–	–	265 262
Medscheme – health risk management	89 298	–	–	–	89 298
Aid for Aids Management (Proprietary) Limited – healthcare administration	23 490	–	–	–	23 490
Medscheme Mauritius Limited – local administration	4 969	–	–	–	4 969
Medscheme Mauritius Limited – international administration	10 566	–	–	–	10 566
Allegra (Proprietary) Limited – healthcare IT support	1 268	–	–	–	1 268
Sapling Trade and Invest – healthcare IT support	26 862	–	–	(26 862)	–
Bonitas Marketing – healthcare marketing support	835	–	–	–	835
Klinikka (Proprietary) Limited – medical equipment supplier	–	2 435	–	–	2 435
	422 289	2 696	–	(26 862)	398 123

9. FINANCIAL INSTRUMENTS

Financial instruments by category

Financial assets	**Financial assets at amortised cost R'000**	**Financial assets at fair value through profit and loss R'000**	**Available for sale financial assets R'000**	**Total R'000**
GROUP				
2015				
Trade and other receivables	**228 884**	**–**	**–**	**228 884**
Financial assets at fair value*	**–**	**–**	**18 444**	**18 444**
Cash and cash equivalents	**334 051**	**–**	**–**	**334 051**
2014				
Trade and other receivables	190 828	–	–	190 828
Investment in Preference Share	90 000	–	–	90 000
Cash and cash equivalents	389 449	–	–	389 449

* During the year AfroCentric Health Solutions Limited (the Kenya investment), an associate, transferred its insurance book to AAR Insurance Holdings (Proprietary) Limited ("AAR"). In return AAR issued 3% of its shares to AfroCentric Health Solutions Limited, which was subsequently declared as a dividend in specie to Medscheme Holdings (Proprietary) Limited. This investment was subsequently classified as an available for sale financial asset (refer to note 9.5).

9. FINANCIAL INSTRUMENTS continued

Financial instruments by category continued

Financial assets	Financial assets at amortised cost R'000	Assets at fair value through profit and loss R'000	Available for sale financial assets R'000	Total R'000
COMPANY				
2015				
Trade and other receivables	**1 631**	**–**	**–**	**1 631**
Financial assets at fair value*	**–**	**–**	**–**	**–**
Cash and cash equivalents	**34 011**	**–**	**–**	**34 011**
Receivables for subsidiaries	**567 004**	**–**	**–**	**567 004**
2014				
Trade and other receivables	876	–	–	876
Financial assets at fair value*	–	42 493	–	42 493
Investment in Preference Share	90 000	–	–	90 000
Cash and cash equivalents	31 591	–	–	31 591
Receivables for subsidiaries	470 748	–	–	470 748

* In the previous financial year, in the Company, Jasco Electronics Holdings Limited was accounted for at fair value through profit and loss. However, in the 2015 financial year management has made the decision to sell the Jasco Electronics Holdings Limited investment. This has resulted in the Jasco investment being reclassified as a Non-current Asset held for sale (refer to note 12).

Financial liabilities	Liabilities at fair value through profit and loss R'000	Amortised cost R'000	Total R'000
GROUP			
2015			
Trade and other payables	**–**	**146 317**	**146 317**
Borrowings	**–**	**61 224**	**61 224**
2014			
Trade and other payables	–	121 887	121 887
Borrowings	–	157 823	157 823
COMPANY			
2015			
Trade and other payables	**–**	**20 221**	**20 221**
Loans from Group companies	**–**	**60 705**	**60 705**
2014			
Trade and other payables	–	17 533	17 533
Loans from Group companies	–	75 342	75 342

9. FINANCIAL INSTRUMENTS continued

9.1 Trade receivables

Trade receivables that are less than three months past due are not considered for impairment. As of 30 June 2015, trade receivables of R16.2 million (June 2014: R15.0 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and are expected to be recoverable.

Ageing of trade and other receivables (R'000):

GROUP	Current R'000	30 days R'000	60 days R'000	90+ days R'000	Total R'000
2015					
Gross trade debtors	**107 629**	**6 484**	**4 933**	**5 634**	**124 680**
Net trade debtors	**107 629**	**6 484**	**4 933**	**4 750**	**123 796**
Past due but not impaired	**–**	**6 484**	**4 933**	**4 750**	**16 167**
Sublease and other	**5 934**	**5 149**	**82**	**6 900**	**18 065**
2014					
Gross trade debtors	97 563	5 878	4 471	5 107	113 019
Net trade debtors	97 563	5 878	4 471	4 689	112 601
Past due but not impaired	–	5 878	4 471	4 689	15 038
Sublease and other	4 014	8 000	75	6 900	18 989

Disclosure of trade debtors:

	2015 R'000	2014 R'000
Gross trade debtors	**124 680**	113 019
Provision for impairment of trade receivables as above	**(884)**	(418)
Net trade debtors (note 9.2)	**123 796**	112 601
Movements in the provision for impairment of trade receivables are as follows:		
At the beginning of the period	**418**	373
Reversal of provision for doubtful debts	**–**	–
Other adjustments (including the effect of foreign exchange rates)	**466**	45
	884	418

No ageing is applicable to the other categories within trade and other receivables. However, all trade and other receivables of the Company are current or due on demand.

Clients are contractually bound to the Group for medium to long-term repayment periods. The majority of its client base comprises large medical healthcare providers for open schemes and listed blue-chip companies with regards to closed medical schemes. Amounts invoiced to these clients are banked in advance before invoice date and therefore the risk of non-recovery is very low.

Provisions for impairment are raised when there is evidence that amounts are not recoverable in full or in part from the debtor. Disputed claims and long outstanding debts are usually indicators of non-recovery. The Group does not raise a general provision for all outstanding debtors due to the high quality of its debtors and an impeccable repayment history. The provision raised above relates to specific debtors.

The creation and release of provision for impaired receivables have been included in "other expenses" in the Statement of Comprehensive Income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables, detailed in note 9.2, do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

9. FINANCIAL INSTRUMENTS continued

9.2 Trade and other receivables

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Trade debtors (net of provisions) (note 9.1)	**123 796**	112 601	**–**	–
Deposits	**7 941**	2 992	**–**	–
Prepayments*	**33 306**	32 206	**–**	–
Sundry debtors*	**45 776**	24 040	**1 631**	876
Sublease**	**18 065**	18 989	**–**	–
	228 884	190 828	**1 631**	876

* The increase is attributable to the Road Accident Fund contract administered in Medscheme Holdings (Proprietary) Limited.
** Included in this balance is a loan to Invisible Card Company (Proprietary) Limited. Please refer to note 33.2.

All receivables are current. The carrying amounts of all trade and other receivables approximate fair value.

Refer to note 9.1 for ageing of trade and other receivables.

9.3 Receivable from subsidiary

	Effective % holding	GROUP		COMPANY	
		2015 R'000	2014 R'000	2015 R'000	2014 R'000
ACT Healthcare Assets (Proprietary) Limited	100%	**–**	–	**567 004**	470 748
		–	–	**567 004**	470 748

The receivable from the subsidiary has been accounted for at amortised cost. The fair value of the loan approximates the carrying value of the receivable.

The loan has no fixed terms of repayment but is payable on demand.

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

The loan is unsecured and interest free.

9.4 Receivables from associates

Management has assessed the likelihood of non-recovery of outstanding amounts due from its associates and determined that no impairment is necessary due to the fact that all associates are profitable or will be profitable in the foreseeable future.

9.5 Available for sale financial instrument

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Non-current assets				
AAR Insurance Holdings Kenya	**18 444**	–	**–**	–
	18 444	–	**–**	–

9. FINANCIAL INSTRUMENTS continued

9.5 Available for sale financial instrument continued

During the year AfroCentric Health Solutions Limited (the Kenya investment), an associate, transferred its insurance book to AAR Insurance Holdings (Proprietary) Limited ("AAR"). In return AAR issued 3% of its shares to AfroCentric Health Solutions Limited, which was subsequently declared as a dividend in specie to Medscheme Holdings (Proprietary) Limited. At year-end AfroCentric Health Solutions Limited was fully impaired (refer to note 10).

Classification of investment as available for sale
Due to the 3% shareholding of AAR being declared as a dividend in specie to Medscheme Holdings (Proprietary) Limited, the investment in AAR was accounted for as an available for sale financial instrument as management intends to hold the investment for the medium to long term and is not held for trading.

	Opening carrying amount R'000	Dividend in specie R'000	Transaction costs R'000	Gains and losses recognised in other comprehensive income R'000	Closing carrying amount R'000
Non-current assets					
AAR Insurance Holdings Kenya.	–	17 729	715*	–	18 444
	–	17 729	715	–	18 444

* This amount relates to transaction costs that were incurred by AfroCentric as a result of the transfer of the AAR shares.

Impairment indicators for the available for sale investment
The investment is considered to be impaired if there has been a significant or prolonged decline in the fair value below its cost. As this is a new investment the Group evaluates the duration and the extent to which the fair value of the investment is less than its cost, and the financial health of and short-term business outlook for the investee (including factors such as industry and sector performance, changes in technology, and operational and financing cash flows). Due to the factors listed above the Group has determined that an impairment is not required in the 2015 financial year.

Significant estimates
The fair value of the investment in AAR Insurance Holdings Kenya is not traded in an active market and as a result is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. For details of the key assumptions used and the impact of changes to these assumptions (refer to note 9.11).

9.6 Investment in Preference Shares

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Investment in Preference Shares				
Redeemable Preference Shares	–	90 000	–	90 000
	–	90 000	–	90 000

The Preference Shares were classified as loans and receivables in accordance with IAS 39. A monthly dividend was paid to AfroCentric calculated at 80% of the ruling prime interest rate on the issue price per preference share.

The Preference Shares were redeemed in full in the 2015 financial year.

The first redemption of 4 000 shares took place in January 2014 and an amount of R10 million was paid to AfroCentric for the redemption thereof. The final redemption occurred during February 2015 whereby R90 million was paid by Jasco Electronic Holdings Limited.

9. FINANCIAL INSTRUMENTS continued

9.7 Cash and cash equivalents

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Cash at bank and short-term bank deposits				
AAA – Absa Bank Limited	**50 127**	295 120	**8 389**	2 180
AA – Nedbank Limited	**279 653**	94 329	**25 622**	29 411
AA – Sasfin Limited	**4 271**	–	**–**	
Total cash at bank and short-term bank deposits	**334 051**	389 449	**34 011**	31 591

The rating scores are based on the following broad investment grade definitions:

AAA The financial instrument is judged to be of the highest quality, with minimal credit risk and indicates the best quality issuers that are reliable and stable.

AA The financial instrument is judged to be of high quality, is subject to very low credit risk and indicates quality issuers.

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Cash	**127 986**	95 552	**34 011**	31 591
Short-term deposits*	**206 065**	293 897	**–**	–
	334 051	389 449	**34 011**	31 591

* Short-term deposits relate to cash at year-end deposited into specific bank accounts.

For purposes of the Statement of Cash Flows, the year-end cash and cash equivalents comprise the following:

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Cash and bank balances	**334 051**	389 449	**34 011**	31 591

Included in the cash balance is an amount of R10 million deposited at Nedbank Limited as a good-faith deposit on behalf of a strategic target for acquisition. This is a loan receivable and not cash in the bank. The effective interest rate applicable to cash at bank is 5.46% (June 2014: 5.46%).

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
9.8 Trade and other payables				
Trade payables	**37 060**	44 997	**697**	–
Accruals	**25 761**	17 407	**826**	–
Payroll creditors	**34 355**	30 641	**–**	–
Shareholders for dividends	**13 120**	9 005	**7 063**	4 914
Inseta funding	**–**	414	**–**	–
Other payables	**36 021***	19 423	**11 635**	12 619
	146 317	121 887	**20 221**	17 533

All trade and other payables are current and are expected to be settled within the next 12 months. The carrying values at year-end approximate their fair values.

* The increase is attributable to the Road Accident Fund contract administered in Medscheme Holdings (Proprietary) Limited.

9. FINANCIAL INSTRUMENTS continued

9.9 Borrowings

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Bank borrowings	**61 224**	157 823	**–**	–
Maturity analysis				
Non-current	**–**	112 946	**–**	–
Current	**61 224**	44 877	**–**	–
	61 224	157 823	**–**	–

The interest-bearing borrowings above bear interest at 87% of the prime rate.

Absa Bank has provided AfroCentric Investment Corporation Limited a primary lending facility of R10 million (June 2014: R10 million). This facility ranks "pari passu" with the preference share facility in the name of ACT Funding (Proprietary) Limited and shares in the security provided for this facility. There has been no drawdown of this facility at year-end.

Absa Bank has provided ACT Funding (Proprietary) Limited with a preference share facility of R200 million, guaranteed by AfroCentric Investment Corporation Limited and ACT Healthcare Assets (Proprietary) Limited. This facility was initially due for redemption in March 2014, but agreement was reached with the lenders to extend the redemption over a period of three years to 11 February 2017.

Security provided under the guarantees

- Pledge and cession by ACT Healthcare Assets (Proprietary) Limited of its shares in AfroCentric Health Limited ("AHL") Ordinary Shares
- Pledge and cession by ACT Funding (Proprietary) Limited of 200 000 000 Preference Shares in ACT Healthcare Assets (Proprietary) Limited

United Towers (Proprietary) Limited and Absa Bank Limited confirmed that they have obtained credit approval to release all security provided by ACT Healthcare Assets, including the guarantee and the cession, after the redemption of the Funding (Proprietary) Limited Preference Shares held by United Towers and the cancellation of the AfroCentric primary lending facility of R10 million from Absa.

9.10 Loans from Group companies

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
AfroCentric Health Limited	**–**	–	**60 705**	75 342

This loan is unsecured and bears interest at the prime interest rate calculated monthly.

The loan has no fixed terms of repayment but is payable on demand and conversion rights relating to this loan.

9.11 Recognised fair value measurements

Fair value hierarchy

The following hierarchy is used to classify financial and non-financial instruments for fair value measurement purposes:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

9. FINANCIAL INSTRUMENTS continued

9.11 Recognised fair value measurements continued

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June:

	GROUP			COMPANY		
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
2015						
Investment in Jasco (note 12)	24 788	–	–	24 788	–	–
Investment in AAR (note 9.5)	–	–	18 444	–	–	–
Investment property (note 7)	–	–	15 000	–	–	–
	24 788	–	33 444	24 788	–	–
2014						
Investment in Jasco (note 12)	–	–	–	42 493	–	–
Investment in AAR (note 9.5)	–	–	–	–	–	–
Investment property (note 7)	–	–	15 000	–	–	–
	–	–	15 000	42 493	–	–

Specific valuation techniques used to value financial and non-financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments. The Jasco Electronics share price was obtained from the JSE Limited ("JSE");
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and PE ratios; and
- the fair value of the investment property is determined using current prices in an active market for similar property.

The assets disclosed above have been classified as Level 3 financial and non-financial instruments, i.e. the inputs are not based on observable market data except for the investment in Jasco Electronics, which is classified as a Level 1 financial instrument (Non-current Asset held for sale). The carrying amount of all assets in the table above approximates the fair value of the assets.

Group fair value measurements using significant unobservable inputs (Level 3):

	Investment in AAR R'000	Investment Property R'000
Opening balance	–	15 000
Additions	17 729*	–
Transaction costs	715	–
Closing balance	18 444	15 000

* The addition relates to a dividend received in specie (please refer to note 9.5 for further detail).

Valuation inputs and relationships to fair value

Investment in AAR

The fair value of the investment in AAR Insurance Holdings is derived by valuation techniques using the most recent financial information available to AfroCentric Investment Corporation Limited. Management is satisfied that valuation of the investment in the AAR represents the fair value. This investment is considered to be fully recoverable at the fair value of R18.4 million.

9. FINANCIAL INSTRUMENTS continued

9.11 Recognised fair value measurements continued

Investment property

The fair value of the investment property is derived by an external property valuer using current prices in an active market for similar property in the same location and condition. In applying this approach the valuer has selected other properties that have similar risk, growth and cash-generating profiles. Management reviews the valuation performed by the external valuer and is satisfied that the inputs used by the external property valuer are reasonable.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Description	Fair value at 30 June 2015 R'000	Unobservable inputs	Input value used	Sensitivity of unobservable inputs on profit and loss
Investment in AAR (unlisted investment)	**18 444**	Price earnings ratio	13.97	If a P/E ratio of 15 were used the investment in AAR would increase by R4.95 million in profit and loss. If a P/E ratio of 12 were used the investment in AAR would increase by R0.3 million in profit and loss.
Investment property	**15 000**	Price per square metre	R1 500 per square metre	The higher the price per square metre the higher the fair value.

Valuation process

The finance department of the Group performs the valuations of the investments for financial reporting purposes, including Level 3 fair values (excluding the investment property). The team reports directly to the Chief Financial Officer ("CFO"). Discussions of the valuation processes and results are held between the CFO and the Group Finance department at least once every six months, in line with the Group's bi-annual reporting periods.

The following table reflects the impact on the Statement of Comprehensive Income and Other Comprehensive Income should the fair value increase or decrease by 10%.

	Impact of change in volatility of the fair value adjustments on profit or loss	
	Increase + 10% R'000	**Decrease -10% R'000**
Investment in Jasco	1 890	(1 890)
Investment in AAR Insurance Holdings	1 844	(1 844)
Investment property	1 500	(1 500)
	5 234	(5 234)

10. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Carrying value	**14 873**	77 183	**–**	42 493

During the year the following two investments were reclassified from investment in associates to other investment categories due to the following reasons:

At 30 November 2014 AfroCentric Health Solutions Limited (Kenya Investment) was fully impaired after the transfer of its insurance book to AAR Insurance Holdings (Proprietary) Limited.

10. INVESTMENT IN ASSOCIATES continued

- During the 2015 financial year AfroCentric Investment Corporation Limited's shareholding decreased from 20.27% to 19.30%. Subsequently, management has made the decision to sell the Jasco Electronics Holdings Limited investment and has accordingly reclassified this investment to a Non-current Asset held for sale (refer to note 12).

  In the prior year only Jasco Electronics Holdings Limited's total aggregate assets, liabilities and results of operations were disclosed as it was the most significant associate.

In the current year the total aggregate assets, liabilities and results of operations of all associates are summarised as follows:

	GROUP	
	2015 R'000	2014 R'000
Non-current assets (excluding intangible assets)	25 601	245 897
Intangible assets	10 359	111 286
Current assets	17 802	440 529
Total assets	**53 762**	797 713
Non-current liabilities	27 732	145 533
Current liabilities	10 808	364 578
Total liabilities	**38 540**	510 112
Total comprehensive income attributable to ordinary shareholders	14 540	13 840
Net profit for the year	**14 540**	13 840
Other Comprehensive Income	–	–

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Balance at the beginning of period	77 183	42 484	42 493	35 967
Share of after-taxation profit	19 037	4 341	–	–
Dividends received	(19 570)	(1 359)	–	–
Reversal of impairment	–	3 720	–	–
Fair value of investment in associate[2]	–	–	(17 705)	3 086
Impairment of Jasco[2]	(21 792)	–	–	–
Purchase of AfroCentric Health Solutions Limited (Kenya investment)	–	18 211	–	–
Purchase of Invisible Card Company	–	6 346	–	–
Increase in investment in Jasco Electronics Holdings Limited	–	3 440	–	3 440
Sale of 1% of AFA Botswana (Proprietary) Limited[1]	(292)	–	–	–
Reclassification of Jasco Electronics Holdings Limited to non-current assets held for sale[2]	(24 788)	–	(24 788)	–
Impairment of AfroCentric Health Solutions Limited[3]	(14 905)	–	–	–
Balance at the end of period	**14 873**	77 183	–	42 493

Notes:
1 During the year 1% of the shareholding in AFA Botswana investment was sold, resulting in a decrease in shareholding from 25% to 24%.
2 The investment in Jasco Electronics Holdings Limited was reclassified to a Non-current Asset held for sale. Immediately before the reclassification to a Non-current Asset held for sale Jasco was impaired/fair valued to its recoverable amount, being the fair value as at 30 June 2015.
3 At year-end AfroCentric Health Solutions Limited (Kenya investment) was fully impaired after the transfer of its insurance book to AAR Insurance Holdings (Proprietary) Limited.

10. INVESTMENT IN ASSOCIATES continued

The following information relates to the Group's and Company's financial interest in associates:

	Reporting date	Number of shares held	Percentage holdings 2015 %	Percentage holdings 2014 %	Group carrying amount 2015 R'000	Group carrying amount 2014 R'000	Company carrying amount 2015 R'000	Company carrying amount 2014 R'000
Directly held – listed								
Jasco Electronics Holdings Limited*	30 June	44 263 793	**19.30**	20.27	**–**	45 933	**–**	42 493
Unlisted								
Associated Fund Administrators Botswana (Proprietary) Limited	30 September	24 000	**24**	25	**8 800**	7 343	**–**	–
Invisible Card Company (Proprietary) Limited	30 June	30	**40**	40	**6 073**	6 178	**–**	–
AfroCentric Health Solutions Limited (Kenya investment)**	31 December	26	**26**	26	**–**	17 729	**–**	–
					14 873	77 183	**–**	42 483

All the above are incorporated in South Africa except for Associated Fund Administrators Botswana (Proprietary) Limited which is incorporated in Botswana and AfroCentric Health Solutions Limited which is incorporated in Kenya.

Due to the Group's non-controlling interest in Associated Fund Administrators Botswana (Proprietary) Limited, it has no influence in aligning their reporting dates with the Group's.

* The investment in Jasco Electronics Holdings Limited was reclassified to a Non-current Asset held for sale (refer to note 12).
** At year-end AfroCentric Health Solutions Limited (Kenya investment) was fully impaired.

	1 July 2014 Opening carrying amount R'000	Share of after-tax profits/ (losses) R'000	Fair value/ Impairment R'000	Reclassification/ Disposals R'000	Dividends received R'000	**30 June 2015 Closing carrying amount R'000**
Directly held – listed						
Jasco Electronics Holdings Limited	45 933	647	(21 792)	(24 788)	–	**–**
Unlisted						
Associated Fund Administrators Botswana (Proprietary) Limited	7 343	3 590	–	(292)	(1 841)	**8 800**
Invisible Card Company	6 178	(105)	–	–	–	**6 073**
AfroCentric Health Solutions Kenya	17 729	14 905	(14 905)	–	(17 729)*	**–**
	77 183	19 037	(36 697)	(25 080)	(19 570)	**14 873**

* AfroCentric Health Solutions Kenya Limited declared a dividend in specie to Medscheme Holdings (Proprietary) Limited which represents the entire value of the investment in AfroCentric Health Solutions Kenya Limited, being the shares in AAR Insurance Holdings. At year-end AfroCentric Health Solutions Limited was fully impaired.

10. INVESTMENT IN ASSOCIATES continued

	Shares at cost		Equity profits		Carrying amount of investment	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000	**2015 R'000**	2014 R'000
Directly held – listed						
Jasco Electronic Holdings Limited	**–**	43 127	**–**	2 806	**–**	45 933
Unlisted						
Associated Fund Administrators Botswana (Proprietary) Limited	**523**	815	**8 277**	6 528	**8 800**	7 343
Invisible Card Company (Proprietary) Limited	**6 346**	6 346	**(273)**	(168)	**6 073**	6 178
AfroCentric Health Solutions Kenya	**18 211**	18 211	**(18 211)**	(482)	**–**	17 729
	25 080	68 499	**(10 207)**	8 684	**14 873**	77 183

11. INVESTMENT IN SUBSIDIARIES

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Unlisted investments at cost	**–**	–	*****	*

* Amounts less than R1 000.

Name	Main business	Country of incorporation	Interest held %
2015 and 2014			
Directly held			
AfroCentric Resources (Proprietary) Limited	Dormant	South Africa	100.0
AfroCentric Capital (Proprietary) Limited	Dormant	South Africa	100.0
ACT Healthcare Assets (Proprietary) Limited	Investment holding	South Africa	100.0
ACT Funding (Proprietary) Limited	Financing	South Africa	100.0
Indirectly held			
AfroCentric Health Limited	Healthcare administration	South Africa	94.1

11. INVESTMENT IN SUBSIDIARIES continued

The indirectly held subsidiary, AfroCentric Health Limited, operates in the healthcare administration industry and all directly held subsidiaries operate in the investment holding and financing industries. The total aggregate assets, liabilities and results of AfroCentric Health Limited Group's operations are summarised as follows:

	GROUP	
	2015 R'000	2014 R'000
Summarised Statement of Financial Position of AfroCentric Health Limited:		
Non-current assets (excluding intangible assets)	**250 516**	231 565
Intangible assets	**596 347**	453 793
Current assets	**594 998**	626 642
Total assets	**1 441 861**	1 312 000
Non-current liabilities	**66 073**	43 090
Current liabilities	**246 979**	198 270
Total liabilities	**313 052**	241 360
Accumulated non-controlling interest	**23 038**	16 543
Summarised Statement of Comprehensive Income of AfroCentric Health Limited:		
Revenue	**2 094 543**	1 954 705
Profit for the period	**244 998**	192 538
Other Comprehensive Income	**708**	83
Total comprehensive income	**245 706**	192 621
Profit attributable to non-controlling interest	**10 887**	6 283
Dividends paid to non-controlling interest	**4 393**	6 838
Summarised Statement of Cash Flows of AfroCentric Health Limited:		
Net cash inflow from operating activities	**173 450**	126 689
Net cash outflow from investing activities	**(228 688)**	(64 811)
Net cash outflow from financing activities	**(3 616)**	(961)
Net decrease in cash and cash equivalents	**(57 988)**	61 000

12. NON-CURRENT ASSET HELD FOR SALE

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Jasco Electronics Holdings Limited	**24 788**	–	**24 788**	–
	24 788	–	**24 788**	–

AfroCentric Investment Corporation Limited owns 19.3% of Jasco Electronics Holdings Limited, a black-owned South African listed company, that delivers integrated and converged technology solutions across South Africa.

During the 2015 financial year the Directors of AfroCentric Investment Corporation Limited decided to sell its investment in Jasco Electronics Holdings Limited as a result of its average financial performance over the past few years. There are several interested parties and the sale is expected to be completed before the end of June 2016.

The investment classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification, resulting in the recognition of an impairment of R21.8 million in the Statement of Comprehensive Income for the Group and a R17.7 million fair value loss for the Company. The fair value of the investment was determined using the listed share price at year-end. This is a Level 1 measurement as per the fair value hierarchy set out in note 9.11 above.

Classification of investment as held for sale
AfroCentric Investment Corporation Limited classified Jasco Electronics Holdings Limited as a Non-current Asset held for sale as its carrying amount will be recovered principally through a sale transaction. Management is committed to selling the investment and it is highly probable that the sale will occur in the 2016 financial year at a fair value that management deems appropriate. It is management's intention not to sell the shares on the open market but rather privately through a fellow investor.

There are no associated liabilities relating to Jasco Electronics Holdings Limited therefore no line items are disclosed separately in the Statement of Financial Position other than the Non-current Asset held for sale.

In the previous financial years Jasco Electronics Holdings Limited was disclosed in the electronics operating segment but due to its recent reclassification as a held-for-sale investment management has decided to disclose it under healthcare administration as a separately identifiable business unit (refer to note 5).

13. INTEREST-BEARING LOAN

	GROUP	
	2015 R'000	2014 R'000
Loan balance arising from the sale of Trade Bridge (Proprietary) Limited		76 378
Interest raised	–	6 418
Payment	–	(82 796)
Closing balance	–	–

The interest-bearing loan was issued to Tradebridge (Proprietary) Limited as part of an agreement entered into with Medscheme Holdings (Proprietary) Limited, effective 1 March 2013.

In terms of the agreement Medscheme sold its total shareholding (2 833 333 shares, 27.78%) back to Tradebridge for an amount of R74 000 000. The purchase price was not settled in cash but was instead effected by means of a loan payable to Medscheme.

The loan bears interest at prime plus 1%, compounded monthly, up until 28 February 2014, whereafter the interest will increase to prime plus 4%, compounded monthly.

This loan was subsequently settled in May 2014 by Tradebridge (Proprietary) Limited.

14. DEFERRED INCOME TAX

GROUP	Capital allowances R'000	Provisions R'000	Pre-payments R'000	Assessed loss R'000	Business combin-ations R'000	STC credits R'000	Total R'000
Deferred income tax assets							
Balance as at 30 June 2013	–	33 488	–	47 339	–	636	81 463
(Charge)/credit to profit for the year	–	(3 504)	–	8 456	–	(636)	4 316
Balance as at 30 June 2014	**–**	**29 984**	**–**	**55 795**	**–**	**–**	**85 779**
Charge)/credit to profit for the year	**–**	**6 087**	**–**	**3 771**	**–**	**–**	**9 858**
Balance as at 30 June 2015	**–**	**36 071**	**–**	**59 566**	**–**	**–**	**95 637**
Deferred income tax liabilities							
Balance as at 30 June 2013	(24 221)	–	(591)	–	(26 278)	–	(51 090)
(Charge)/credit to profit for the year	(1 528)	–	(1 125)	–	10 554	–	7 902
Balance as at 30 June 2014	**(25 749)**	**–**	**(1 716)**	**–**	**(15 724)**	**–**	**(43 188)**
(Charge)/credit to profit for the year	**(8 660)**	**–**	**(763)**	**–**	**(2 210)**	**–**	**(11 634)**
Balance as at 30 June 2015	**(34 409)**	**–**	**(2 479)**	**–**	**(17 934)**	**–**	**(54 822)**
COMPANY							
Balance as at 1 July 2013	–	1 400	(28)	6 105	–	636	8 113
Credit to profit for the year	–	–	28	3 745	–	(636)	3 137
Balance as at 30 June 2014	**–**	**1 400**	**–**	**9 850**	**–**	**–**	**11 250**
(Charge)/credit to profit for the year	**–**	**–**	**–**	**(421)**	**–**	**–**	**(421)**
Balance as at 30 June 2015	**–**	**1 400**	**–**	**9 429**	**–**	**–**	**10 829**

The unrecognised portion of assessed losses for June 2015 was Rnil (June 2014: Rnil).

15. INVENTORY

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Inventory on hand at year-end	**6 803**	4 610	**–**	–

The inventory on hand at year-end relates to specialised equipment that will be sold in the next financial period. Some inventory were sold during the course of the year but due to the immateriality of the sale the net profit that arose from the sale was disclosed in other income.

16. ISSUED SHARE CAPITAL

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Authorised:				
1 billion Ordinary Shares at no par value	**10 000**	10 000	**10 000**	10 000
60 million redeemable Preference Shares of 1 cent each	**600**	600	**600**	600
Issued:				
Issued Ordinary Shares at 30 June 2015:				
467 855 101 made up as follows:				
Issued ordinary share capital				
467 855 101 (June 2014: 467 855 101)				
Ordinary Shares of 1 cent each	**17 821**	17 821	**17 821**	17 821
– Opening balance	**17 821**	15 584	**17 821**	15 584
– Issue of share capital	**–**	2 237	**–**	2 237
Issued preference share capital				
Nil (June 2014: Nil)				
Preference Shares of 1 cent each	**–**	–	**–**	–
– Opening balance	**–**	166	**–**	166
– Redemption of Preference Shares	**–**	(166)	**–**	(166)
Share premium (note 17)	**525 633**	525 633	**525 633**	525 633
	543 454	543 454	**543 454**	543 454

The Directors are authorised, by resolution of the members and until the forthcoming Annual General Meeting, to issue the unissued shares in accordance with the limitation set by members.

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
17. SHARE PREMIUM				
Opening balance	**525 633**	340 961	**525 633**	340 961
Issue of share capital	**–**	184 672	**–**	184 672
Closing balance	**525 633**	525 633	**525 633**	525 633
18. NON-CONTROLLING INTEREST				
Balance at the beginning of the year	**52 634**	50 205	**–**	–
Dividend distributions (note 30)	**(14 446)**	(14 323)	**–**	–
Share buy-back from non-controlling interests	**–**	(168)	**–**	–
Share of net profit of subsidiaries	**24 742**	16 920	**–**	–
	62 930	52 634	**–**	–

19. PROVISIONS

GROUP	Audit fees R'000	Contingent litigation liability R'000	Loss on guarantees R'000	Total R'000
Balance as at 30 June 2013	3 677	8 350	5 000	17 027
Charged/(credited) to the Statement of Comprehensive Income:				
– additional provisions	5 106	–	–	5 106
– reversal of provisions	–	–	–	–
– prior-period underprovision	(17)	–	–	(17)
Utilised during the year	(4 661)	–	–	(4 661)
Balance as at 30 June 2014	**4 105**	**8 350**	**5 000**	**17 455**
Charged/(credited) to the Statement of Comprehensive Income:				
– additional provisions	**5 983**	**–**	**–**	**5 983**
– reversal of provisions	**–**	**–**	**–**	**–**
– prior-period underprovision	**(703)**	**–**	**–**	**(703)**
Utilised during the year	**(5 174)**	**–**	**–**	**(5 174)**
Balance as at 30 June 2015	**4 211**	**8 350**	**5 000**	**17 561**

COMPANY	Audit fees R'000	Loss on guarantees R'000	Total R'000
Balance as at 30 June 2013	660	5 000	5 660
Charged/(credited) to the Statement of Comprehensive Income:			
– additional provisions	80	–	80
Balance as at 30 June 2014	**740**	**5 000**	**5 740**
Charged/(credited) to the Statement of Comprehensive Income:			
– additional provisions	**1 063**	**–**	**1 063**
– prior-period underprovision	**(35)**	**–**	**(35)**
Utilised during the year	**(705)**	**–**	**(705)**
Balance as at 30 June 2015	**1 063**	**5 000**	**6 063**

19. PROVISIONS continued

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Analysis of provisions:				
Non-current portion	**8 350**	8 350	**–**	–
Current portion	**9 211**	9 105	**6 063**	5 740
	17 561	17 455	**6 063**	5 740

Audit fees

The provision for audit fees relates to services provided by the external auditors for the 2015 financial year. The fees will be settled within the 2016 financial year.

Contingent litigation liability

A claim was instituted against Medscheme Holdings (Proprietary) Limited and three of its employees in 2008 for allegations concerning copyright infringements and the breach of the Medware license agreement. The amount that was raised as a provision was determined by the Directors using the maximum loss and probability theory. The case is expected to be settled in the near future as parties are currently engaged in arbitration.

Loss on guarantees

The provision for loss on guarantees relates to a deposit put in place by the Company to serve as a good-faith deposit for an overdraft facility extended to a strategic target. The strategic target was placed in provisional liquidation during the 2012 year and, as such, the Company has agreed that the R10 million deposit will, under certain conditions, be applied to reduce the overdraft indebtness to Nedbank. Given the notarial bond held by the Company, 50% of the exposure is expected to be recovered in the near future.

20. POST-EMPLOYMENT MEDICAL OBLIGATIONS

The Medscheme Group operates a post-employment medical benefit scheme. Eligible members are entitled to a fixed Rand amount subsidy based on their medical scheme contributions. This post-employment medical benefit scheme is the present value of the employer's share of the expected medical scheme contributions to be paid in respect of current and future continuation members. IAS 19 requires that companies should have provided for the liability by the time that the employee and/or their dependants become entitled to receive the post-employment benefits, which is usually the date of retirement or death in service. Although the post-employment liability usually only vests at retirement or death in service and is generally not dependent on the length of service that an employee has had with the employer, the liability accrues uniformly whilst in service.

The accumulated post-employment medical aid obligation was determined by independent actuaries in June 2015 using the Projected Unit Credit Method prescribed by IAS 19. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over expected working lifetime.

	2015 R'000	2014 R'000
Balance at the end of the year	**3 134**	3 202
The amounts recognised in the Statement of Comprehensive Income are as follows:		
Interest cost	**239**	224
Expected benefit payments	**(466)**	(485)
Net actuarial loss/(gain) recognised in the current year	**158**	(88)
Net movement for the year	**(69)**	(349)

20. POST-EMPLOYMENT MEDICAL OBLIGATIONS continued

	2015 R'000	2014 R'000
The amount recognised in the Statement of Financial Position is determined as follows:		
Present value of funded obligations	**3 202**	3 551
Interest cost	**240**	224
Expected employer benefit payments	**(466)**	(485)
Actuarial loss/(gain)	**158**	(88)
Accrued liability in excess of plan assets	**3 134**	3 202
Assets and liabilities recognised in the Statement of Financial Position is as follows:		
Present value of funded obligations	**–**	–
Fair value of plan assets	**–**	–
Present value of unfunded obligations	**3 134**	3 202
Accrued liability in excess of plan assets	**3 134**	3 202

The risks faced by the Group as a result of the post-employment healthcare obligation can be summarised as follows:

- Inflation: The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.
- Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-employment healthcare liability may increase the liability for the Group.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for the Group.
- Administration: Administration of this liability poses a burden to the Group.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced.

	2015	2014
The principal actuarial assumptions used were as follows:		
Discount rate	**8.00% p.a.**	8.10% p.a.
Healthcare cost inflation	**8.00% p.a.**	8.20% p.a.
Post-retirement mortality	**PA(90) ultimate table***	PA(90) ultimate table*

* Rated down two years with a 1% improvement p.a. from a base year of 2006.

No explicit assumption was made about additional mortality or healthcare costs due to Aids.

The liability was recalculated to show the effect of:

- A one percentage point decrease or increase in the rate of healthcare cost inflation;
- A five or ten percentage point increase in the rate of healthcare cost inflation for the next five years, thereafter returning to a healthcare cost inflation of 8.00% p.a; and
- A one percentage point decrease or increase in the discount rate.

20. POST-EMPLOYMENT MEDICAL OBLIGATIONS continued

Disclosure requirement Paragraph 145 of IAS 19 — **Healthcare Cost Inflation**

	Central assumption 8.00%	-1%	+1%
Accrued liability at 30 June 2015 (R'Million)	3.133	3.111	3.2157
% change	–	-0.7%	+0.8%
Interest cost for 2015/16 (R'Million)	0.231	0.229	0.232
% change	–	-0.9%	+0.4%
Sensitivity results from previous valuation			
Interest cost for 2014/15 (R'Million)	0.239	0.237	0.241
% change	–	-0.8%	+0.8%

	Central assumptions 8.00%	+5% for 5 years	+10% for 5 years
Accrued liability at 30 June 2015 (R'Million)	3.133	3.198	3.275
% change	–	+2.1%	+4.5%

Discount rate

	Central assumptions 8.00%	-1%	+1%
Accrued liability 30 June 2015 (R'Million)	3.133	3.307	2.976
% change	–	+5.6%	-5.0%

21. ACCRUAL FOR STRAIGHT-LINING OF LEASES

All leased assets in the Group relate to operating leases of property. Below is a summary of the most significant leasing arrangements:

Property location	Start date	End date	Rental per month	Escalation rate
The Boulevard, Woodstock, Cape Town	1 October 2014	30 September 2019	R2.4 million	8%
Florida North, Roodepoort	1 December 2014	30 November 2019	R2.4 million	8%

	Group R'000
Balance as at 30 June 2013	13 039
Credited to the Statement of Comprehensive Income:	
– movements in provision	(7 132)
Balance as at 30 June 2014	**5 907**
Credited to the Statement of Comprehensive Income:	
– movements in provision	**6 049**
Balance as at 30 June 2015	**11 956**

21. ACCRUAL FOR STRAIGHT-LINING OF LEASES continued

	GROUP	
	2015 R'000	2014 R'000
Non-current portion	**19 946**	3 431
Current portion	**(7 990)**	2 476
	11 956	5 907

22. EMPLOYMENT BENEFIT LIABILITY

GROUP	Bonuses R'000	Leave pay R'000	Total R'000
Balance as at 30 June 2013	60 701	35 657	96 358
Charged/(credited) to the Statement of Comprehensive Income:			
– additional provisions	76 732	861 993	938 725
– amounts reversed	(10 013)	–	(10 013)
Utilised during the year	(75 671)	(859 280)	(934 951)
Balance as at 30 June 2014	**51 749**	**38 370**	**90 119**
Charged/(credited) to the Statement of Comprehensive Income:			
– additional provisions	**71 295**	**13 537**	**84 832**
– amounts reversed	**–**	**–**	**–**
Utilised during the year	**(52 166)**	**(11 680)**	**(63 846)**
Balance as at 30 June 2015	**70 878**	**40 227**	**111 105**

The provision for management incentive bonuses is payable at the end of October 2015, whilst the remaining provision for staff is payable at the end of December 2015 to staff as part of a salary restructuring arrangement based on their cost to company. The provisions are primarily in respect of leave pay to be settled in the next financial year.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Analysis of employee benefit liabilities:				
Current portion	**111 105**	90 119	**–**	–

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
23. REVENUE				
Administration fees	**1 163 579**	1 105 576	**–**	–
Health risk management fees	**703 370**	664 606	**–**	–
Management fees	**4 350**	10 350	**–**	–
IT Revenue and other	**227 013**	177 728	**–**	–
Total Revenue	**2 098 312**	1 958 260	**–**	–

24. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/(crediting) the following items:

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Auditors' remuneration (included in "other expenses")	**5 280**	5 123	**160**	160
Audit fees	**5 983**	5 106	**160**	160
Prior-period (over)/underprovision	**(703)**	17	**–**	–
Amortisation of development costs and other intangible assets	**48 734**	43 907	**–**	–
Depreciation of property, plant and equipment	**35 727**	40 475	**–**	–
Motor vehicles	**779**	659	**–**	–
Building infrastructure	**102**	103	**–**	–
Computer equipment	**23 681**	27 848	**–**	–
Furniture and fittings	**8 293**	7 854	**–**	–
Office equipment	**2 872**	4 011	**–**	–
Bad debt write-off	**71**	189	**–**	–
Operating lease rentals (included in "rentals and property costs")	**115 798**	119 788	**483**	–
Buildings	**113 890**	118 094	**483**	–
Computer equipment	**–**	–	**–**	–
Motor vehicles	**794**	594	**–**	–
Office equipment and furniture	**1 114**	1 100	**–**	–
Repairs and maintenance (included in "rentals and property costs")	**3 319**	3 876	**–**	–
Directors' emoluments (included in "employee benefit costs")				
Executive				
WRC Holmes	**3 914**	4 581	**95**	132
– Basic salary	**2 063**	2 161	**–**	–
– Bonus	**649**	852	**–**	–
– Company contributions	**249**	251	**–**	–
– Share-based payment (note 31)	**953**	1 317	**95**	132
D Dempers	**6 554**	5 867	**1 025**	683
– Basic salary	**4 459**	4 459	**–**	–
– Bonus	**–**	–	**–**	–
– Company contributions	**45**	41	**–**	–
– Share-based payment (note 31)	**2 050**	1 367	**1 025**	683

24. PROFIT BEFORE TAXATION continued

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Non-executive				
For services as Directors (basic salary)	**2 218**	2 165	**–**	–
ATM Mokgokong	**821**	797	**–**	–
MJ Madungandaba	**649**	693	**–**	–
JG Appelgryn	**187**	135	**–**	–
NB Bam	**187**	180	**–**	–
GL Napier	**187**	180	**–**	–
Y Masithela	**187**	180	**–**	–
Employee benefit costs	**1 191 722**	1 113 898	**1 233**	1 282
Salaries and wages	**1 027 886**	973 195	**1 233**	1 282
Termination benefits	**3 914**	5 537	**–**	–
Incentive bonus	**83 053**	65 033	**–**	–
Staff welfare	**22 474**	25 396	**–**	–
Movement in post-employment medical obligation	**(226)**	(349)	**–**	–
Pension costs – defined contribution plans	**54 621**	45 086	**–**	–
Average number of persons employed by the Group during the period:				
South Africa	**3 384**	3 214	**–**	–
Full time	**2 826**	2 901	**–**	–
Part time	**558**	313	**–**	–
Outside of South Africa	**317**	310	**–**	–
Full time	**310**	308	**–**	–
Part time	**7**	2	**–**	–
Dividends received				
Other	**–**	2	160 340	115 486
Loss on disposal of tangible assets	**(129)**	(235)	**–**	–
Loss on disposal of investments	**(57)**	–	**–**	–
Loss on disposal of AFA Botswana (1%)	**(57)**	–	**–**	–
Fair value adjustments	**–**	–	**(17 705)**	–
Fair value loss on listed investment	**–**	–	**(17 705)**	–
Impairment of investment in associate	**(36 697)**	–	**–**	–
Other expenses				
Included in "other expenses" are the following:				
Donations	**727**	2 335	**–**	–
Legal and consulting fees	**158 154**	87 125	**7 375**	3 555
Management costs	**105 748**	118 310	**7 757**	1 500
Marketing and recruitment	**18 813**	23 110	**–**	–
Straight-lining of leases	**6 466**	(7 130)	**–**	–

25. NET FINANCE COSTS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Finance costs	**(9 997)**	(16 547)	**(6 724)**	(9 693)
Cash and cash equivalents	**–**	(1)	**–**	(1)
Inter-company loans	**–**	–	**(6 724)**	(9 692)
Preference dividend paid	**(9 551)**	(15 792)	**–**	–
Other	**(446)**	(754)	**–**	–
Finance income	**28 799**	34 246	**5 680**	8 453
Cash and cash equivalents	**20 747**	18 120	**1 200**	1 303
Preference dividend received	**4 480**	7 150	**4 480**	7 150
Other	**3 572**	8 976	**–**	–
	18 802	17 699	**(1 044)**	(1 240)

26. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Current taxation				
Current year charge	**101 983**	86 734	**–**	–
Prior-year adjustment	**–**	217	**–**	–
Deferred taxation				
Current year charge/(credit)	**(1 399)**	(3 087)	**421**	3 136
Prior-year adjustment	**–**	(8 172)	**–**	–
	100 584	75 692	**421**	3 136

The increase in the income tax expense compared to the previous year is as a result of the non-deductibility of the dual nature expenditure associated with exempt income in AfroCentric Investment Corporation Limited and Helios IT Solutions, a subsidiary of AfroCentric Investment Corporation Limited.

Reconciliation of the tax rate

	GROUP		COMPANY	
	2015 %	2014 %	**2015 %**	2014 %
South African normal tax rate	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Disallowable expenses	**9.57***	3.46	**9.28**	1.50
Exempt income	**(5.60)**	(1.71)	**(36.93)**	(33.66)
Prior-year adjustment:				
– current tax	**0.55**	(0.37)	**–**	–
– deferred tax	**(0.49)**	(5.77)	**–**	–
Withholding tax	**1.51**	1.60	**–**	–
Utilisation of assessed losses	**2.46**	5.51	**–**	1.23
Effective rate of tax	**36.00**	30.72	**0.35**	(2.93)

* The non-deductible expenditure reflected on the tax rate reconciliation relates to expenses that are attributable to exempt income (Zimbabwean-sourced exempt income). A prudent approach has been adopted in the current year by applying the turnover-based method of apportionment, separating exempt and taxable income, as opposed to specific identification of non-deductible expenses that was applied in the previous year. The disallowed expenses also relate to the impairment in the investments in Jasco Electronics Holdings Limited and AfroCentric Health Solution Kenya (refer to note 10).

27. EARNINGS PER SHARE

The calculation of basic earnings per share for the Group is based on total comprehensive income attributable to the Parent for the year of R154 785 000 (June 2014: net profit of R153 823 000), and a weighted average number of shares of 467.8 million (June 2014: 384.5 million) in issue. The calculation of Headline Earnings Per Share for the Group is calculated on adjusted Headline Earnings of R179 774 000 (June 2014: R183 945 000), and a weighted average number of shares of 467.8 million (June 2014: 384.5 million) in issue.

	GROUP	
	2015 R'000	2014 R'000
Reconciliation of Headline Earnings		
Total comprehensive income attributable to the Parent	**154 785**	153 823
Basic earnings	**154 785**	153 823
Adjusted for:		
Impairment of intangible assets	**–**	40 620
Impairment/(reversal of impairment)	**36 697**	(3 720)
Loss on disposal of assets	**186**	235
Total tax effects of adjustments	**(10 327)**	(4 906)
Total non-controlling interest effect of adjustments	**(1 567)**	(2 107)
Headline Earnings	**179 774**	183 945
Earnings per share (cents)		
Basic	**33.08**	40.00
Diluted	**33.08**	40.00
Headline Earnings Per Share (cents)		
Basic	**38.43**	47.83
Diluted	**38.43**	47.83
Cash earnings per share (cents)*		
Basic	**84.85**	83.48
Diluted	**84.85**	83.48
Weighted average number of shares	**467 855 101**	384 574 258
Adjusted for:		
– dilutionary impact of shares to be issued	**–**	–
– dilutionary impact of contingent shares	**–**	–
– dilutionary impact of management share options	**–**	–
Weighted average number of shares for diluted earnings per share	**467 855 101**	384 574 258

* The cash generated from operations was used to arrive at this figure.

28. CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Profit/(loss) before tax	**279 358**	246 353	**124 955**	103 788
Adjustments for:				
Dividends received	**–**	(2)	**(160 340)**	(115 486)
Finance income	**(28 799)**	(34 245)	**(5 680)**	(8 453)
Finance cost	**9 997**	16 546	**6 724**	9 693
Bad debts written off	**71**	189	**–**	–
Increase/(decrease) in provision for bad debts	**167**	–	**–**	–
Net actuarial (gains)/losses	**(226)**	(349)	**–**	–
Depreciation	**35 727**	40 475	**–**	–
Prepayments	**–**	100	**–**	100
Amortisation of intangible assets	**48 734**	43 907	**–**	–
Impairment provision on investments	**36 697**	–	**17 705**	–
Straight-lining of leases	**6 466**	(7 132)	**–**	–
Loss on disposal of investment	**186**	235	**–**	–
Non-cash expenses	**2 989**	–	**–**	–
Share-based payment expense	**9 395**	10 765	**1 120**	815
Impairment of intangible assets	**–**	40 620	**–**	–
Reversal of impairment	**–**	(3 720)	**–**	–
Share of profit from associates	**(19 037)**	(4 341)	**–**	–
Cash flow before working capital changes	**381 725**	349 401	**(15 516)**	(9 543)
Working capital changes	**15 271**	(28 356)	**2 257**	18 867
Trade and other receivables	**(9 145)**	(59 126)	**(755)**	1 342
Provisions	**21 092**	(5 808)	**324**	79
Inventory	**(2 193)**	–	**–**	–
Reduction of loan	**–**	3 762	**–**	–
Trade and other payables	**5 517**	32 816	**2 688**	17 446
Cash generated from operations	**396 996**	321 044	**(13 259)**	9 324

29. TAXATION PAID

Balance at the beginning of the year asset	**4 563**	6 912	**1 658**	1 658
(Charge)/credit to the Statement of Comprehensive Income	**(100 584)**	(75 692)	**(421)**	2 450
(Charge)/credit to Other Comprehensive Income	**44**	–	**–**	–
Deferred tax charge/(credit)	**(1 399)**	(12 216)	**421**	(2 450)
Balance at the end of the year (asset)/liability	**4 418**	(4 563)	**(1 658)**	(1 658)
	(92 958)	(85 559)	**–**	–

30. DIVIDENDS

AfroCentric Investment Corporation Limited passed two resolutions whereby dividends were declared in the 2015 financial year. The first dividend was declared in September 2014 of 18 cents per share and the second dividend was declared in March 2015 of 10 cents per share, being the interim dividend. The Rand value of R84.2 million was paid in December 2014 for the first dividend and R46.7 million was paid in May 2015 for the second dividend. These dividends were debited to retained earnings in 2015.

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Dividend declared by AfroCentric Investment Corporation Limited in September 2014	**84 214**	70 178	**84 214**	70 178
Dividend declared by AfroCentric Investment Corporation Limited in March 2015	**46 785**	–	**46 785**	–
Other dividends in the Group:				
Dividend declared by AfroCentric Health Limited in October 2014	**5 670**	7 485	**–**	–
Dividend declared by AfroCentric Health Limited in March 2014	**4 383**	–	**–**	–
Dividend declared and paid by Medscheme (Namibia) (Proprietary) Limited to non-controlling interests	**3 544**	6 838	**–**	–
Dividend declared and paid by Allegra (Proprietary) Limited to non-controlling interests	**849**	–	**–**	–

31. SHARE-BASED PAYMENTS

The 2008 Acquisition Agreement also contemplated an award of a minimum of 20 million AfroCentric shares to certain executives of AHL, to be awarded at the end of the warranty period 30 June 2013. During the course of that period those executive shares already allocated have been categorised as share-based payments in terms of IFRS 2 and the actuarially determined "non-cash" costs were provided for in each of the Company's relevant reporting periods. The Boards of AfroCentric and AHL have approved an allocation of 27 million shares, representing 7 million more shares than that which was originally stipulated in the 2008 Acquisition Agreement.

The issue of the 27 million share executive awards had no effect on the Statement of Cash Flows.

The AfroCentric Investment Corporation Limited Group, of which the AHL Group is a subsidiary, has allocated share-based awards to certain Executive Directors of the AHL Group as part of their remuneration package. The share awards are at an AfroCentric Investment Corporation Limited Group level. The Group measures the fair value of the share awards or equity instruments granted in line with its accounting policy.

The granting of the share awards was based on job level, merit and performance and was entirely at the discretion of executive management acting on the recommendations of the shareholders. Grants were made in November 2013 and additional allocations are made annually, as deemed necessary to both existing and new employees.

Shares will be held by AfroCentric Management Services (Proprietary) Limited until such time that the predetermined conditions have been achieved over the period commencing 1 November 2013 and ending 1 November 2016.

These shares awarded are additional shares allocated to the Executive Directors of AHL Group depending on the rules as set out in the share awards agreement. The share price on 1 November 2013, which is the grant date, was used to determine the IFRS 2 charge for 2015. The number of shares awarded, i.e. 2 291 453 multiplied by the share price of R4.10 on grant date resulted in a R9.39 million charge to the Statement of Comprehensive Income. The remaining shares will be awarded up to the period 1 November 2016.

31. SHARE-BASED PAYMENTS continued

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Executive awards	**27 000**	27 000	**805**	805
Movements in number of instruments:				
Outstanding at the beginning of the year	**2 625**	20 000	**198**	4 660
Exercised	**–**	(20 000)	**–**	(4 660)
Awarded	**2 291**	2 625	**273**	198
Active employees	**2 291**	2 625	**273**	198
Outstanding at the end of the year	**4 916**	2 625	**471**	198

In 2015 there are 2 291 453 outstanding options (2014: 2 625 000 options). In 2015 no options (2014: 20 000 000) were exercised. The options exercised in 2014 resulted in 20 000 000 shares (2015: 0 shares) being issued at a weighted average price of R4.10 each. The related weighted average share price at the time of exercise was R4.10 per share.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Vesting date	Exercise price in Rands per share option	**Share options 2015**
1 November 2013	1 November 2016	4.10	**7 000 000**

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Economic assumptions				
Total number of instruments granted	**7 000**	7 000	**–**	–
Weighted average share price	**4.10**	4.10	**–**	–
Weighted average vesting period (years)	**3**	3	**–**	–

32. CONTINGENCIES, COMMITMENTS AND GUARANTEES

32.1 Contingencies

Exposure to errors and omissions in ordinary course of business

As for any business with similar operations, the Group is exposed to various potential claims relating to alleged errors and omissions or non-compliance with laws and regulations in the conduct of its ordinary course of business. At the date of these Annual Financial Statements, the Group is unaware of any material claims, actual or contemplated, by any of the Group's stakeholders or customers, except for those listed below:

Neil Harvey & Associates (Proprietary) Limited

Neil Harvey & Associates has instituted a claim against Medscheme Holdings (Proprietary) Limited and three of its employees in 2008. The allegations concern alleged copyright infringement and a breach of the Medware licence agreement. The maximum capital amount of the claim as presently pleaded is R390.4 million. An amendment sought by the plaintiff was the cause of this. The increased sum has no impact on the merits of the claim, which remain the same as before. The parties are still engaged in private arbitration, however it is unlikely that the matter will be finalised during the current financial year. Medscheme Holdings (Proprietary) Limited will continue to vigorously defend the claim and is confident that there will still be no liability in this matter.

32. CONTINGENCIES, COMMITMENTS AND GUARANTEES continued

32.2 Commitments

	GROUP 2015 R'000	GROUP 2014 R'000
Building rentals		
Rental obligations with respect to land and buildings		
Not later than one year	**68 828**	34 044
Later than one year but not later than five years	**235 008**	42 669
	303 836	76 713

32.3 Guarantees

	GROUP 2015 R'000	GROUP 2014 R'000	COMPANY 2015 R'000	COMPANY 2014 R'000
Guarantees issued in respect of office rental for premises occupied by the Group	**5 461**	6 263	**–**	–
Medical aid schemes	**500**	500	**–**	–
South African Post Office	**3 803**	3 803	**–**	–
City Power Johannesburg	**500**	–	**–**	–
Rand Merchant Bank	**497**	–	**–**	–
	10 761	10 566	**–**	–

The Group has assessed that there is no risk of any of the guarantees being called up and accordingly no provision has been made.

33. RELATED PARTY TRANSACTIONS

33.1 Directors

Details relating to Directors' emoluments are disclosed in note 24. There are no loans to Directors.

The Directors' shareholdings are disclosed on page 5 of the Annual Financial Statements. Transactions within the Group are listed below.

33.2 Transactions with entities in the Group

During the period the Group entered into the following arm's length related party transactions:

	GROUP 2015 R'000	GROUP 2014 R'000
Directors		
Medical aid contributions paid by Directors – to schemes administered by Medscheme Holdings (Proprietary) Limited	**361**	396
Mr MJ Madungandaba (70%) and Dr ATM Mokgokong (30%) control Namane Financial Services – consulting and marketing fees paid to Namane Financial Services	**2 052**	2 052
Mr SM Rothbart has a controlling interest in Rothbart Inc. – consulting fees paid by Medscheme Holdings (Proprietary) Limited	**1 800**	1 800
Mr MJ Madungandaba (42%) and Dr ATM Mokgokong (18%) control Mesure Facilities Management (Proprietary) Limited – management fees and other expenses paid to Mesure Facilities Management (Proprietary) Limited	**126 466**	121 192
Mr SM Rothbart has a controlling interest in Rothbart Inc. – legal fees and disbursements paid to Rothbart Inc.	**4 000**	–
Mr J Rothbart (son of SM Rothbart) is paid via Eyecom Outdoor Advertising (Proprietary) Limited – remuneration for services as the previous Group CEO	**1 119**	–
Mr JG Appelgryn has a joint interest (50%) in Sinergi Corporate Advisors (Proprietary) Limited – consulting fees paid by AfroCentric Investment Corporation Limited	**2 627**	–

33. RELATED PARTY TRANSACTIONS continued

33.2 Transactions with entities in the Group continued

	GROUP 2015 R'000	GROUP 2014 R'000
Directors		
Expenses paid on behalf of Mr D Dempers for the 2015 financial year	**443**	–
Associates		
Jasco Electronics Holdings Limited – investment in Preference Shares	**–**	90 000
Invisible Card Company (Proprietary) Limited – loan advanced by AfroCentric Health Limited	**6 057**	4 432
AfroCentric Health Limited – interest charged on loan to Invisible Card Company (Proprietary) Limited	**625**	–
Jasco Electronics Holdings Limited – finance income received	**4 480**	7 151
Subsidiaries		
AfroCentric Health Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	**–**	1
AfroCentric Health Limited – management fees paid to Medscheme Holdings (Proprietary) Limited	**914**	914
AfroCentric Management Services (Proprietary) Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	**255**	165
AfroCentric Management Services (Proprietary) Limited – Telkom, TMS and printer fees paid to Helios IT Solutions (Proprietary) Limited	**27**	3
AfroCentric Management Services (Proprietary) Limited – IT support services paid to Helios IT Solutions (Proprietary) Limited	**36**	14
Aid for Aids Management (Proprietary) Limited – management fees paid to Medscheme Holdings (Proprietary) Limited	**4 200**	–
Aid for Aids Management (Proprietary) Limited – Telkom, TMS and printer fees paid to Helios IT Solutions (Proprietary) Limited	**788**	944
Aid for Aids Management (Proprietary) Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	**1 927**	1 928
Klinikka (Proprietary) Limited – management fees paid to AfroCentric Health Limited	**662**	–
Allegra (Proprietary) Limited – switching fees paid to Helios IT Solutions (Proprietary) Limited	**4 909**	5 114
Allegra (Proprietary) Limited – TMS and Telkom fees paid to Helios IT Solutions (Proprietary) Limited	**39**	9
Allegra (Proprietary) Limited – licence and support fee paid to Helios IT Solutions (Proprietary) Limited	**1 342**	872
Allegra (Proprietary) Limited – dividend paid to Helios IT Solutions (Proprietary) Limited	**883**	1 534
Bonitas Marketing Company (Proprietary) Limited – consulting fees paid to Helios IT Solutions (Proprietary) Limited	**–**	169
Medscheme International – management fees paid to Medscheme Holdings (Proprietary) Limited	**25**	–
Bonitas Marketing Company (Proprietary) Limited – Telkom, TMS and printer fees paid to Helios IT Solutions (Proprietary) Limited	**96**	54
Bonitas Marketing Company (Proprietary) Limited – fees for premises paid to Medscheme Holdings (Proprietary) Limited	**1 625**	1 625
Bonitas Marketing Company (Proprietary) Limited – on-site support fees paid to Helios IT Solutions (Proprietary) Limited	**51**	364

33. RELATED PARTY TRANSACTIONS continued

33.2 Transactions with entities in the Group continued

	GROUP 2015 R'000	GROUP 2014 R'000
Bonitas Marketing Company (Proprietary) Limited – subscription fees paid to Marabou Travel Management (Proprietary) Limited	–	211
Medscheme Mauritius – management fees paid to Medscheme Holdings (Proprietary) Limited	225	–
Helios IT Solutions (Proprietary) Limited – management fees paid to AfroCentric Management Services (Proprietary) Limited	–	2 400
Helios IT Solutions (Proprietary) Limited – management fees paid to Medscheme Holdings (Proprietary) Limited	13 800	–
Medscheme Zimbabwe – management fees paid to Medscheme Holdings (Proprietary) Limited	200	–
Medscheme Holdings (Proprietary) Limited –TMS and Telkom fees paid to Helios IT Solutions (Proprietary) Limited	16 980	–
Klinikka (Proprietary) Limited – hosting fees paid to Helios IT Solutions (Proprietary) Limited	103	–
IE Business Insight Strategic Consulting (Proprietary) Limited – management fees paid to Marabou Travel Management (Proprietary) Limited	–	1 087
AfroCentric Health Limited – hosting fees paid to Helios IT Solutions (Proprietary) Limited	103	–
Marabou Travel (Proprietary) Limited – management fees paid to Marabou Travel Management (Proprietary) Limited	–	2 132
Marabou Travel Management (Proprietary) Limited – management fees paid to Marabou Travel (Proprietary) Limited	–	2 132
Medscheme Administrators Swaziland (Proprietary) Limited – management fees paid to Medscheme Holdings (Proprietary) Limited	1 320	1 320
Klinikka (Proprietary) Limited – corporate service fees paid to Helios IT Solutions (Proprietary) Limited	70	–
Medscheme Administrators Swaziland (Proprietary) Limited – IT support services paid to Helios IT Solutions (Proprietary) Limited	727	679
Medscheme Administrators Swaziland (Proprietary) Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	383	346
Medscheme Administrators Swaziland (Proprietary) Limited – licence and support fees paid to Helios IT Solutions (Proprietary) Limited	2 787	2 659
Medscheme Asset Management (Proprietary) Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	–	85
Medscheme Asset Management (Proprietary) Limited – Telkom, TMS and printer fees paid to Helios IT Solutions (Proprietary) Limited	10	21
Medscheme Holdings (Proprietary) Limited – management fees paid to AfroCentric Management Services (Proprietary) Limited	30 961	25 280
Medscheme Holdings (Proprietary) Limited – IT support services paid to Helios IT Solutions (Proprietary) Limited	80	536
Medscheme Holdings (Proprietary) Limited – management fees paid to AfroCentric Health Limited	2 089	2 089
Medscheme Holdings (Proprietary) Limited – Switching fees paid to Allegra (Proprietary) Limited	23 902	23 857
Medscheme Holdings (Proprietary) Limited – subscription fees paid to Marabou Travel Management (Proprietary) Limited	–	162

33. RELATED PARTY TRANSACTIONS continued

33.2 Transactions with entities in the Group continued

	GROUP 2015 R'000	GROUP 2014 R'000
Medscheme Holdings (Proprietary) Limited – information technology administration fees paid to Helios IT Solutions (Proprietary) Limited	**185 838**	184 172
Medscheme Holdings (Proprietary) Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	**62 729**	59 598
Medscheme Holdings (Proprietary) Limited – dividend paid to AfroCentric Health Limited	**212 646**	244 698
Medscheme Namibia (Proprietary) Limited – licence and support fees paid to Helios IT Solutions (Proprietary) Limited	**4 078**	3 695
Medscheme Namibia (Proprietary) Limited – management fees paid to Medscheme Holdings (Proprietary) Limited	**840**	324
Klinikka (Proprietary) Limited – interest charged on loan from AfroCentric Health Limited	**113**	–
Bonitas Marketing Company (Proprietary) Limited – interest charged on loan from Resticraft Health Limited	**1 250**	–
Allegra (Proprietary) Limited – interest charged on loan from Medscheme Holdings (Proprietary) Limited	**54**	–
Medscheme Namibia (Proprietary) Limited – profile fees paid to Helios IT Solutions (Proprietary) Limited	**748**	690
Medscheme Namibia (Proprietary) Limited – dividend paid to Medscheme Holdings (Proprietary) Limited	**13 632**	19 462
AfroCentric Investment Corporation Limited – loan advanced by AfroCentric Health Limited	**(14 608)**	(34 674)
* Balance at year-end.		
AfroCentric Investment Corporation Limited – interest charged on loan from AfroCentric Health Limited	**6 724**	9 692
AfroCentric Investment Corporation Limited – management fees paid to Medscheme Holdings (Proprietary) Limited	**2 052**	1 500
Medscheme Holdings (Proprietary) Limited – Dividend paid to AfroCentric Health Limited	**(212 646)**	(244 698)
AfroCentric Health Limited – dividend paid to AfroCentric Healthcare Assets Limited	**170 394**	126 865
AfroCentric Healthcare Assets Limited – dividend paid to AfroCentric Investment Corporation Limited	**160 340**	–

	COMPANY 2015 R'000	COMPANY 2014 R'000
Related party balances outstanding at year-end		
AfroCentric Health Limited loan account	**(75 342)**	(60 705)
AfroCentric Healthcare Assets loan account	**470 748**	567 004

33. RELATED PARTY TRANSACTIONS continued

33.3 Key management personnel compensation

	GROUP		COMPANY	
	2015 R'000	2014 R'000	**2015 R'000**	2014 R'000
Short-term employee benefits	**4 203**	3 716	**–**	–
Share-based payments (note 31)	**9 395**	10 765	**1 120**	815

Key management personnel comprise Executive Directors within the AfroCentric Health Limited Group.

33.4 Intergroup guarantees

The following Group companies have provided cross guarantees to the AfroCentric Health Limited bankers, for facilities offered to that Company:

- Medscheme (Namibia) (Proprietary) Limited
- Medscheme Administrators (Swaziland) (Proprietary) Limited
- Helios IT Solutions (Proprietary) Limited

34. PENSIONS AND OTHER RETIREMENT OBLIGATIONS

The Group has made provision for pension and provident schemes covering substantially all employees. All eligible employees are members of defined contribution schemes administered by third parties. The assets of the schemes are held in administered trust funds separated from the Group's assets. Scheme assets primarily consist of listed shares, bonds and cash. The South African funds are governed by the Pensions Fund Act No. 24 of 1956.

35. MEDSCHEME PROVIDENT FUND AND MEDSCHEME EMPLOYEES PROVIDENT FUND

These funds are defined contribution plans. Contributions are fully expensed during the year in which they are funded.

Contributions of 7.6% of retirement funding remuneration are paid by the employer and contributions paid by the employee range between 0% and 12% of retirement funding remuneration. In the interest of the employee members of these funds, the trustees are encouraged to obtain an independent actuarial assessment of the performance of the funds.

36. RESTATED STATEMENT OF CASH FLOWS

In the prior financial year a consideration was paid as part of the initial acquisition of AfroCentric Health Limited which was incorrectly disclosed as a separate line item under operating activities in the Statement of Cash Flows. Due to its materiality and nature a decision was taken by management to restate the prior-year Statement of Cash Flows to more accurately reflect the nature of the payment.

Below is a summary of the impact of the prior-period error on the following statements:

	Nature of impact	Amount of the correction 2014
Statement of Financial Position	Not applicable	Zero
Statement of Comprehensive Income	Not applicable	Zero
Statement of Changes in Equity	Not applicable	Zero
Statement of Cash Flows	Reclassification	R26 744 million

The prior-period error has no impact on the earnings per share or diluted earnings per share.

37. SUBSEQUENT EVENTS

Subsequent to the financial year-end, the following material events occurred, brief details of which are as follows:

The acquisition of WAD

Agreements were concluded for the acquisition of various WAD businesses, the principal enterprise being Pharmacy Direct, which is a designated service provider to a wide range of South African medical aid schemes. The business supplies chronic medication under prescribed minimum benefits and normal chronic benefits to approximately 110 000 patients nationally. Pharmacy Direct was awarded a tender in terms of which chronic medication is dispensed on behalf of the government to districts in five of South Africa's nine provinces.

Sanlam

An agreement was also concluded with Sanlam Limited for their investment in AfroCentric Healthcare Assets a wholly-owned subsidiary of AfroCentric. At this time almost all regulatory requirements have been approved and we are not expecting any to be declined. The commencement of this relationship is a proud moment for AfroCentric given that Sanlam is one of the largest financial services groups in South Africa and that they have chosen AfroCentric with a view to developing initiatives into healthcare. It is intended that the investment by Sanlam will, inter alia, facilitate a platform for the joint pursuit and expansion of the Group's traditional activities, as part of an expanded administration and managed healthcare business model.

South African Police Medical Scheme ("Polmed")

AfroCentric has been fortunate to have been awarded the tender for both the administration and managed care contracts, with services commencing in January 2016. Polmed Medical Scheme is one of the largest and most prestigious closed schemes in South Africa with approximately 180 000 principal members. We are indeed honoured to have won the tender for these contracts and look forward to providing Polmed with our range of quality services for which we are now well known and recognised.

All of the above recent developments will instill positive synergies to the Group's general value proposition for all stakeholders, inter alia, adding scale, enhancing marketing and distribution channels, significantly expanding its capital base and positively positioning the Group for accelerated growth.

Bonitas Medical Fund – administration error

The Bonitas product design for 2015 was approved by the Bonitas Board of Trustees during August 2014. During the process of finalising the scheme rules aligned to the benefit design, a sub-limit relating to the Bonitas Standard option in respect of the Out-of-Hospital day-to-day benefits was omitted. The rules submitted and approved by the Council for Medical Schemes thus did not contain this sub-limit rule. As a result a number of claims were paid erroneously instead of being rejected against the sub-limit rule. Both Bonitas and AfroCentric are aware of the error. The amount of the error has not been fully quantified, however any loss will be mitigated by a professional indemnity insurance claim by Medscheme.

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