Life HEALTHCARE Group

ANNUAL FINANCIAL STATEMENTS 2016

Contents

Group annual financial statements

Administration

Company name:	Life Healthcare Group Holdings Limited
Registration number:	2003/002733/06
Date of incorporation:	7 February 2003
Country of incorporation:	Republic of South Africa
Registered business address:	Oxford Manor 21 Chaplin Road Illovo 2196
Registered postal address:	Private Bag X13 Northlands 2116
Composition of board of directors:	MA Brey (Chairman) A Meyer (Group Chief Executive Officer) PP van der Westhuizen (Group Chief Financial Officer) PJ Golesworthy ME Jacobs LM Mojela JK Netshitenzhe MP Ngatane MEK Nkeli GC Solomon RT Vice
Company Secretary:	F Patel
Transactional bankers:	First National Bank (a division of FirstRand Bank Limited)
Auditors:	PricewaterhouseCoopers Inc. Johannesburg

Preparation of the annual financial statements

These financial statements have been audited by our external auditors, PricewaterhouseCoopers Inc. The preparation of the financial statements was supervised by PP van der Westhuizen (Group Chief Financial Officer).

Statement of directors' responsibilities

for the year ended 30 September 2016

The directors are responsible for the preparation, integrity and fair presentation of the consolidated and Company financial statements of Life Healthcare Group Holdings Limited and its subsidiaries, associates and joint ventures (Group) in accordance with International Financial Reporting Standards (IFRS) and the Companies Act, 71 of 2008 of South Africa (Companies Act).

The directors consider that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that all IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the consolidated and separate financial position of Life Healthcare Group Holdings Limited at 30 September 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended. The directors are also responsible for reviewing the other information included in the integrated report and ensuring both its accuracy and its consistency with the financial statements.

The directors have responsibility for ensuring that accounting records are kept. The accounting records disclose, with reasonable accuracy, the financial position of the Group and the Company and enable the directors to ensure that the financial statements comply with the relevant legislation.

The Group operates in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group and Company will not be a going concern in the foreseeable future, based on forecasts, available cash resources and available banking facilities. These financial statements support the viability of the Group and Company.

The Code of Corporate Practices and Conduct has been adhered to.

The Group's external auditors, PricewaterhouseCoopers Inc., audited the financial statements, and their unqualified audit report is presented on page 9.

APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 10 to 71 were approved by the board of directors on 10 November 2016 and are signed by:

MA Brey
Chairman
Johannesburg

A Meyer
Group Chief Executive Officer

Statement from Group Company Secretary

In terms of the Companies Act, all returns submitted as required by the Companies Act are true, correct and up to date and have been lodged with the Registrar.

F Patel
Group Company Secretary

Report of the audit committee

for the year ended 30 September 2016

INTRODUCTION

The Life Healthcare Group Holdings Limited audit committee (the committee) is a formal committee of the board. The responsibilities of the committee are outlined in its written terms of reference which are reviewed annually and the terms of reference are in line with the Companies Act, King III and the JSE Listings Requirements. No changes were made to the terms of reference in 2016. The terms of reference can be viewed on the Group's website at www.lifehealthcare.co.za. The committee has an independent role with accountability to both the board and shareholders.

This report of the committee is presented to the shareholders in terms of section 94(7)(f) of the Companies Act and as recommended by King III.

COMPOSITION OF THE AUDIT COMMITTEE

The committee comprised the following independent non-executive directors who have the requisite financial skills and experience to fulfil the duties of the committee:

- Mr PJ Golesworthy (chairman)
- Ms LM Mojela
- Mr GC Solomon
- Mr RT Vice

All the members were recommended by the board and appointed by the shareholders at the annual general meeting held on 27 January 2016 to hold office until the next annual general meeting.

The same chairman and existing members of the committee will be recommended at the next annual general meeting in January 2017.

The Chairman of the board is not a member of the audit committee.

In respect of the year ended 30 September 2016, the committee met four times and executed its responsibilities in accordance with its terms of reference. Details of members' attendance appear on page 107 of the integrated report.

The biographical details of the committee members can be viewed on the Group's website. The fees paid to committee members are outlined in the table of directors' remuneration on pages 39 and 40.

The Chairman of the board, chairman of the risk committee, Group Chief Executive Officer, Group Chief Financial Officer, Group audit manager, Group risk manager and senior management in the financial department attended meetings at the invitation of the committee, together with the external auditors. The internal and external auditors have unrestricted access to the committee.

AUDIT COMMITTEE EVALUATION

As part of the annual evaluation of the board, the performance of the audit committee and its members was assessed and found to be satisfactory. In addition, members were assessed in terms of the independence requirements of King III and the Companies Act. All members of the audit committee continue to meet the independence requirements.

ROLE OF THE AUDIT COMMITTEE

The overall function of the committee is to assist the directors in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems and control processes, and the preparation of the integrated report and fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards. The chairman of the committee reports to the board on matters discussed at audit committee meetings.

The committee performed, among others, the following functions:

In respect of financial and integrated reporting:

- reviewed and recommended for approval by the board the interim results and annual financial statements and the related SENS and press announcements;
- considered the factors and risks that might impact the financial reporting;
- considered and satisfied itself of the appropriateness of accounting policies and material estimates and judgements. The material areas are set out in note 1.2 of the annual financial statements;
- confirmed the going concern basis of preparation of the interim and annual financial statements;
- reviewed and recommended for approval by the board the integrated report, including the disclosure of sustainability issues; and
- monitored the implementation of the SAP ERP system which impacts the financial control environment. Phase 1 of the project is due to be completed by March 2017.

Key matters considered included:

- the impairment provision required for the investment in Poland as a result of a reduction in tariffs. Independent assurance was obtained on the approach taken;

- the new form annual financial statements aimed at "decluttering" and focusing on the material matters; and
- concerns relating to the Polish finance function. The committee reviewed the management actions to improve the quality and effectiveness of the Polish finance function and to more effectively integrate reporting with the Group processes.

In respect of internal audit and internal controls:
The committee ensured that the internal audit function is independent and has the necessary resources to enable it to fulfil its mandate. The Group internal audit manager reports functionally to the chairman of the committee and administratively to the Group Chief Financial Officer.

The committee:
- reviewed the internal audit charter in line with King III recommendations and recommended the approval thereof to the board;
- approved the risk-based internal audit plan for the 2016 calendar year;
- considered the effectiveness and performance of the internal audit function;
- reviewed the combined assurance model and received risk updates, particularly in relation to financial reporting;
- reviewed and evaluated reports relating to internal audit and risk management and the adequacy of management's responses and corrective actions;
- assessed the effectiveness of internal controls systems and formed the opinion that there were no material breakdowns in internal control; and
- reviewed arrangements made by the Company to enable employees and outside whistle blowers to report any concerns about possible improprieties and received reports on the issues raised.

An independent external quality review of the internal audit function was completed in January 2016, which concluded that internal audit was a well-positioned and mandated function that generally conforms with International Auditing Standards. The significant progress made by internal audit was recognised, with the areas highlighted for further development relating to the development of IT capability skills, a more strategic approach being applied and a coverage plan with an appropriate balance between assurance and consulting engagements.

The internal audit review of the IT environment and the HR function was outsourced to Ernst & Young and KPMG respectively, whilst a limited scope audit in Poland was outsourced to Deloitte.

In respect of external audit:
Following approval by shareholders at the annual general meeting in January 2016, PricewaterhouseCoopers Inc (PwC) served as the Group's registered external auditors for the 2016 financial year and Mr M Naidoo was the newly designated partner.

The committee:
- approved the auditors' terms of engagement and fees. The fees paid to the external auditors are disclosed in note 5 to the annual financial statements;
- reviewed and approved the external audit plan and ensured no limitations were imposed on the scope of external audit;
- reviewed the external auditors' report and confirmed that no material unresolved issues existed between the Group and the external auditors;
- obtained assurances from the external auditors that adequate accounting records were being maintained;
- reviewed the quality and effectiveness of the external audit process and found it to be satisfactory;
- satisfied itself that the external auditors' appointment complies with the Companies Act, the Auditing Profession Act and the JSE Listings Requirements;
- satisfied itself through enquiry that both PwC and the audit partner are independent as defined by the Companies Act and as per the standards stipulated in the audit profession. The external auditors confirmed that their independence was not impaired and provided assurance that their internal governance processes within their audit firm support and demonstrate their claim to independence;
- has established a policy in terms of which the nature and extent of all non-audit services provided by PwC are reviewed and approved in advance. The committee approved all non-audit services, which were limited to R2.1 million for the current year and comprised mainly audit certificates required in terms of certain contracts, quality audit, the remuneration survey conducted by Remchannel, immigration services to nurses seconded to South Africa and technical assistance; and
- confirmed that no reportable irregularities had been identified or reported by the external auditors under the Auditing Profession Act.

In terms of International Auditing Standards, the format of the auditors' report of the Company will change for the 2017 financial year, which will include the requirement for auditors to disclose key audit matters. In preparation for this change and in order to understand the impact on disclosures, the committee reviewed a draft report for 2016, as it had done in 2015, as if it was prepared in the new format.

The committee has nominated PwC as the Group's registered external auditors and M Naidoo the designated partner, respectively, to the shareholders for appointment as auditors for the financial year ended 30 September 2017 at the next annual general meeting.

In respect of compliance with legal and regulatory requirements:
The committee:
- considered the relevant findings of the risk committee;
- considered the reports of management and the internal and external auditors regarding compliance with legal and regulatory requirements; and
- reviewed legal matters that could have a material impact on the Group.

In respect of other matters:
The committee:
- reviewed and recommended dividend/distribution declarations to the board, having considered the liquidity and solvency tests;
- performed the functions required in terms of section 94(2) of the Companies Act on behalf of the Group's subsidiary companies;
- considered whether there were any concerns or complaints, whether from within or outside the Company, relating to the accounting practices and internal audit of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company or any related matter. The committee confirms that there were no material matters raised; and
- made submissions to the board on matters concerning the Group's accounting policies, financial control, records and reporting.

EXPERTISE AND EXPERIENCE OF THE GROUP CHIEF FINANCIAL OFFICER AND THE FINANCE TEAM

As required by the JSE Listings Requirements, the committee reviewed the qualifications, experience and expertise of Mr PP van der Westhuizen and is satisfied that his expertise and experience is appropriate to meet the responsibilities of the position.

The committee considered the expertise, resources and experience of the Group's finance function and concluded that these were appropriate to meet the requirements of the Group.

CONFIRMATION

The committee confirms for the 2016 financial year that it has discharged its responsibilities in accordance with its terms of reference and in compliance with the requirements of the Companies Act.

On behalf of the audit committee

P.J. Golesworthy

PJ Golesworthy
Chairman: Audit committee

Johannesburg
7 November 2016

Directors' report

for the year ended 30 September 2016

The directors have pleasure in submitting their report on the annual financial statements of the Group and the Company for the year ended 30 September 2016. The directors are of the opinion that stakeholders' interests are best served by presenting the Group's annual financial statements separately from those of the Company. The latter financial statements appear on pages 66 to 71.

NATURE OF THE BUSINESS

Life Healthcare Group Holdings Limited is an investment holding company and, through its subsidiaries, associates and joint ventures, operates and has extensive interests in private healthcare facilities and healthcare services companies in southern Africa, Poland and India. The Group is listed on the main board of the JSE Limited.

SUMMARY OF FINANCIAL PERFORMANCE AND OVERVIEW

The Group delivered a solid southern African operational performance, largely driven by volume growth, with revenue increasing by 12.0% and normalised EBITDA by 6.6%. This is a product of an 8.8% increase in southern African revenue and 81.2% growth in revenue from Poland. Activities, as measured by PPDs, increased by 4.0% as a result of the investment in additional beds and an increase in the length of stay

The Group's results were impacted by the impairment of R370 million of the Polish investment due to regulatory changes impacting profitability. Earnings continue to be impacted by the dilutive effect of the interest cost on the funding of the international acquisitions.

During the current financial period, the Group invested R2 081 million (2015: R3 218 million), comprising capital projects of R1 013 million (2015: R1 181 million), R320 million equity injection for the funding of the acquisition of Max Smart by Max Healthcare Institute Limited, and R748 million in new acquisitions by Scanmed S.A. This investment in the Group's facilities strengthens our service offering, and the new acquisitions are in line with the Group's focus on expanding our international footprint.

The financial statements on pages 10 to 71 fully set out the financial results of the Group and the Company.

SPECIAL RESOLUTIONS

The following special resolutions were passed during the course of the year:

Life Healthcare Group Holdings Limited

- General authority to repurchase Company shares
- General authority to provide financial assistance to related and inter-related companies

Distributions to shareholders

The Company considers an interim and final distribution in respect of each financial year.

The Company had the following distributions during the current financial year:

Date dividend paid and shares issued	R'm	Cents per share	Scrip distribution with the right to elect cash
11 December 2015	896[1]	86.00	Final 2015
17 June 2016	766[1]	73.00	Interim 2016

[1] *The cash portion of the final dividend was subject to dividend withholding tax at a rate of 15%.*

The Board has declared a final distribution for the year ended 30 September 2016, by way of the issue of fully paid Life Healthcare Group Holdings Limited ordinary shares of 0.0001 cent each (the scrip distribution) payable to ordinary shareholders (shareholders) recorded in the register of the Company at the close of business on the record date, being Thursday, 15 December 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 92 cents per ordinary share in lieu of the scrip distribution, which will be paid only to those shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Thursday, 15 December 2016 (the cash dividend). The cash dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders not exempt therefrom after deduction of which the net cash dividend is 78.2 cents per share.

The new ordinary shares will, pursuant to the scrip distribution, be settled by way of capitalisation of the Company's distributable retained profits.

In compliance with the requirements of JSE Limited, the following dates are applicable:

Event	2016
Announcement released on SENS in respect of the ratio applicable to the scrip distribution, based on the 15-day volume weighted average price (VWAP) ending on Friday, 2 December 2016, by 11:00 on	Monday, 5 December
Announcement published in the press of the ratio applicable to the scrip distribution, based on the 15-day VWAP ending on Friday, 2 December 2016 on	Tuesday, 6 December
Last day to trade in order to be eligible for the scrip distribution and the cash dividend alternative	Monday, 12 December
Ordinary shares trade "ex" the scrip distribution and the cash dividend alternative on	Tuesday, 13 December
Listing and trading of maximum possible number of ordinary shares on the JSE in terms of the scrip distribution from the commencement of business on	Tuesday, 13 December
Announcement released on SENS in respect of the cash payment applicable to fractional entitlements, based on the VWAP of an ordinary Life Healthcare Group Holdings Limited share traded on the JSE on Tuesday, 13 December 2016, discounted by 10% on	Wednesday, 14 December
Last day to elect to receive the cash dividend alternative instead of the scrip distribution, forms of election to reach the transfer secretaries by 12:00 on	Thursday, 15 December
Record date in respect of the scrip distribution and the cash dividend alternative	Thursday, 15 December
Scrip distribution certificates posted and cash dividend payments made, CSDP/broker accounts credited/ updated, as applicable on	Monday, 19 December
Announcement relating to the results of the scrip distribution and the cash dividend alternative released on SENS on	Monday, 19 December
Announcement relating to the results of the scrip distribution and the cash dividend alternative published in the press on	Tuesday, 20 December
JSE listing of ordinary shares in respect of the scrip distribution adjusted to reflect the actual number of ordinary shares issued in terms of the scrip distribution at the commencement of business on or about	Wednesday, 21 December

All times provided are South African local times. The above dates and times are subject to change. Any material change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place, between Tuesday, 13 December 2016 and Thursday, 15 December 2016, both days inclusive.

BOARD OF DIRECTORS

The names of the directors in office at the date of this report are set out on page 2. The remuneration and interests of the directors are set out in note 25 to the annual financial statements.

Changes to board of directors

There have been no changes to the board of directors for the year ended 30 September 2016.

INTERESTS OF DIRECTORS

No change in the interests as set out in note 25 has occurred between 30 September 2016 and the date of this report.
No arrangements to which the Company is a party existed at year-end that would enable the directors or their families to acquire benefits by means of the acquisition of shares in the companies, other than the long-term incentive scheme.

There were no contracts of any significance during or at the end of the financial year in which any director of the Company had a material interest.

SECRETARY

The address of the Group Company Secretary is the same as the Company's registered address.

Independent auditors' report

for the year ended 30 September 2016

We have audited the consolidated and separate financial statements of Life Healthcare Group Holdings Limited set out on pages 10 to 71, which comprise the statements of financial position as at 30 September 2016, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 control. 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 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Life Healthcare Group Holdings Limited as at 30 September 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2016, we have read the directors' report, the audit committee's report and the Group Company Secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate 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 consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Life Healthcare Group Holdings Limited for 18 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: M Naidoo
Registered Auditor

Johannesburg
11 November 2016

Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2016

	Notes	**30 September 2016 R'm**	30 September 2015 R'm
Revenue and other income	2	**16 567**	14 776
Drugs and surgicals consumed		**(4 048)**	(3 651)
Employee benefits expenses	3	**(5 598)**	(4 975)
Retirement benefit asset and post-employment medical aid expenses		**23**	20
Depreciation on property, plant and equipment		**(530)**	(445)
Amortisation of intangible assets		**(147)**	(127)
Repairs and maintenance expenditure on property, plant and equipment		**(197)**	(172)
Occupational expenses		**(553)**	(435)
Hospital service expenses		**(710)**	(625)
Communication expenses		**(181)**	(154)
Other expenses		**(966)**	(716)
Operating profit		**3 660**	3 496
Contingent consideration released		**109**	21
Transaction costs		**(12)**	(15)
Impairment of investment	10	**(370)**	–
Loss recognised on remeasuring previously held interest in associate to fair value		**(23)**	–
Fair value (loss)/gain on derivative financial instruments		**(2)**	29
Other		**(6)**	–
Finance income	4	**12**	12
Finance cost	4	**(512)**	(445)
Share of associates' and joint ventures' net profit after tax	11	**8**	14
Profit before tax	5	**2 864**	3 112
Tax expense	6	**(894)**	(884)
Profit after tax		**1 970**	2 228
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve		**(30)**	158
Items that may not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid		**8**	(5)
Total comprehensive income for the year		**1 948**	2 381
Profit after tax attributable to:			
Ordinary equity holders of the parent		**1 616**	1 866
Non-controlling interest		**354**	362
		1 970	2 228
Total comprehensive income attributable to:			
Ordinary equity holders of the parent		**1 596**	2 010
Non-controlling interest		**352**	371
		1 948	2 381
Earnings per share (cents)	7	**154.9**	179.9
Diluted earnings per share (cents)	7	**154.4**	179.2

Consolidated statement of financial position

at 30 September 2016

	Notes	30 September 2016 R'm	30 September 2015 R'm
ASSETS			
Non-current assets		**14 395**	13 152
Property, plant and equipment	9	**7 752**	7 101
Intangible assets	10	**3 196**	2 964
Investment in associates and joint ventures	11	**2 548**	2 311
Employee benefit assets	12	**433**	394
Deferred tax assets	13	**426**	341
Other assets		**40**	41
Current assets		**3 102**	2 771
Cash and cash equivalents	14	**604**	812
Trade and other receivables	15	**2 133**	1 640
Inventories	16	**318**	271
Income tax receivable		**39**	36
Other assets		**8**	12
TOTAL ASSETS		**17 497**	15 923
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	17	**3 666**	3 111
Reserves		**1 820**	2 057
Non-controlling interest		**1 312**	1 280
TOTAL EQUITY		**6 798**	6 448
LIABILITIES			
Non-current liabilities		**6 111**	5 852
Interest-bearing borrowings	19	**5 469**	5 263
Deferred tax liabilities	13	**547**	520
Other liabilities		**95**	69
Current liabilities		**4 588**	3 623
Bank overdraft	14	**1 030**	557
Trade and other payables	20	**2 217**	2 125
Interest-bearing borrowings	19	**1 312**	924
Income tax payable		**13**	3
Other liabilities		**16**	14
TOTAL LIABILITIES		**10 699**	9 475
TOTAL EQUITY AND LIABILITIES		**17 497**	15 923

Consolidated statement of changes in equity

for the year ended 30 September 2016

R'm	Notes	Stated capital	Other reserves	Dis-tributable reserves	Retained earnings	Reserves	Non-controlling interest	Total equity
		Attributable to equity holders of the Company						
Balance at 1 October 2015		**3 111**	**141**	**26**	**1 890**	**2 057**	**1 280**	**6 448**
Total comprehensive income for the year		**–**	**(28)**	**–**	**1 624**	**1 596**	**352**	**1 948**
Profit for the year		**–**	**–**	**–**	**1 616**	**1 616**	**354**	**1 970**
Other comprehensive income		**–**	**(28)**	**–**	**8**	**(20)**	**(2)**	**(22)**
Issue of new shares as a result of scrip distributions		**575**	**–**	**–**	**–**	**–**	**–**	**575**
Gains on transactions with non-controlling interests	24	**–**	**1**	**–**	**–**	**1**	**(1)**	**–**
Increase in ownership interest in subsidiaries	24	**–**	**(197)**	**–**	**–**	**(197)**	**(39)**	**(236)**
Non-controlling interest arising on business combination		**–**	**–**	**–**	**–**	**–**	**9**	**9**
Distributions to shareholders		**–**	**–**	**–**	**(1 662)**	**(1 662)**	**(289)**	**(1 951)**
Purchase of treasury shares for staff benefit schemes		**(61)**	**–**	**–**	**–**	**–**	**–**	**(61)**
Vesting of treasury shares for staff benefit schemes		**41**	**(41)**	**–**	**–**	**(41)**	**–**	**–**
Long-term incentive scheme charge		**–**	**31**	**–**	**–**	**31**	**–**	**31**
Life Healthcare employee share trust charge		**–**	**35**	**–**	**–**	**35**	**–**	**35**
Balance at 30 September 2016		**3 666**	**(58)**	**26**	**1 852**	**1 820**	**1 312**	**6 798**
Notes			18					
Balance at 1 October 2014		3 203	13	25	1 551	1 589	1 108	5 900
Total comprehensive income for the year		–	149	–	1 861	2 010	371	2 381
Profit for the year		–	–	–	1 866	1 866	362	2 228
Other comprehensive income		–	149	–	(5)	144	9	153
Gains on transactions with non-controlling interests	24	–	7	–	–	7	(7)	–
Increase in ownership interest in subsidiaries		–	(36)	–	–	(36)	–	(36)
Distributions to shareholders		–	–	–	(1 522)	(1 522)	(192)	(1 714)
Purchase of treasury shares for staff benefit schemes		(120)	–	–	–	–	–	(120)
Disposal of treasury shares		9	(9)	–	–	(9)	–	–
Vesting of treasury shares for staff benefit schemes		19	(19)	–	–	(19)	–	–
Profit on disposal of treasury shares		–	–	1	–	1	–	1
Long-term incentive scheme charge			8	–	–	8	–	8
Life Healthcare employee share trust charge		–	28	–	–	28	–	28
Balance at 30 September 2015		3 111	141	26	1 890	2 057	1 280	6 448
Notes			18					

All movements are presented net of tax.

Consolidated statement of cash flows

for the year ended 30 September 2016

	Notes	2016 R'm	2015 R'm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**4 024**	3 842
Interest received		**12**	12
Tax paid		**(981)**	(903)
Net cash from operating activities		**3 055**	2 951
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment – expansion		**(560)**	(817)
Purchase of property, plant and equipment – property acquisitions		**(6)**	(83)
Purchase of property, plant and equipment – maintenance		**(366)**	(234)
Proceeds from sales of property, plant and equipment		**9**	–
Business combinations	24	**(748)**	(627)
Increase in investment in joint venture/associate	11	**(320)**	(1 410)
Disposal of investment in associates	11	**6**	–
Dividends and profit distributions from associates and joint ventures		**8**	6
Movement in loans to associates and joint ventures	26	**4**	–
Purchase of intangible assets		**(81)**	(47)
Cash movement in other investing activities		**2**	(6)
Net cash utilised in investing activities		**(2 052)**	(3 218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest-bearing borrowings raised		**1 961**	4 268
Interest-bearing borrowings repaid		**(1 117)**	(1 814)
Preference shares repaid		**(320)**	–
Loan and dividend payments to non-controlling interests		**(289)**	(217)
Cash flow on increases in ownership interests	24	**(257)**	(11)
Proceeds on decreases in ownership interests	24	**21**	40
Finance cost paid		**(453)**	(359)
Treasury shares acquired for delivery to staff trust and long-term incentive scheme		**(61)**	(119)
Dividends paid		**(1 087)**	(1 520)
Cash movement in other financing activities		**(75)**	(46)
Net cash (utilised in)/generated from financing activities		**(1 677)**	222
Net decrease in cash and cash equivalents		**(674)**	(45)
Cash and cash equivalents – beginning of the year		**255**	267
Cash balances acquired through business combinations	24	**56**	20
Effect of foreign exchange rate movements		**(63)**	13
Cash and cash equivalents – end of the year		**(426)**	255

Notes to the Group annual financial statements

for the year ended 30 September 2016

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

1.1 Basis of preparation

The Group annual financial statements present the consolidated financial position and changes therein, operating results and cash flow information of Life Healthcare Group Holdings Limited, its subsidiaries, associates and joint ventures, and have been prepared on a historical cost basis, unless otherwise stated.

The Group and Company early adopted the IAS 1 amendment which clarifies that materiality applies to the whole set of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. As a consequence of early adopting the amendment, the Group and Company undertook a project to assess the effectiveness of disclosures in the annual financial statements and, where necessary, removed immaterial and unnecessary information. The following key changes resulted in a more streamlined and concise set of annual financial statements:

- The application of materiality to items resulting in the aggregation or deletion of immaterial items.
- The removal of duplicated information and disclosures.
- An updated sequence of information presented in the financial statements.
- An updated format of notes and disclosures so as to make these more clear, concise and easier to understand by the user.

To enhance the presentation of items to present more clear and concise disclosure, the Group has elected to aggregate items on the statement of financial position into single line items. This enhancement had no impact on the underlying disclosed amounts or earnings. To enable the comparability of information, both 2015 and 2014 comparatives were similarly enhanced (refer to Annexure B).

Basis of preparation			
Prepared in accordance with			
International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretation effective for the Group's financial year, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.	JSE Listings Requirements	Companies Act, 71 of 2008 of South Africa	Going-concern principles
Functional and presentation currency			
South African rand			
Rounding principles			
Rounded to the nearest million, unless otherwise stated. The Group has a policy of rounding in increments R500 000. Amounts less than R500 000 will therefore round down to Rnil and are presented as a dash.			
Foreign currency transactions			

Items included in the financial statements of each of the Group's entities are measured using the entity's functional currency, applying the following principles:

- Monetary items for each statement of financial position presented are translated at the closing rate at reporting date.
- Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.
- Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.
- Foreign currency differences are generally recognised in other comprehensive income.
- A foreign currency transaction is recorded on initial recognition at exchange rates at the date of the transaction or, where exchange differences did not fluctuate significantly, at the average exchange rates for the period.

1.2 Critical accounting estimates, judgements and assumptions

The preparation of the annual financial statements requires the use of critical accounting estimates and requires management to exercise judgements in the process of applying the Group's accounting policies. 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.

1.2 Critical accounting estimates, judgements and assumptions continued

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. A description of the accounting estimates and judgements that were critical to preparing specific financial statement items as well as the processes employed to do so, are set out as follows:

Group accounting

Factors considered to determine whether 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. The Group has less than 50% interest in a number of southern African companies. The directors made an assessment as to whether or not the Group has control. The directors concluded that the Group has control over these Southern African companies through a vertical structure or through management control. Additional facts and circumstances also considered in assessing control over an entity include:

- rights arising from contractual agreements; and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an entity, when the facts and circumstances indicate that a change to the elements of control exist.

Factors considered to determine whether the Group has significant influence

The Group has significant interest in investments in which the Group has a long-term interest and over which it exercises significant influence, but not control. This is evaluated in accordance with IFRS.

Factors considered to determine whether the Group has joint control

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Factors considered included the structuring of the arrangement and whether the arrangement contractually or in its legal form, confers direct rights to assets and obligations for liabilities to the parties.

Fair value determination in business combinations

The Group makes use of various valuation methodologies in determining the fair values of assets acquired and liabilities assumed in a business combination, including the use of reputable independent valuers. Valuations are inherently subjective, and require the use of judgements. When the accounting for a business combination can only be determined provisionally at the date of reporting, provisional values are used. These provisional values are adjusted once the initial accounting has been completed, which must be within 12 months from the date of acquisition, by retrospectively adjusting the fair values of the net identifiable assets acquired and goodwill.

Operating assets

Goodwill

At acquisition date, goodwill is allocated to those cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. CGUs are defined as individual hospitals and healthcare service operating units. Judgement is applied in determining the allocation of goodwill to different CGUs. The allocation is done based on the expected benefit arising from synergies due to the business combinations.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired, liabilities and contingent liabilities assumed.

The original goodwill and intangible assets were allocated to the various CGUs based on trading profit as a percentage of the Group's trading profit. Subsequent additions are allocated to the specific CGUs.

Impairment – Goodwill

Goodwill is tested for impairment annually or when there is an indication of impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations required the use of estimates. An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the CGU; and then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. The discount rates used in the value-in-use calculation were as follows:

	Southern Africa		Poland	
	2016 %	2015 %	**2016 %**	2015 %
Growth rate in activities	**0.0 – 6.0**	0.0 – 6.0	**3.0 – 14.5**	0.0 – 6.0
Average discount rate	**12.56**	13.42	**7.21**	9.5
Tariff and inflation increases	**5.0 – 10.0**	5.0 – 10.0	**1.98 – 2.5**	0.8 – 2.5

The discount rates used are pre-tax and reflect the specific risks relating to the industry and to the Group. The growth rate in activities is based on historical experience, capacity availability and the expected developments in the market. Tariff and inflation rates are based on latest available economic forecasts and management's expectations of the outcome of annual tariff negotiations.

	Southern Africa		Poland	
Sensitivity	**2016 R'm**	2015 R'm	**2016 R'm**	2015 R'm
5%	**20**	20	**129**	100
-5%	**(50)**	(50)	**(704)**	(120)

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS continued

1.2 Critical accounting estimates, judgements and assumptions continued

Other operating assets	
Useful lives, residual values and impairment	
Useful lives	The Group depreciates or amortises its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. The useful lives are reviewed at each reporting date.
Residual values	Significant judgement is applied by management when determining the residual values for property, plant and equipment and intangible assets. When determining the residual value for property and equipment, the following factors are taken into account: • External residual value information. • Internal technical assessments for complex equipment.
Impairment	The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. 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. In the event of contractual obligations in terms of which a termination consideration is payable to the Group, management will apply a residual value to the intangible asset.

<table>
<tr><th rowspan="2">Statement of financial position</th><th rowspan="2">Statement of other comprehensive income</th><th colspan="2">Estimated useful lives</th><th rowspan="2">Impairment indicators</th></tr>
<tr><th>Item</th><th>Average useful life</th></tr>
<tr><td rowspan="5">Intangible assets</td><td rowspan="5">Amortisation</td><td>Customer relations</td><td rowspan="2">15 years</td><td rowspan="13">External sources of information:
• Significant adverse changes that have taken place or are expected in the near future in the technological, market, economic or legal environment in which the Group operates.
• Increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount.
• The carrying amount of the Group's net assets exceeds the Group's market capitalisation.
Internal sources of information:
• Obsolescence or physical damage affecting the asset.
• Idle assets.
• Plans to discontinue or restructure the operations to which the asset belongs or asset's disposal.
• Significant decline in management's forecasts of future net cash inflows.</td></tr>
<tr><td>Hospital licences</td></tr>
<tr><td>Computer software</td><td>3 – 15 years</td></tr>
<tr><td>Preferred supplier contracts</td><td rowspan="2">Duration of the respective agreements</td></tr>
<tr><td>Other intangible assets</td></tr>
<tr><td rowspan="8">Property, plant and equipment</td><td rowspan="8">Depreciation</td><td>Land</td><td>Not depreciable</td></tr>
<tr><td>Buildings – owned</td><td>40 years</td></tr>
<tr><td>Medical equipment</td><td rowspan="2">3 – 15 years</td></tr>
<tr><td>Other property, plant and equipment – owned</td></tr>
<tr><td>Motor vehicles</td><td>4 – 7 years</td></tr>
<tr><td>Leased:
• Buildings
• Other property, plant and equipment
• Improvements to leased assets</td><td>Shorter of useful life or lease term</td></tr>
</table>

1. BASIS OF PREPARATION AND CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS continued

1.2 Critical accounting estimates, judgements and assumptions continued

Financial instruments

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a class of financial assets is impaired. The Group collects deposits for private market customers where possible and raises a provision for the balance of long outstanding trade receivables where it considers the recoverability to be doubtful. A significant degree of judgements is applied by management when considering whether a trade receivable is recoverable or not. The following factors are taken into account when considering whether a trade receivable is impaired:

- The customer has defaulted on their payments due.
- The history of the specific customer with the Group.
- Indications of financial difficulties of the specific customer.
- Credit terms specific to the customer.
- General economic conditions.

The impairment losses on its trade receivables have been included in “other expenses” in the statement of profit or loss and other comprehensive income.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Employee benefits

Defined benefit plans

Determining the present value of the defined benefit obligation	The present value of the defined benefit obligations is discounted using appropriate interest rates. The cost of providing the benefits is determined using the projected unit credit method.

Long-term incentive plans

Determining the fair value: Equity-settled share-based payments

New long-term incentive scheme (southern Africa)	The fair value of awards granted during the period was determined using the Monte Carlo Simulation model. The significant inputs into the model were the continuous dividend yield of 5.06% (2015: 5.46%), and expected option life of three years and a continuous risk-free rate of 8.44% (2015: 7.39%). Volatility is measured at the standard deviation of continuously compounded share returns and is based on statistical analysis of daily share prices over the last three years.

Other

Taxation

The Group periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group is subject to income taxes in numerous jurisdictions, and the calculation of the Group’s tax charge and worldwide provisions for income taxes necessarily involves a degree of estimation and judgement.

Current and deferred tax calculations have been determined on the basis of prior year assessed computation methodologies adjusted for changes in taxation legislation in the year. No significant new transactions that require specific additional estimates or judgements have been entered into in the current year.

The Group recognises the net future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the Group to make estimates related to expectations in future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally future changes in tax laws could limit the ability of the Group to obtain tax deductions in future periods.

Insurance provision

In the ordinary course of business the Group, from time to time, receives potential litigation and claims. Such claims are assessed by management and legal counsel and dealt with on a case-by-case basis.

		2016 R'm	2015 R'm
2.	**REVENUE AND OTHER INCOME**		
	Revenue		
	Private healthcare services	**14 680**	13 263
	Government and public healthcare facility services	**1 240**	862
	Other healthcare-related services	**419**	461
	Rental income related to auxiliary services	**65**	61
		16 404	14 647
	Other income		
	Other rental income	**69**	61
	Other income	**94**	68
		163	129
	Total revenue and other income	**16 567**	14 776
3.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries[1]	**4 073**	3 741
	Long-term incentive scheme	**18**	21
	Share-based payment – Life Healthcare employee share trust	**35**	26
	Termination benefits	**10**	1
	Agency fees	**945**	728
	Medical aid contributions	**240**	222
	Pension fund costs – defined benefit and contribution plans	**12**	10
	Provident fund costs – defined contribution plans	**167**	153
	Other	**98**	73
		5 598	4 975
	[1] *Include executive directors' remuneration.*		
4.	**FINANCE INCOME AND COST**		
	Finance income	**(12)**	(12)
	Bank and deposits	**(4)**	(7)
	Other	**(8)**	(5)
	Finance cost	**512**	445
	Interest-bearing borrowings and bank overdrafts	**344**	306
	Borrowing cost capitalised[2]	**(32)**	(24)
	Preference shares	**195**	147
	Other	**5**	16
	Net finance cost	**500**	433
	[2] *The Group has used an average rate of 7.9% (2015: 7.1%) in determining the borrowing costs capitalised.*		
5.	**PROFIT BEFORE TAX**		
	The following items have been included in arriving at profit before tax:		
	Operating lease rentals	**123**	96
	Auditors' remuneration	**18**	15
	Audit fees	**16**	14
	Management consulting and other audit related services	**2**	1
	Directors' remuneration	**20**	18
	Professional, legal and secretarial fees	**157**	117

	2016 R'm	2015 R'm
6. TAX EXPENSE		
Current income tax		
Current year	**987**	934
Prior year overprovision	**(1)**	(8)
Deferred income tax		
Origination and reversal of temporary differences	**(75)**	(44)
Prior year (over)/underprovision	**(18)**	1
Tax withholding	**1**	1
Total tax expense	**894**	884
Reconciliation of the tax rate	**%**	%
South African normal tax rate	**28.00**	28.00
Adjustments for non-cash items:		
Income not taxable – other	**(2.89)**	(0.91)
Expenses not deductible – impairment of investment	**3.62**	–
Expenses not deductible – interest on preference shares	**1.91**	1.32
Expenses not deductible – other	**0.97**	1.85
Prior year overprovision	**(0.65)**	(0.23)
Withholding taxes	**0.02**	0.04
Assessed losses	**(0.01)**	(2.05)
Impact of lower international tax rate	**0.25**	0.31
Effective rate	**31.22**	28.33

The Group has estimated tax losses of R125 million (2015: R166 million) available to offset against future taxable income. Tax losses of R9 million (2015: R9 million) were utilised during the period.

7. EARNINGS PER SHARE (EPS), HEADLINE EARNINGS PER SHARE (HEPS) AND DISTRIBUTION PER SHARE (DPS)

	Attributable earnings (R'm)		Weighted average number of shares ('000)		Cents per share	
	2016	2015	**2016**	2015	**2016**	2015
EPS – Basic	**1 616**	1 866	**1 043 180**	1 037 366	**154.9**	179.9
EPS – Diluted	**1 616**	1 866	**1 046 689**	1 041 213	**154.4**	179.2
HEPS – Basic	**2 008**	1 866	**1 043 180**	1 037 366	**192.5**	179.9
HEPS – Diluted	**2 008**	1 866	**1 046 689**	1 041 213	**191.9**	179.2
Normalised EPS	**1 899**	1 840	**1 043 180**	1 037 366	**182.1**	177.4

	Total dividend (R'm)		Total number of issued shares ('000)		Cents per share	
DPS – ordinary shares						
– Final (previous financial year)	**896**	813	**1 042 210**	1 042 210	**86**	78
– Interim	**765**	709	**1 048 461**	1 042 210	**73**	68

The cash portion of the total dividend was subject to dividend withholding tax at a rate of 15%, which results in a net final dividend of 73.10 cents per ordinary share and a net interim dividend of 62.05 cents per ordinary share to those shareholders who are not exempt in terms of section 64F of the Income Tax Act.

R'm	2016 Gross amount	2016 Net amount	2015 Gross amount	2015 Net amount
Headline earnings reconciliation				
Profit attributable to ordinary equity holders	**1 616**	**1 616**	1 866	1 866
Adjustments:				
Impairment of investment	**370**	**370**	–	–
Loss on remeasuring previously held interest in associate to fair value	**23**	**23**	–	–
Other	**(1)**	**(1)**		
Headline earnings	**2 008**	**2 008**	1 866	1 866

Difference between gross and net amount relates to tax.

	2016 '000	2015 '000
7. EARNINGS PER SHARE (EPS), HEADLINE EARNINGS PER SHARE (HEPS) AND DISTRIBUTION PER SHARE (DPS) continued		
Reconciliation between weighted average number of shares and diluted number of shares		
Issued ordinary shares – at the beginning of the year	**1 042 210**	1 042 210
Issue of new shares	**7 573**	–
Effect of treasury shares	**(6 603)**	(4 844)
Weighted average number of shares at the end of the year	**1 043 180**	1 037 366
Effect of dilutive potential ordinary shares – treasury shares	**3 509**	3 847
Diluted weighted average number of shares at the end of the year	**1 046 689**	1 041 213
Normalised earnings per share	**R'm**	R'm
Normalised earnings per share is a measurement used by the chief operating decision maker (CODM). The calculation of normalised earnings per share excludes non-trading-related items as listed below and is based on the normalised profit attributable to equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised earnings is not an IFRS requirement.		
Profit attributable to ordinary equity holders	**1 616**	1 866
Adjustments (net of tax):		
Loss on remeasuring previously held interest in associate to fair value	**23**	–
Impairment of investment	**370**	–
Contingent consideration released	**(109)**	(21)
Retirement funds	**(16)**	(15)
Retirement funds (included in employee-related expenses)	**(3)**	(4)
Transaction costs	**12**	15
Fair value gain on foreign exchange hedge contract	**–**	(1)
Other	**6**	–
Normalised earnings	**1 899**	1 840
Normalised EPS (cents)	**182.1**	177.4
Southern Africa operations (cents)	**208.1**	194.1
International operations (cents)	**(1.0)**	1.8
Funding costs (international acquisitions) (cents)	**(25.0)**	(18.5)
Normalised EPS (cents) (excluding funding costs)	**207.1**	195.9

8. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the CODM in order to allocate resources to the segments and to assess their performance.

The CODM regularly reviews the operating results of the Group as a non-IFRS measure based on hospital, healthcare services businesses, international and other. The reportable segments derive their revenue primarily from private healthcare.

The Hospital segment comprises all the acute hospitals, acute rehabilitation, mental health, renal dialysis and oncology units in southern Africa. The Healthcare Services segment comprises of Life Esidimeni, Life Occupational Health and Careways. International comprises Poland, while the Other segment comprises Corporate.

The operating segments have been aggregated into different segments based on the similar nature of products and services, similar economic characteristics, similar type of customers and operating in a similar regulatory environment.

Inter-segment revenue that is eliminated relates to revenue with Careways Wellness Proprietary Limited of R3 million (2015: Rnil).

	2016 R'm	2015 R'm
8. SEGMENT INFORMATION continued		
Refer to note 2 for a split of the major revenue streams.		
Operating segments		
Revenue		
Southern Africa		
Hospitals	**14 381**	13 133
Healthcare Services	**849**	866
International		
Hospitals	**1 174**	648
Total	**16 404**	14 647
EBITDA[1] before items detailed below	**4 314**	4 048
Southern Africa		
Hospitals	**3 819**	3 575
Healthcare Services	**120**	168
Other	**255**	214
International		
Hospitals	**120**	91
Depreciation	**(530)**	(445)
Southern Africa	**(468)**	(408)
International	**(62)**	(37)
Amortisation	**(147)**	(127)
Southern Africa	**(124)**	(117)
International	**(23)**	(10)
EBIT[2]		
Southern Africa	**3 602**	3 432
International	**35**	44
EBIT[2] before items detailed below	**3 637**	3 476
Retirement benefit asset and post-employment medical aid expenses	**23**	20
Operating profit	**3 660**	3 496
Contingent consideration released	**109**	21
Transaction costs	**(12)**	(15)
Impairment of investment	**(370)**	–
Loss recognised on remeasuring previously held interest in associate to fair value	**(23)**	–
Fair value (loss)/gain on derivative financial instruments	**(2)**	29
Other	**(6)**	–
Finance income	**12**	12
Finance cost	**(512)**	(445)
Share of associates' and joint ventures' net profit after tax	**8**	14
Profit before tax	**2 864**	3 112
Operating profit before items detailed includes the segment's share of shared services and rental costs. These costs are all at market-related rates.		
Total assets before items detailed below		
Southern Africa	**11 433**	10 710
International	**5 149**	4 419
	16 582	15 129
Employee benefit assets	**433**	394
Deferred tax assets	**426**	341
Derivative financial assets	**17**	23
Income tax receivable	**39**	36
Total assets per the balance sheet	**17 497**	15 923
Net debt		
Southern Africa	**6 121**	5 625
International	**1 086**	307
	7 207	5 932
Cash and cash equivalents		
Southern Africa	**(553)**	168
International	**127**	87
	(426)	255

Liabilities are reviewed on a net debt basis, which comprises all interest-bearing borrowings and overdraft balances (net of cash on hand).

[1] *EBITDA – earnings before interest, tax, depreciation and amortisation*

[2] *EBIT – earnings before interest and tax*

	Land and buildings – owned	Fixed property – leased	Improve-ments to leased premises	Medical equipment	Motor vehicles and other equipment	Total
9. PROPERTY, PLANT AND EQUIPMENT						
Carrying value at 1 October 2015	**4 411**	**688**	**179**	**1 474**	**349**	**7 101**
Additions	**512**	**2**	**81**	**341**	**130**	**1 066**
Arising on acquisition of subsidiary	**49**	**–**	**44**	**37**	**15**	**145**
Disposals or scrappings	**(3)**	**–**	**(3)**	**(3)**	**(5)**	**(14)**
Reclassification	**(73)**	**(16)**	**89**	**–**	**–**	**–**
Borrowing costs capitalised	**28**	**–**	**–**	**–**	**1**	**29**
Depreciation for the year	**(108)**	**(33)**	**(37)**	**(273)**	**(79)**	**(530)**
Impairment	**–**	**–**	**(13)**	**(9)**	**–**	**(22)**
Effect of foreign currency movement	**(5)**	**(9)**	**(2)**	**(6)**	**(1)**	**(23)**
Carrying value at 30 September 2016	**4 811**	**632**	**338**	**1 561**	**410**	**7 752**
Comprising:						
Cost	**5 894**	**873**	**525**	**3 051**	**816**	**11 159**
Accumulated depreciation and impairment	**(1 083)**	**(241)**	**(187)**	**(1 490)**	**(406)**	**(3 407)**
	4 811	**632**	**338**	**1 561**	**410**	**7 752**
Carrying value at 1 October 2014	3 759	584	160	1 051	347	5 901
Additions	591	112	23	559	41	1 326
Arising on acquisition of subsidiary	167	–	4	50	9	230
Disposals or scrappings	(7)	(1)	–	1	(5)	(12)
Borrowing costs capitalised	24	–	–	–	–	24
Depreciation for the year	(144)	(40)	(15)	(202)	(44)	(445)
Effect of foreign currency movement	21	33	7	15	1	77
Carrying value at 30 September 2015	4 411	688	179	1 474	349	7 101
Comprising:						
Cost	5 519	829	281	2 773	655	10 057
Accumulated depreciation and impairment	(1 108)	(141)	(102)	(1 299)	(306)	(2 956)
	4 411	688	179	1 474	349	7 101

	Computer software	Goodwill	Customer relations	Preferred supplier contracts	Hospital licences	Other intangible assets	Total
10. INTANGIBLE ASSETS							
Carrying value at 1 October 2015	**144**	**2 089**	**357**	**–**	**341**	**33**	**2 964**
Additions	**79**	**–**	**–**	**–**	**–**	**2**	**81**
Arising on acquisition of subsidiary	**7**	**550**	**100**	**–**	**–**	**1**	**658**
Amortisation for the year	**(22)**	**–**	**(68)**	**–**	**(53)**	**(4)**	**(147)**
Borrowing costs capitalised	**3**	**–**	**–**	**–**	**–**	**–**	**3**
Impairment	**–**	**(338)**	**(10)**	**–**	**–**	**–**	**(348)**
Effect of foreign currency movement	**–**	**(13)**	**(1)**	**–**	**–**	**(1)**	**(15)**
Carrying value at 30 September 2016	**211**	**2 288**	**378**	**–**	**288**	**31**	**3 196**
Comprising:							
Cost	**337**	**2 672**	**1 090**	**107**	**828**	**35**	**5 069**
Accumulated amortisation and impairment	**(126)**	**(384)**	**(712)**	**(107)**	**(540)**	**(4)**	**(1 873)**
	211	**2 288**	**378**	**–**	**288**	**31**	**3 196**
Carrying value at 1 October 2014	115	1 469	337	1	395	1	2 318
Additions	36	–	11	–	–	13	60
Arising on acquisition of subsidiary	–	540	63	–	–	15	618
Amortisation for the year	(10)	–	(62)	(1)	(54)	–	(127)
Effect of foreign currency movement	3	80	8	–	–	4	95
Carrying value at 30 September 2015	144	2 089	357	–	341	33	2 964
Comprising:							
Cost	251	2 152	991	107	828	36	4 365
Accumulated amortisation and impairment	(107)	(63)	(634)	(107)	(487)	(3)	(1 401)
	144	2 089	357	–	341	33	2 964

Goodwill impairment testing

Goodwill has been allocated to the following CGUs for impairment testing:

	2016 R'm	2015 R'm
Hospitals	**1 060**	1 060
Healthcare Services	**149**	149
International[1]	**1 079**	880
	2 288	2 089

[1] *R338 million impairment included in current year.*

The NFZ in Poland announced reduced tariffs in respect of cardiology procedures that came into effect on 1 July 2016. This resulted in a R370 million impairment in the carrying value of the investment in Poland in the Group's results, which was allocated to the following assets:

Goodwill	**338**	–
Customer relations	**10**	–
Property, plant and equipment	**22**	–

The NFZ may implement further tariff changes in 2017, which could impact the carrying value of the investment.

	2016 R'm	2015 R'm
11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES		
Unlisted ordinary shares		
Balance at 1 October	**2 311**	828
Share of net profits after tax	**8**	14
Share of current year profit before tax	**8**	15
Share of current year tax	**–**	(1)
Capital distributions	**(8)**	(6)
Derecognition of investment in associate	**(78)**	–
Disposal of investment in joint venture	**(5)**	–
Acquisition of shares in investment in joint venture	**320**	1 410
Forward exchange contract	**–**	60
Effect of foreign currency movement	**–**	5
Balance at 30 September	**2 548**	2 311

The assets, liabilities and results of operations of significant associates as at year-end are summarised as follows (not adjusted for the percentage ownership by the Group):

	Max Healthcare Institute Limited (Max)	
	2016 R'm	2015 R'm
Nature of relationship	**Joint venture**	Joint venture
Place of business	**India**	India
% ownership	**45.95**	46.25
% voting rights	**45.95**	46.25
Amounts recognised in profit or loss and other comprehensive income		
Revenue	**5 165**	3 456
(Loss)/profit before tax	**(6)**	10
Amounts recognised in the statement of financial position		
Non-current assets	**5 339**	3 323
Current assets	**913**	711
Non-current liabilities	**(2 115)**	(1 234)
Current liabilities	**(1 839)**	(1 152)
Net asset value	**2 298**	1 648

Aggregate information of individually immaterial associates and joint ventures adjusted for percentage ownership by the Group:

	Associates		**Joint ventures**	
	2016 R'm	2015 R'm	**2016 R'm**	2015 R'm
Carrying amount	**2**	2	**–**	–
Group's share of profit or loss after tax	**9**	5	**5**	4

The aggregate post-acquisition reserves (adjusted for the Group's ownership) for the associates and joint ventures are a loss of R10 million (2015: R14 million loss).

Acquisitions and disposals of associates and joint ventures

Max Healthcare Institute Limited (Max)

The Group further invested in Max on 24 November 2015, as its contribution to Max's acquisition of 51% of Saket City, renamed Max Smart Super Speciality Hospital (Max Smart).

	2016 R'm	2015 R'm
Cost of investment in joint venture	**(320)**	(1 344)

11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES continued

Carint Scanmed (Carint)

Scanmed S.A. (Scanmed) acquired an additional 50.07% interest in Carint, resulting in Carint becoming a wholly owned subsidiary of Scanmed. Scanmed previously had an interest of 49.93% in Carint, which was accounted for as an associate. The investment in associate was derecognised, and an investment in subsidiary was recognised. Refer to note 24.

	2016 R'm
Derecognition of investment in associate	
Date	**1 April 2016**
Previously interest held	**49.93%**
Total consideration received	**55**
Fair value of equity interest held before the business combination	**55**
Carrying value of the associate on step acquisition date	**78**
Loss on remeasuring previously held interest in associate to fair value	**23**

Boldprops 102 Proprietary Limited (Boldprops)

On 31 August 2016, the Group disposed of its 50% shareholding in Boldprops.

	2016 R'm	2015 R'm
Proceeds on disposal of investment in joint venture	**6**	–

12. EMPLOYEE BENEFIT ASSETS

	2016 R'm	2015 R'm
Retirement benefit asset	**427**	389
Post-employment medical aid asset	**18**	17
Post-employment medical aid obligation	**(12)**	(12)
	433	394

The Group currently participates in the following pension and provident funds:

Name of fund	**Life Healthcare DB Pension Fund**	**Lifecare Group Holdings Pension Fund**	**Life Healthcare Provident Fund**	**Life Healthcare DC Pension Fund**	**Lifecare National Provident Fund**	**Old Healthcare Provident Fund**
Fund description	Closed fund – no new members admitted	Closed fund – no new members admitted	Active	Active	Dormant	Dormant
Classification	Defined benefit	Defined benefit	Defined contribution provident fund	Defined contribution pension fund	Defined benefit	Defined benefit

The assets of all the funds, whether they are defined benefit or defined contribution, are held and administered separately from the Group's assets. The assets are administered on behalf of the funds by external financial services companies. All the funds are governed by the Pension Funds Act of 1956.

The active pension and provident funds require triennial statutory financial reviews. Financial reviews are however carried out annually to determine the solvency of the plans. Defined contribution funds are not guaranteed by the employer.

Pension funds:

Actuarial assumptions applied in the valuation of the defined benefit funds:

	Life Healthcare DB Pension Fund		**Lifecare Group Holdings Pension Fund**	
	2016 %	2015 %	**2016 %**	2015 %
Discount rate	**9.35**	8.83	**9.30**	8.70
Consumer price inflation	**7.40**	7.01	**6.90**	6.50
Expected long-term rate of return	**9.35**	8.83	**9.30**	8.70
Compensation increase rate	**8.40**	8.01	**7.90**	7.50
Pension increase rate	**7.40**[1]	5.26	**5.18**	4.88
Rates of mortality	**0.50**[2]	0.50[2]	**1.00**	1.00

The long-term investment return assumption is based on the expected long-term returns on equities, cash and bonds. In setting these assumptions, the actual asset split of the various funds is used.

[1] *A future pension increase assumption of 100% of the long-term inflation assumption was used. This is in excess of the fund's formal pension increase target of 75% of CPI, but is in line with the fund's secondary target of providing increases of up to 100% of CPI, subject to affordability. It is assumed that, in line with actual fund experience, 85% of members uplift the capital value of their benefits on retirement, calculated as per the rules of the fund, and use these to purchase pensions outside of the fund. Only 15% of members are assumed to retire and draw a pension from the fund.*

[2] *The full mortality assumption is as follows: Ultimate table rated down two years plus 0.5% improvement per annum from 2015.*

12. EMPLOYEE BENEFIT ASSETS continued

The last statutory actuarial valuations for the funds were:

Life Healthcare DB Pension Fund	30 June 2015
Lifecare Group Holdings Pension Fund	The statutory valuation report as at 31 March 2004 was accepted by the Registrar on 10 February 2016. The statutory valuation reports for 31 March 2007, 2010 and 2013 were accepted by the Registrar on 2 September 2016.

The main risks to the Company of sponsoring a defined benefit plan is that a net loss/deficit may arise.

In terms of legislation any deficit arising from a triennial statutory valuation will need to be funded by the participating employer over the next three years.

Fund deficits tend to arise from any of the following events
1. Investment returns lower than the valuation assumptions
2. Higher-than-expected salary and pension increases
3. A strengthening of the valuation assumptions from time to time
4. Increasing pensioner longevity

The Company contribution rate could increase in future.

Increases in the Company's contribution in real terms could be caused by an ageing membership, a strengthening of the actuarial valuation assumptions, and increases in future real pensionable salaries.

The Group's obligation in respect of retirement benefits as measured in terms of IAS 19 are tabled below.

	Life Healthcare DB Pension Fund		Lifecare Group Holdings Pension Fund	
	2016 R'm	2015 R'm	**2016 R'm**	2015 R'm
Defined benefit fund asset/(liability)				
Balance at 1 October	**389**	372	**–**	–
Net income/(expense) recognised in profit or loss	**28**	26	**(1)**	(1)
Current service cost	**(10)**	(11)	**(3)**	(2)
Company contributions	**4**	4	**1**	1
Net interest income	**34**	33	**1**	–
Remeasurement recognised in other comprehensive income	**10**	(9)	**1**	1
Actuarial gain/(losses) on pension asset	**14**	(13)	**(4)**	8
Liability (loss)/gain arising from changes in demographic assumptions	**(3)**	–	**1**	(1)
Liability (loss)/gain arising from changes in financial assumptions	**(2)**	–	**2**	(1)
Liability gain/(loss) arising from changes in other assumptions	**1**	4	**(2)**	–
Loss arising from surplus apportionment	**–**	–	**(78)**	–
Impact of Paragraph 64 limit adjustment on asset	**–**	–	**82**	(5)
Balance at 30 September	**427**	389	**–**	–
Actual value of defined benefit liability and funded status				
Present value of defined benefit obligation	**(530)**	(521)	**(136)**	(61)
Asset at fair market value	**957**	910	**158**	158
Funded status	**427**	389	**22**	97
Unrecognised due to ceiling	**–**	–	**(22)**	(97)
Asset recognised in the statement of financial position	**427**	389	**–**	–
Reconciliation of defined benefit obligation				
Balance at 1 October	**(521)**	(540)	**(61)**	(58)
Service costs	**(10)**	(11)	**(3)**	(2)
Contributions	**(3)**	(3)	**–**	–
Interest cost	**(44)**	(46)	**(5)**	(5)
Benefits paid	**50**	75	**8**	5
Expenses	**2**	1	**2**	1
Actuarial (loss)/gain	**(4)**	3	**(77)**	(2)
Balance at 30 September	**(530)**	(521)	**(136)**	(61)

	Life Healthcare DB Pension Fund		Lifecare Group Holdings Pension Fund	
	2016 R'm	2015 R'm	**2016 R'm**	2015 R'm
12. EMPLOYEE BENEFIT ASSETS continued				
Reconciliation of fair value of plan assets				
Balance at 1 October	**910**	912	**158**	143
Expected return on assets	**78**	81	**13**	12
Contributions	**7**	7	**1**	1
Benefits paid	**(50)**	(75)	**(8)**	(5)
Actuarial gain/(loss)	**14**	(13)	**(4)**	8
Expenses	**(2)**	(2)	**(2)**	(1)
Balance at 30 September	**957**	910	**158**	158
Composition of plan assets				
Cash (%)	**5.8**	7.4	**20.8**	8.8
Equity instruments (%)	**46.8**	43.4	**32.8**	38.5
Bonds (%)	**14.1**	17.4	**24.0**	25.3
Commodities (%)	**2.0**	1.9	**–**	–
Property (%)	**6.8**	5.2	**9.8**	10.2
Offshore and other (%)	**24.5**	24.7	**12.6**	17.2
	100.0	100.0	**100.0**	100.0

	Life Healthcare DB Pension Fund R'm	Lifecare Group Holdings Pension Fund R'm
Expected contributions for the next annual reporting period:		
Member contributions	3	–
Company contributions	4	1
Benefit payments	(55)	(4)
Expenses	(2)	(2)
The weighted average duration (years)	11.4	10.6

The employer is required to contribute a rate of 21.61% to the Life Healthcare DB Pension Fund. The employer currently contributes at a rate of 7.5%, thus taking a partial contribution holiday of 14.11%. The difference between the required and actual contribution holiday is funded from the employer surplus account in the fund.

	2016 R'm	2015 R'm
Life Healthcare DB Pension Fund		
The effect of a 1% movement in the assumed net discount rate:		
Effect on the defined benefit obligation		
1% decrease in discount rate	**66**	56
1% increase in discount rate	**(54)**	(57)
Lifecare Group Holdings Pension Fund		
The effect of a 1% movement in the assumed net discount rate:		
Effect on the defined benefit obligation		
1% decrease in discount rate	**7**	7
1% increase in discount rate	**(4)**	(6)

The assumptions that have the greatest impact on the Fund's valuation liabilities are the pre- and post-retirement valuation discount rates.

Post-employment medical aid benefit

Life Healthcare Group has a liability arising as a result of a post-employment employer subsidy of healthcare benefits. Members of certain medical aid plans, who joined the Company before 1 November 1996 and remain in the employment of Life Healthcare Group until retirement, are eligible for a post-employment subsidy of their medical contributions.

Life Healthcare carries a fully funded liability for a post-retirement medical aid subsidy in respect of 11 (2015: 16) employees and 44 (2015: 49) pensioners who did not accept an alternative benefit offer made by the Company during the 2013 financial year.

The post-employment medical aid liability is funded via investments held in the PFV benefit fund and is a closed fund.

Life Healthcare Group is liable to make good on any shortfalls in the fund.

The benefit fund meets the definition of a defined benefit plan and has been disclosed in accordance with IAS 19.

The plan represents the market value of the assets.

The defined benefit fund is actuarially valued using the projected unit credit method. The benefit fund is a closed fund.

	Post-employment medical aid	
	2016	2015
	%	%
12. EMPLOYEE BENEFIT ASSETS continued		
The following actuarial assumptions were applied.		
Discount rate	**9.80**	8.90
Consumer price inflation	**7.40**	6.70
Expected return on assets	**9.80**	8.90
Healthcare cost inflation	**9.40**	8.70

The Group's obligation in respect of post-employment medical aid benefit is tabled below:

	2016	2015
	R'm	R'm
Defined benefit fund asset		
Balance at 1 October	**5**	4
Net periodic income/(cost)	**–**	–
Company contributions	**(1)**	(1)
Net interest income	**1**	1
Remeasurement recognised in other comprehensive income		
Gain from benefit payments from plan assets	**1**	1
Balance at 30 September	**6**	5
Actual value of defined benefit liability and funded status		
Present value of defined benefit obligation	**(12)**	(12)
Asset at fair market value	**18**	17
Funded status	**6**	5
Asset recognised in the statement of financial position	**6**	5
The effect of a 1% movement in the assumed medical cost trend rate is as follows:		
Effect on the aggregate of the current service cost and interest cost		
Effect on the defined benefit obligation		
1% decrease in discount rate	**13**	13
1% increase in discount rate	**(10)**	(11)

	2016	2015
	R'm	R'm
13. DEFERRED INCOME TAX		
Deferred tax comprises:		
Deferred tax assets	**426**	341
Deferred tax liabilities	**(547)**	(520)
	(121)	(179)
The movement in the deferred tax account is as follows:		
Balance at 1 October	**(179)**	(185)
Acquired through acquisition of subsidiary	**(32)**	(37)
Effect of foreign currency movement	**1**	(3)
Current year charge through profit or loss	**90**	44
Current year charge through other comprehensive income	**(1)**	2
Carrying amount at 30 September	**(121)**	(179)
Deferred income tax assets and liabilities attributable to the following items:		
Employee benefit liabilities	**106**	105
Other liabilities	**18**	10
Provision for doubtful debts	**9**	7
Share-based payment liability	**(2)**	(4)
Accelerated wear and tear for tax purposes on property, plant and equipment	**(55)**	(87)
Tax loss carried forward	**45**	27
Property leases	**43**	61
Credit balances in trade receivables	**25**	21
Prepaid expenses	**(13)**	(12)
Intangible assets on acquisition of subsidiary	**(171)**	(187)
Retirement benefit asset	**(121)**	(110)
Derivatives	**(5)**	(5)
Revaluation of property	**–**	(6)
Other movements	**–**	1
	(121)	(179)

	Deferred tax assets		Deferred tax liabilities	
	2016	2015	**2016**	2015
13. DEFERRED INCOME TAX continued				
Analysis of recoverability period of deferred tax assets and deferred tax liabilities is as follows:				
Within 12 months	**158**	144	**(13)**	(12)
After more than 12 months	**88**	88	**(354)**	(399)
	246	232	**(367)**	(411)

The Group has tax losses of R168 million (2015: R108 million) to carry forward against future taxable income, which have not been recognised in these financial statements due to uncertainties regarding the utilisation of these losses in the foreseeable future. None of the tax losses are expected to expire.

	2016 R'm	2015 R'm
14. CASH AND CASH EQUIVALENTS		
Bank accounts and petty cash	**494**	764
Short-term money market instruments	**110**	48
Cash and cash equivalents	**604**	812
Bank overdraft	**(1 030)**	(557)
Cash and cash equivalents as per the statement of cash flows	**(426)**	255

The cash at bank and deposits are on call, immediately available, and consist of money market call deposits and short-term money market instruments.

Overdraft facilities within the Group are secured by means of cross sureties by Group companies.

	2016 R'm	2015 R'm
15. TRADE AND OTHER RECEIVABLES		
Trade receivables	**1 948**	1 504
Less: Provision for impairment of receivables	**(42)**	(36)
Net trade receivables	**1 906**	1 468
Other receivables	**163**	121
Prepaid expenses	**64**	51
Balance at 30 September	**2 133**	1 640
Impairment charge for doubtful debts and bad debts written off	**91**	78
Reconciliation of provision for impairment of trade and other receivables		
Balance at 1 October	**(36)**	(33)
Provision raised	**(14)**	(11)
Amounts utilised	**8**	8
Balance at 30 September	**(42)**	(36)
16. INVENTORIES		
Ethical drugs and surgical consumable products	**318**	271
Inventories at gross value	**326**	280
Inventories written off	**(8)**	(9)
17. STATED CAPITAL		
Stated capital comprises:		
Share capital	**575**	–
Share premium	**3 373**	3 373
Treasury shares	**(282)**	(262)
	3 666	3 111
Reconciliation of number of shares		
Ordinary shares ('000)		
Authorised (share capital of R0.000001 each)	**4 149 980**	4 149 980
Total value = R4 149 (2015: R4 149)		
Issued and fully paid:		
Balance at 1 October	**1 042 210**	1 042 210
Shares issued as a result of scrip distributions	**15 590**	–
Balance at 30 September	**1 057 800**	1 042 210

Total value = R1 058 (2015: R1 042)

	Number of shares		Value of shares	
	2016 '000	2015 '000	**2016 R'm**	2015 R'm
Treasury shares				
Balance at 1 October	**6 708**	5 056	**(262)**	(170)
Granted	**1 763**	2 938	**(61)**	(120)
Exercised	**(40)**	(377)	**–**	9
Vested	**(1 066)**	(909)	**41**	19
Balance at 30 September	**7 365**	6 708	**(282)**	(262)

	2016 R'm	2015 R'm
18. OTHER RESERVES		
Life Healthcare employee share trust	**72**	57
Long-term incentive scheme	**62**	52
Foreign currency translation reserve	**120**	148
Transactions with non-controlling interest reserve	**(312)**	(116)
	(58)	141

		Life Healthcare employee share trust
Type		An equity-settled scheme.
Background		In terms of the scheme, the employer acquired Life Healthcare Group Holdings Limited shares in the market at the ruling market price. The number of shares acquired for the scheme is limited to the value as approved by the holding company's remuneration and human resources committee.
Qualifying employees		All permanent employees employed by the employer in South Africa for a continuous period of at least one year as at the date of the allocation and who (i) is a member of an employer supported retirement scheme, and who (ii) does not participate in the long-term incentive scheme are beneficiaries of the trust and participate in the scheme. Voting rights and dividends vest with the qualifying employees.
Vesting requirements		Qualifying employees will need to be in service on the fifth (25%), sixth (25%) and seventh (50%) anniversaries when the shares are delivered.
Method of settlement		Shares.
Leavers		Employees who leave, other than good leavers, forfeit their beneficial interest in the trust and their rights will be distributed equally amount the remaining employees.
2015 granted shares	2014 scheme	1 093 524 shares at R45.72
	2015 scheme	1 333 250 shares at R37.50
2016 granted shares	2016	1 296 460 shares at R38.57
Exercised		n/a
Vested		301 166[1]
Contribution		An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.

[1] *Relates to shares transferred to good leavers.*

Previous long-term incentive scheme	New long-term incentive scheme
An equity-settled scheme. It is a hybrid scheme that combines a pure unit appreciations component, and a performance share component.	An new equity-settled performance share scheme set-up during the 2015 year.
There was a modification to the bonus scheme in the 2012 financial year in which each participant shall in respect of future awards and allocations, prior to the vesting date or at the time of the award or allocation have the right to make a co-investment election. This cost will be accounted for as a share-based payment (IFRS 2).	The value of awards will be tier-based and linked to individual performance. Each award will be converted into performance shares. In terms of the scheme the value of the awards and the performance conditions for vesting will be approved by the holding company's remuneration and human resources committee. The value of the performance shares will be determined by the price of the Life Healthcare Group Holdings Limited shares on the JSE Limited using the 30-day VWAP.
Available to all executive and senior managers.	Available to all executives and senior managers.
Vesting in terms of this scheme takes place in three years from allocation. Based on the employee's seniority, a larger proportion of the allocation is based on returns achieved.	The vesting of the awards is subject to the Group meeting two performance conditions: • 50% weighting: Growth on earnings before interest and tax (EBIT) compared to consumer price index (CPI) plus a percentage with a hurdle rate of minimum growth of SA CPI + 1.25% in EBIT for the award vested; and • 50% weighting: Growth on total shareholder return (TSR) over predetermined thresholds relative to the TSR of a comparator group of listed companies.
Shares.	Shares.
On the maturity date, the shares will become unrestricted and the participant will forthwith hold the shares directly, free of any restrictions or encumbrance. If employees exit the scheme before the maturity date, the following will apply: • Good leaver means that the employee will be entitled to all the co-investment shares and a portion of the Company-matched shares. The portion will be based on a time apportionment scale. The employee will forfeit the balance of the matched shares allocated to him/her. These shares will be sold in the open market and will be cancelled as treasury shares. • Bad leaver means that the employee will be entitled to all the co-investment shares but will forfeit the entire Company-matched shares. These shares will be sold in the open market and will be cancelled as treasury shares.	If a participant ceases to be employed by the Group prior to the vesting of the grant date, the following will apply: Good leavers with a date of termination of employment: • that is more than one year before the vesting date of the grant, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration; or • that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated. Bad leavers with a date of termination of employment: • prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration.
n/a	
510 870 shares at R42.66	
466 287 shares at R31.66	
40 220	
765 218	
An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.	

	2016 Non-current portion R'm	2016 Current portion R'm	2015 Non-current portion R'm	2015 Current portion R'm
19. INTEREST-BEARING BORROWINGS				
Unsecured borrowings				
Term loans	**1 863**	**277**	1 277	831
Preference shares	**2 550**	**–**	2 870	–
South African revolving credit facility	**–**	**931**	–	
Secured borrowings				
Equipment instalment sale	**13**	**8**	21	30
Mortgage bonds at variable interest rates	**87**	**10**	96	10
Term loans	**49**	**42**	56	16
Finance leases – properties	**904**	**33**	932	27
Finance leases – equipment	**1**	**10**	8	8
Finance leases – other	**2**	**1**	3	2
Total borrowings – 30 September	**5 469**	**1 312**	5 263	924

Terms and repayment schedule

R'm	Interest rate	Repayment terms	Instalment amount R'm	Year of maturity	Carrying value 2016 R'm	Carrying value 2015 R'm
Bilateral term loans						
Southern Africa						
Term loan one	3m-JIBAR plus 1%[1]	Six equal semi-annual instalments	115.0	31 Mar 2017	**115**	460
Term loan two	3m-JIBAR plus 1.1%[1]	Five equal semi-annual instalments	162.0	31 Mar 2017	**162**	648
Term loan three	3m-JIBAR plus 1.65%	Eight equal quarterly instalments, payable from 30 September 2018	50.0	15 May 2020	**400**	400
Term loan four	3m-JIBAR plus 1.7%	Eight equal quarterly instalments, payable from 30 September 2018	43.8	15 May 2020	**350**	350
Term loan five	3m-JIBAR plus 1.3%	Single instalment	250.0	21 May 2018	**250**	250
Polish						
Term loan one	3m-WIBOR plus 2.04%	Single instalment	773.0	31 Dec 2020	**773**	–
Term loan two	3m-WIBOR plus 2.05%	Single instalment	90.0	29 Sept 2020	**90**	–
Revolving credit facility	3m-JIBAR plus 0.65%	Single instalment	931.0	31 Dec 2016	**931**	–
Preference shares						
Class A1	77% of 3m-JIBAR[2] plus 1.61%	Four equal six-monthly instalments, payable from 31 March 2018	200.0	30 Sept 2019	**800**	800
Class A2	68% of prime	Single instalment	300.0	8 Nov 2017	**300**	300
Class A3	68% of prime	Single instalment	300.0	8 Nov 2017	**300**	300
Class B	77% of 3m-JIBAR[2] plus 1.61%	Four equal six-monthly instalments, payable from 31 March 2018	125.0	30 Sept 2019	**500**	820
Class C	67% of prime	Four equal six-monthly instalments, payable from 15 November 2018	162.5	15 May 2020	**650**	650
Unsecured borrowings					**5 621**	4 978

19. INTEREST-BEARING BORROWINGS continued

R'm	Interest rate	Repayment terms	Instalment amount R'm	Year of maturity	Carrying value 2016 R'm	Carrying value 2015 R'm
Equipment instalment sale	SA prime less 2.2%	36 equal monthly instalments	1.4	31 Dec 2016	**4**	31
Equipment instalment sale	Botswana prime less 0.25%	60 equal monthly instalments	0.4	30 Jun 2020	**17**	20
Mortgage bonds	1m JIBAR plus 2.65%	120 equal monthly instalments	1.6	30 Sept 2023	**97**	106
Term loans in Polish operations	1m/3m-WIBOR plus 1% – 4%	Monthly instalments	0.9	14 Nov 2024	**91**	72
Finance leases						
Property (Southern Africa)	7% – 21%	Average monthly instalments of R6.7 million over 1 to 18 years			**692**	706
Property (Polish)	3m-WIBOR plus 3.76%	Average monthly instalments of R2.7 million over 1 to 8 years			**245**	253
Equipment (Polish)	1m/3m-WIBOR plus 1.8% – 4%	Average monthly instalments of R0.2 million over 1 to 5 years			**11**	16
Other (Polish)	1m/3m-WIBOR plus 1.8% – 4%	Average monthly instalments of R0.1 million over 1 to 4 years			**3**	5
Secured borrowings					**1 160**	1 209
Total borrowings					**6 781**	6 187

The lenders have the right to change the interest rate margin on the term loans in the following conditions:

[1] – *If the net debt to EBITDA ratio is at or less than 1.75:1, then the interest rate margin shall be 1% for the first term loan and 1.1% for the second term loan.*
– *If the net debt to EBITDA ratio is higher than 1.75:1 and less than 2.25:1, then the interest rate margin shall be 1.25% for the first term loan and 1.35% for the second term loan.*
– *If the net debt to EBITDA ratio is at or higher than 1.75:1, then the interest rate margin shall be 1.5% for the first term loan and 1.6% for the second term loan.*

[2] – *If the net debt to EBITDA ratio is higher than 1.75:1 and less than 2.25:1, then the applicable interest rate margin shall increase by 0.25% for the next two interest periods.*
– *If the net debt to EBITDA ratio is at or higher than 2.25:1, then the applicable interest rate margin shall increase by 0.5% for the next two interest periods.*

	Carrying amount		Fair value	
	2016 R'm	2015 R'm	**2016 R'm**	2015 R'm
Secured borrowings				
Finance leases – properties	**937**	959	**1 003**	1 059

	Property, plant and equipment 2016 R'm	Property, plant and equipment 2015 R'm
19. INTEREST-BEARING BORROWINGS continued		
Carrying value of assets held as security for borrowings		
Equipment instalment sale	**75**	118
Mortgage bonds	**154**	165
Term loans in Polish operations	**131**	98
Finance leases		
– Property	**1 060**	381
– Equipment	**19**	21
– Other	**10**	9
Total	**1 449**	792

	Future minimum lease payments 2016 R'm	Future minimum lease payments 2015 R'm	Interest 2016 R'm	Interest 2015 R'm	Present value of future finance lease payments 2016 R'm	Present value of future finance lease payments 2015 R'm
Finance lease liabilities						
Within 1 year	**145**	142	**101**	105	**44**	37
Between 1 and 5 years	**599**	610	**374**	410	**225**	200
Later than 5 years	**1 078**	1 214	**396**	471	**682**	743
Total	**1 822**	1 966	**871**	986	**951**	980

	2016 R'm	2015 R'm
Borrowing facilities		
The Group has the following borrowing facilities available:		
Available and uncommitted revolving credit facility	**1 500**	2 000
Committed working capital facility (southern Africa)[1]	**700**	700
Uncommitted primary lending facility (southern Africa)	**500**	–
Committed working capital facility (Poland)	**15**	6
Guarantee facility	**50**	50
	2 765	2 756

[1] *Fluctuates seasonally*

	2016 R'm	2015 R'm
20. TRADE AND OTHER PAYABLES		
Trade payables	**1 011**	951
Accruals	**177**	185
Employee-related payables	**555**	528
Value added tax	**27**	40
Deferred income	**24**	28
Other payables	**356**	288
Contingent consideration at fair value	**67**	105
Balance at 30 September	**2 217**	2 125
Long-term incentive scheme		
Balance at 1 October	**32**	50
Interest cost	**–**	1
Service cost	**–**	11
Released	**(14)**	–
Actual benefit payments	**(12)**	(29)
Actuarial gain	**–**	(1)
Balance at 30 September	**6**	32

If the EBITDA growth rate was 10% higher, then the long-term incentive scheme liability would be 25% higher.

If the EBITDA growth rate was 10% lower, then the long-term incentive scheme liability would be 25% lower.

The employee-related payables represent the pro rata portion of a 13th cheque that is payable to employees in December annually in terms of their employment contracts, accrued annual leave, as well as a performance bonus scheme that is calculated quarterly.

Provisions are raised as payment are subject to the employee being in employment at vesting date.

	2016 R'm	2015 R'm
21. FINANCIAL INSTRUMENTS BY CATEGORY		
Assets		
Fair value through profit and loss		
Derivative financial instruments	**17**	23
Loans and receivables		
Trade and other receivables	**2 069**	1 589
Cash and cash equivalents	**604**	812
Other assets	**22**	24
Total assets	**2 712**	2 448
Liabilities		
Fair value through profit and loss		
Trade and other payables	**67**	105
Derivative financial instruments	**–**	4
Bank overdraft	**1 030**	557
At amortised cost		
Trade and other payables	**1 470**	1 412
Interest-bearing borrowings	**6 781**	6 187
Total liabilities	**9 348**	8 265

Derivative financial instruments

Interest rate swap contracts

The Group enters into interest rate swap contracts to manage exposure to fluctuations in interest rates on the interest-bearing borrowings. Gains and losses on the interest rate swap contracts are recognised in the statement of profit or loss.

The previous interest rate swap contract, with a notional principal amount of R1 200 million, matured during the current financial year on 31 March 2016.

	Swap 1	Swap 2	Swap 3	Swap 4	Swap 5
Contract commencement date	25 Jan 2016	25 Jan 2016	1 Dec 2014	1 Dec 2014	1 Dec 2014
Maturity date	31 Jan 2017	31 Jan 2017	1 Dec 2017	1 Dec 2017	1 Dec 2017
Notional amount (R'm)	600	600	500	500	800
Fixed interest rate (%)	7.49	7.49	6.57	6.58	6.56
Floating interest rate (%)	7.4	7.4	7.4	7.4	7.4
Interest settlement terms	Three-month JIBAR (SAFEX), settled quarterly.				

Foreign exchange hedge contract

The Company entered into United States dollar exchange contract to manage exposure to fluctuations in the rand/dollar exchange rate on a foreign liability.

The notional principal amount of the outstanding foreign exchange contract at 30 September 2016 was USD0.3 million (2015: USD0.7 million). These contracts will mature within 12 months.

	Carrying value		Fair value	
	2016 R'm	2015 R'm	2016 R'm	2015 R'm
Assets				
Market-to-market valuation at 30 September				
Interest rate swap contracts (included in other non-current assets)	**17**	22	**17**	22
Foreign exchange hedge contract (included in other current assets)	**–**	1	**–**	1
Total assets	**17**	23	**17**	23
Liabilities				
Interest rate swap contracts (Included in other current liabilities)	**–**	(4)	**–**	(4)
Total liabilities	**–**	(4)	**–**	(4)

		2016 R'm	2015 R'm
22.	**OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES**		
	The financial assets and liabilities relating to the interest rate swap contracts are subject to offsetting and similar agreements.		
	Assets		
	Offsetting applied		
	Gross amount	**136**	140
	Amount set-off	**(119)**	(118)
	Net amount	**17**	22
	Financial instruments not subject to set-off	**23**	19
	Total other non-current assets per statement of financial position	**40**	41
	Liabilities		
	Offsetting applied		
	Gross amount	**(90)**	(87)
	Amount set-off	**90**	83
	Net amount	**–**	(4)
	Financial instruments not subject to set-off	**(16)**	(10)
	Total other current liabilities per statement of financial position	**(16)**	(14)
23.	**CASH GENERATED FROM OPERATIONS**		
	Reconciliation of profit before tax to cash generated from operations		
	Net profit before tax	**2 864**	3 112
	Adjusted for:		
	Income from associates and joint ventures	**(8)**	(14)
	Depreciation on property, plant and equipment	**530**	445
	Amortisation of intangible assets	**147**	127
	Net finance costs excluding foreign exchange profit (refer to note 4)	**500**	433
	Fair value loss/(gain) on derivative financial instruments	**2**	(29)
	Impairment of investment	**370**	–
	Loss on remeasuring previously held interest in associate to fair value	**23**	–
	Profit on disposal of property, plant and equipment	**(1)**	–
	Contingent consideration released	**(109)**	(21)
	Share-based payment reserve charge	**66**	36
	Operating lease expense – straight-line	**88**	42
	Retirement benefit asset and post-employment medical aid expenses (including portion included in employee benefits expenses)	**(27)**	(20)
	Trade receivable impairment charge	**91**	78
	Cost of inventories written off as expired stock	**8**	9
	Operating cash flow before working capital changes	**4 544**	4 198
	Working capital changes:		
	Inventories	**(43)**	(36)
	Trade and other receivables	**(390)**	(285)
	Trade and other payables	**(87)**	(35)
	Cash generated from operations	**4 024**	3 842

	Polska Grupa Medyczna Group (PGM)	Gastromed REM and Multimedycyna	Carint[1]

24. ACQUISITIONS AND DISPOSALS OF INVESTMENTS IN SUBSIDIARIES

Acquisitions that resulted in business combinations

Acquirer	Scanmed	Scanmed	Scanmed
Country of incorporation	Poland	Poland	Poland
Acquisition date	31 October 2015	15 October 2015 and 12 November 2015 respectively	1 April 2016
% voting equity interest acquired	100%	100%	100%
Primary reasons for business combination	Diversification	Diversification	Diversification
Qualitative factors that make up goodwill recognised	Synergies	Synergies	Synergies
Contingent liabilities at acquisition	None	None	None

Details of the fair value of net assets acquired and goodwill are as follows:

	PGM 2016 R'm	Gastromed REM and Multimedycyna 2016 R'm	Carint[1] 2016 R'm
Total purchase consideration	**(629)**	**(31)**	**(158)**
Cash portion	(614)	(31)	(103)
Contingent consideration	(15)	–	–
Fair value of equity interest held before the business combination	–	–	(55)
Fair value of net assets acquired	**200**	**26**	**42**
Inventories	12	–	1
Trade and other receivables	58	1	44
Trade and other payables	(43)	(1)	(20)
Cash and cash equivalents	54	–	2
Interest-bearing borrowings	(47)	–	(3)
Property, plant and equipment	103	27	15
Intangible assets	93	1	14
Deferred tax	(21)	(2)	(11)
Non-controlling interest	(9)	–	–
Goodwill	(429)	(5)	(116)

Contingent consideration

The contingent consideration is dependent on the business gaining additional contracts in the next 12 – 24 months. The contingent consideration is calculated by applying the same EBITDA multiple used on the acquisition date.

Impact on consolidated information if each business combination took place on 1 October 2015

	PGM 2016 R'm	Gastromed REM and Multimedycyna 2016 R'm	Carint[1] 2016 R'm
Revenue	386	7	67
Net profit	25	1	16

[1] *Refer to note 11.*

	2016 R'm	2015 R'm
24. ACQUISITIONS AND DISPOSALS OF INVESTMENTS IN SUBSIDIARIES continued		
Increase and decrease in ownership interest in subsidiaries as a result of non-controlling interest transactions – various subsidiary companies		
During the current and previous financial years, the Group had marginal increases in its shareholdings in subsidiary companies.		
Total purchase consideration	**(61)**	(11)
Cash portion	**(61)**	(11)
Fair value of non-controlling interest recognised	**45**	11
Non-controlling interest	**45**	11
Increase in ownership interest in subsidiaries	**(16)**	–
On 11 August 2016, the Group acquired an additional 30% shareholding in Flohoc Investments Proprietary Limited (Flohoc) for R306 million, resulting in Flohoc becoming a wholly owned subsidiary of the Group. During September 2016, the Group disposed of 17.3% of its shareholding in Flohoc for R110 million. The Group now owns 82.7%.		
Total purchase consideration	**(196)**	–
Cash portion	**(196)**	–
Fair value of non-controlling interest recognised	**15**	–
Non-controlling interest	**15**	–
Increase in ownership interest in subsidiary	**(181)**	–
During the current and previous financial years, the Group disposed of marginal percentages of its holding in subsidiary companies to non-controlling interest.		
The Group still maintained control over the subsidiary entities after the decrease in ownership interest.		
Value of decrease in ownership interest in subsidiary	**20**	33
Total value of decrease in ownership interest in subsidiary	**20**	33
Transactions with non-controlling interest reserve	**1**	7
Proceeds on disposal of investments	**21**	40
Cash proceeds on decrease of ownership interest in subsidiaries	**21**	40

25. DIRECTORS' EMOLUMENTS

Emoluments paid to the directors of the Company by the Company and its subsidiaries for the year to 30 September, are set out below:

Executive directors

	Total share-holding	Salaries R'000	Bonus and perf-ormance-related payments R'000	Other allow-ances R'000	Gains on long-term incentive scheme R'000	Medical aid contr-ibutions R'000	Pension fund con-tribution R'000	Total remun-eration R'000
2016								
Executive directors								
A Meyer	**3 130**	**3 680**	**4 230**	**923**	**–**	**31**	**307**	**9 171**
PP van der Westhuizen	**127 348**	**1 962**	**1 777**	**459**	**1 043**	**31**	**159**	**5 431**
	130 478	**5 642**	**6 007**	**1 382**	**1 043**	**62**	**466**	**14 602**
2015								
Executive directors								
A Meyer	3 000	3 352	3 029	1 056	–	30	327	7 794
PP van der Westhuizen	129 118	1 586	1 285	532	1 914	30	155	5 502
	132 118	4 938	4 314	1 588	1 914	60	482	13 296

	Opening balance at 1 October 2015		Awards made during 2016		
	Number of shares	Issue price R/share	Number of shares	Date of issue/ inception	Issue price R/share
New long-term incentive scheme					
PP van der Westhuizen					
2010 allocation	29 701	32.72	**–**	**–**	**–**
2011 allocation	23 156	38.72	**–**	**–**	**–**
2012 allocation	16 261	42.66	**–**	**–**	**–**
2013 allocation	–	–	**18 947**	**Jan 2016**	**31.66**
Total	69 118		**18 947**		

	Awards vested/forfeited during 2016			Dividends
	Number of shares vested	Market price at vesting R/share	Value gained on vesting R	Value of dividends paid in respect of all plans
New long-term incentive scheme				
PP van der Westhuizen				
2010 allocation	**(29 701)**	**34.93**	**666 067**	**25 543**
2011 allocation	**–**	**–**	**–**	**36 818**
2012 allocation	**–**	**–**	**–**	**25 855**
2013 allocation	**–**	**–**	**–**	**13 831**
Total	**(29 701)**		**666 067**	**102 047**

	Closing balance at 30 September 2016	
	Number of shares	Final vesting date
New long-term incentive scheme		
PP van der Westhuizen		
2010 allocation	**–**	**Jan 2016**
2011 allocation	**23 156**	**Jan 2017**
2012 allocation	**16 261**	**Jan 2017**
2013 allocation	**18 947**	**Jan 2018**
Total	**58 364**	

	Total shareholding Number of shares		Directors' fees R'000	
	2016	2015	**2016**	2015
25. DIRECTORS' EMOLUMENTS continued				
Non-executive directors				
MA Brey	**6 379 006**	6 336 208	**996**	886
Dr MP Ngatane	**–**	–	**279**	334
GC Solomon	**107 000**	107 000	**694**	670
LM Mojela	**–**	–	**601**	629
PJ Golesworthy	**22 959**	22 000	**730**	879
FA du Plessis	**–**	–	**–**	162
JK Netshitenzhe	**–**	–	**323**	376
MEK Nkeli	**–**	–	**343**	
RT Vice	**–**	–	**639**	663
ME Jacobs	**–**	–	**341**	335
	6 508 965	6 465 208	**4 946**	4 934

The directors' fees are paid by a subsidiary company of Life Healthcare Group Holdings Limited.

Prescribed officer

In line with the requirements of the Companies Act, the Group discloses the remuneration paid to prescribed officers who are defined as the Group's Chief Executive Officer (A Meyer) and the Group's Chief Financial Officer (PP van der Westhuizen). Refer page 39 for the directors' remuneration for the prescribed officers.

No director has a notice period of more than six months. No directors' service contract includes pre-determined compensation as a result of termination that would exceed one year's salary and benefits.

26. RELATED PARTIES

Subsidiary companies – refer to Annexure C

During the year, certain companies in the Group entered into transactions with other companies in the Group. These intra-Group transactions have been eliminated on consolidation. The net loan receivable balance with subsidiary companies is R393 million (2015: R393 million). The complete list of outstanding balances is available at the Company's registered office.

Related-party transactions

Management fees	A management fee is charged to all subsidiaries and is charged to cover costs associated with services carried out on their behalf, for example: tariff negotiations, treasury, tax compliance, human resources, payroll, marketing, nursing management, engineering, credit control, and insurance claim management. The fees are based on a percentage of revenue for most subsidiaries. The percentage varies between 1% and 4% depending on the types of service Life Healthcare Group Proprietary Limited (LHC) carries out on behalf of the subsidiary.
Information management (IM) fees	An IM fee is charged to the subsidiaries to recover the cost incurred by the Company to run the IM infrastructure and services. The fee is based on a net cost recovery basis.
Pharmacy fees	LHC charges all units that utilise the central purchasing and pharmacy management services a 1% fee on the monthly purchases.
Other cost recharges	LHC recharges all other costs it incurs on a cost recovery basis without any margin.
Interest	Interest is charged or paid on all inter-Group balances at market-related rates.
Rentals	LHC is a lessor for a number of properties that are occupied by subsidiary companies.

26. RELATED PARTIES continued

Associate companies and joint ventures – refer to Annexure D

The Group has investments in a number of associate companies and joint ventures. Details are disclosed in note 11 and Annexure D to the financial statements. No provision has been required in 2016 and 2015 for the loans made to associates and joint ventures.

	2016 R'm	2015 R'm
Loans to associates and joint ventures		
Balance at 1 October	**11**	11
Net movements in amounts owned	**(4)**	–
Balance at 30 September	**7**	11

Directors and director-related entities

Details of directors are disclosed in the administration to the financial statements on page 2. No direct loans were made to or received from any director and no other transactions were entered into with any director. Refer to note 25 for details on directors' emoluments.

Key management

Key management is defined as all executive management, functional heads, hospital managers, pharmacy managers, nursing managers, administration managers and patient service managers.

	2016 R'm	2015 R'm
Key management remuneration		
Salaries	**308**	290
Medical aid contributions	**5**	4
Pension fund costs – defined benefit and contribution plans	**2**	2
Provident fund costs – defined contribution plans	**12**	11
	327	307

27. COMMITMENTS AND CONTINGENCIES

Capital commitments

	2016 R'm	2015 R'm
Capital expenditure approved for property, plant and equipment:	**1 692**	1 385

Funds to meet capital expenditure will be provided from Group resources.

Operating lease commitments

The Group is a lessee to various hospital and administration office properties as well as medical and office equipment under non-cancellable lease agreements. The leases have varying terms, escalation clauses and renewal rights.

	2016 R'm	2015 R'm
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year	**102**	43
Later than 1 year and not later than 5 years	**405**	143
Later than 5 years	**501**	265
	1 008	451

Contingencies

The Group stands as guarantor in respect of certain operating leases, instalment sale agreements and mortgage bonds concluded by subsidiaries and also pro rata in relation to the Group's interest in joint ventures.

The Group has issued various guarantees as security to various government institutions for leases and construction projects to the value of R54 million (2015: R51 million).

Certain subsidiary companies have issued letters of support for certain other fellow subsidiary companies.

28. EVENTS AFTER THE REPORTING PERIOD

No event which is material to the understanding of this report has occurred between year-end and the date of the annual financial statements, other than:

Scrip dividend declaration

The Board has declared a final distribution for the year ended 30 September 2016, by way of the issue of fully paid Life Healthcare Group Holdings Limited ordinary shares of 0.0001 cent each (the scrip distribution) payable to ordinary shareholders (shareholders) recorded in the register of the Company at the close of business on the record date, being Thursday, 15 December 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 92 cents per ordinary share in lieu of the scrip distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Thursday, 15 December 2016 (the cash dividend). The cash dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders not exempt therefrom after deduction of which the net cash dividend is 78.2 cents per share.

29. RISK MANAGEMENT

Overall risk management programme

The Group's overall financial risk management programme focuses, inter alia, on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge interest and foreign currency risk exposures. Financial risk management is carried out by a central treasury department (treasury) under policies approved by the audit committee. Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The audit committee approves written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to provide for sufficient capital expansion. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position. Preference shares are included in borrowings. The Group uses the net debt to normalised EBITDA ratio to measure the funding requirements in the form of debt or equity.

The ratio is calculated as net debt divided by normalised EBITDA. Net debt is calculated as total interest-bearing borrowings (including "current interest-bearing and non-current interest-bearing borrowings" as shown in the statement of financial position) plus guarantees (if applicable) less net cash and cash equivalents. Normalised EBITDA is defined as earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares, or sell assets to manage the debt level.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance, or externally imposed capital requirements from the previous year.

	2016	2015
Total interest cover ratio (times)	**8.24**	9.70
Net debt to normalised EBITDA ratio (times)	**1.67**	1.49
The Group has externally imposed debt covenants in place as part of the terms of the current debt structures.		
The covenants imposed arising from preference shares and bilateral term loans are as follows:		
A minimum of total Interest cover ratio (times)	**5.00**	5.00
A maximum of net debt to normalised EBITDA ratio (times)	**2.75**	2.75

29. RISK MANAGEMENT continued

Financial risk

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), liquidity risk and credit risk.

Market risk

Foreign exchange risk

Risk exposure	The Group interacts with international suppliers and is exposed to foreign exchange risk arising from various currency exposures. The currency in which transactions are entered into is mainly denominated in: • European euro; and • US dollar. The Group's presentation currency is South African rand, but as it operates internationally with investments in foreign operations, it is exposed to a number of currencies, of which the exposure to the Botswana pula (BWP), Indian rupee (INR) and Polish zloty (PLN) are the most significant.
How the risk arises	Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency and from net investments in foreign operations.
Objectives, policies and processes for managing the risk and methods used to measure risk	The Group has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group's treasury risk management principle is to hedge material cash flows where the local cash flow impact is in excess of 5 million (2015: 5 million) functional currency denomination. The Group companies are required to economically hedge their foreign exchange risk exposure in consultation with treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with commercial banks on an all-inclusive price in the companies' functional currency. Currency exposure arising from the net assets of the Group's foreign operations are managed primarily through borrowings denominated in the relevant foreign currencies, as and when it is required. At 30 September 2016, foreign denominated borrowings to the equivalent of R1 357 million existed (2015: R492 million). The Group reviews its foreign currency exposure, including commitments, on an ongoing basis.
Concentration of risk	The Group has three investments in foreign operations, one each in Botswana, Poland and India. The net assets of the Botswana and Polish investments are exposed to foreign currency translation risk as the companies are subsidiaries of the Group.

Foreign currency exposure at statement of financial position date:

	Foreign currency in millions		Rand millions	
	2016	2015	**2016**	2015
Non-current assets				
BWP	**157**	134	**206**	176
PLN	**618**	523	**2 222**	1 931
Current assets				
BWP	**165**	141	**217**	186
PLN	**106**	67	**382**	246
Current liabilities				
BWP	**(41)**	(35)	**(54)**	(46)
PLN	**(91)**	(89)	**(326)**	(328)
Non-current liabilities				
BWP	**(112)**	(101)	**(147)**	(146)
PLN	**(344)**	(103)	**(1 239)**	(382)

29. RISK MANAGEMENT continued

Financial risk continued

Market risk continued

Foreign exchange risk continued

Sensitivity analysis

The table below analyses the impact on the Group's post-tax profit, mainly as a result of foreign exchange gains/losses on translation of financial assets at fair value through profit or loss. The analysis is based on the assumption that the South African rand had weakened/strengthened by 10% against the foreign currency with all other variables held constant.

	2016 R'm	2015 R'm
Sensitivity analysis		
Impact on post tax profit		
BWP	10	9
PLN	(32)	0.1
INR	0.1	1
Exchange rates used for conversion of foreign denominated items		
Assets and liabilities		
BWP	1.32	1.32
PLN	3.60	3.69
Income/expense items		
BWP	1.37	1.24
INR	0.22	0.19
PLN	3.78	3.30

For the Indian associate investment, the foreign currency movement in the share of associates' net movement for the current year was less than R1 million (2015: R1 million).

Interest rate risk

Risk exposure	The Group has interest-bearing assets that mainly consist of investments in money market accounts. The Group's income and operating cash flows are substantially independent of changes in market interest rates.
How the risk arises	The Group's interest rate risk arises primarily from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates economically expose the Group to fair value interest rate risk.
Objectives, policies and processes for managing the risk and methods used to measure risk	The Group manages its interest rate exposure in total and mainly borrows or invests as far as possible at Group level, unless it is more appropriate to do so at subsidiary level. Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate collars, caps and swaps. Such interest rate hedges have the economic effect of capping the exposure to floating rates to a maximum rate. Generally, the Group raises long-term borrowings at floating rates and then hedges floating rates to a known maximum exposure. Under the interest rate collars, caps and swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between the hedge and the floating rate interest amounts calculated by reference to the agreed notional amounts. Swaps are entered into to fix interest rates from floating rates.
Concentration of risk	Group policy is to hedge approximately 60% of its borrowings to fixed interest rates, or if there is 1% interest rate movement greater than R50 million. At 30 September 2016, 68% of the southern African debt was hedged (2015: 76%). Refer to note 21 for the current interest rate hedges in place.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing, and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2016 R'm	2015 R'm
Impact on post-tax profit		
1% increase	(26)	(21)
1% decrease	50	35

The simulation is done on a six-monthly basis to verify that the maximum loss potential is within the Group's limits. The simulation takes into account a portion of the interest on the term loans. The term loans are partially hedged by interest rate swap contracts. The interest rate swap contract hedges R3 billion (2015: R3 billion) of the variable outstanding balance of southern African debt of R4 750 million (2015: R4 148 million).

29. RISK MANAGEMENT continued

Financial risk continued	
Liquidity risk	
Risk exposure	Those financial liabilities of the Group with contractual cash flows and maturity dates are exposed to liquidity risk.
How the risk arises	Liquidity risk is the risk that the Group will not be able to meet its obligations as they become due.
Objectives, policies and processes for managing the risk and methods used to measure risk	Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines. The Group has sufficient available bank facilities. Refer to note 19. Cash flow forecasts are prepared and utilised borrowing facilities are monitored on a daily basis. Longer-term cash flow forecasts are updated monthly.
Concentration of risk	The table below analyses the Group's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Refer to note 27 for operating lease commitments.

	Southern Africa		Poland	
	2016 R'm	2015 R'm	**2016 R'm**	2015 R'm
Interest-bearing borrowings	**6 953**	7 602	**1 519**	536
– Less than 1 year	**1 631**	1 300	**80**	53
– Between 1 and 2 years	**1 947**	684	**40**	74
– Between 2 and 5 years	**2 541**	4 644	**1 099**	100
– Over 5 years	**834**	974	**300**	309
Trade and other payables				
– Less than 1 year	**1 320**	1 291	**217**	226
Total	**8 273**	8 893	**1 736**	762

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Outflow		Inflow	
	2016 R'm	2015 R'm	**2016 R'm**	2015 R'm
Foreign exchange contracts and interest rate swap contracts – cash flow hedges				
– Less than 1 year	**–**	(4)	**–**	1
– Between 1 and 2 years	**–**	–	**17**	22
Total	**–**	(4)	**17**	23

29. RISK MANAGEMENT continued

Financial risk continued

Credit risk

Risk exposure	Credit risk arises mainly from cash deposits, cash equivalents, derivative financial instruments, loans and receivables and trade debtors. Trade receivables comprise a widespread customer base.
How the risk arises	Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations.
Objectives, policies and processes for managing the risk and methods used to measure risk	Credit risk is managed on a Group basis by a central credit control department. The Group deposits the surplus cash with major banks with high-quality credit standing and maintains an appropriate spread of cash deposits between various financial institutions to limit the exposure to any one counterparty. For banks and financial institutions, only independently rated parties with a minimum Fitch Rating of "BBB-" (zaf) for South African banks are accepted. The Group evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Services to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit guarantee insurance is not purchased.
Concentration of risk	The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivable. The Group does not hold any collateral as security. The Group is exposed to a number of guarantees for the overdraft facilities of Group companies. Refer to note 27 for additional details.
Maximum exposure to credit risk by class of financial instrument	Financial assets exposed to credit risk at year end were as follows:

	2016 R'm	2015 R'm
Derivative financial instruments	**17**	23
Trade and other receivables	**2 069**	1 589
Cash and cash equivalents	**604**	812
Loans to associates	**7**	11

Credit quality analysis of financial assets that are neither past due nor impaired	The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. No material historical default rates exist that require additional impairments. The Group does not expect any significant loss from non-performance by counterparties on credit granted during the financial year under review that has not been provided for. Amounts owing by associates and joint ventures bear interest at rates negotiated on an annual basis (2016: 10.5% and 2015: 9.5%) and are repayable on terms determined by the associate company's directors. The credit quality of these loans is determined based on past default rates. No such defaults existed in the past.

The cash and cash equivalents carrying amount is denominated in the following currencies:

	2016 R'm	2015 R'm
ZAR	**394**	624
BWP	**81**	101
PLN	**129**	87
Balance at 30 September	**604**	812

29. RISK MANAGEMENT continued

Financial risk continued

Credit risk continued

Overdraft facilities within the Group are secured by means of cross sureties by Group companies.

The credit quality of cash at bank and short-term money market instruments based on South African Fitch Ratings (zaf) are:

	2016 R'm	2015 R'm
BBB-	**393**	–
AAA	**–**	2
AA	**–**	693
A +	**–**	29
Cash on hand	**1**	1
The credit quality of cash at bank and short-term money market instruments based on Botswana Standard & Poor ratings are:		
A-	**81**	–
BBB	**–**	101
The credit quality of cash at bank and short-term money market instruments based on Polish Fitch ratings are:		
AA-	**9**	40
A +	**–**	3
A	**–**	3
A –	**1**	4
F1	**42**	–
BBB	**37**	–
BBB-	**8**	32
BB	**–**	3
B	**6**	–
CCC	**22**	1
Cash on hand	**4**	1
	604	913

Trade and other receivables which are less than three months past due or another period depending on the class of the trade receivable, are not considered to be impaired, as there has not been a significant change in credit quality and amounts are still recoverable.

At 30 September trade and other receivables past due but not impaired were as follows:

	2016 R'm	2015 R'm
	522	309
Southern Africa	**481**	273
Poland	**41**	36

29. RISK MANAGEMENT continued

Financial risk continued

Credit risk continued

The ageing of amounts past due but not impaired is as follows:

	31 – 60 days R'm	61 – 90 days R'm	91 – 180 days R'm	181 – 365 days R'm	More than one year R'm	Total R'm
Trade and other receivables at 30 September 2016						
Southern Africa						
Private clients	**–**	**–**	**34**	**37**	**6**	**77**
Medical aids	**–**	**62**	**87**	**57**	**14**	**220**
Government	**22**	**11**	**7**	**–**	**135**	**175**
Foreign patients	**4**	**2**	**3**	**–**	**–**	**9**
	26	**75**	**131**	**94**	**155**	**481**
Poland						
Private clients	**1**	**–**	**1**	**2**	**1**	**5**
Government (National Health Fund in Poland)	**4**	**–**	**–**	**–**	**31**	**35**
Other	**–**	**–**	**–**	**–**	**1**	**1**
	5	**–**	**1**	**2**	**33**	**41**
Trade and other receivables at 30 September 2015						
Southern Africa						
Private clients	–	–	17	7	1	25
Medical aids	–	41	46	24	4	115
Government	21	2	8	–	100	131
Foreign patients	1	–	1	–	–	2
	22	43	72	31	105	273
Poland						
Private clients	–	–	–	1	1	2
Government (National Health Fund in Poland)	–	8	5	7	12	32
Other	1	1	–	–	–	2
	1	9	5	8	13	36

Fair value

The derivative assets and liabilities used for hedging, as presented in the statement of financial position, are the financial assets and liabilities that are measured at fair value.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group's financial instruments held at fair value are measured subsequent to their initial recognition and are grouped into levels 1 to 3 based on the extent to which the fair values are observable. All of the resulting fair value estimates for the derivatives used for hedging are included in level 2. The fair value of interest rate swaps is calculated as the mark-to-market valuation, which represents the mid-market value of the instrument as determined by the financial institution at 30 September 2016.

The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to the present value, as determined by the financial institution at 30 September 2016.

There were no transfers between levels 1, 2 and 3 during the year.

Annexure A

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these Group and Company financial statements are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Summary of significant accounting policies				
1.1 Revenue and other income				
1.2 Employee benefits				
Short-term benefits	Termination benefits	Post-employment benefits	Other long-term benefits	Share-based payments
Group accounting				
1.3 Consolidation		1.4 Equity accounting	1.5 Translation of foreign currencies	
Operating assets				
1.6 Property, plant and equipment		1.7 Intangible assets	1.8 Leases	1.9 Inventories
1.10 Financial instruments				
Initial recognition and measurement		Subsequent measurement	Offsetting	
1.11 Capital and reserves				
Share capital and equity		Treasury shares		
1.12 New accounting standards and IFRIC interpretations				

1.1 Revenue and other income

		Includes	Recognition	Measurement
Revenue	Sales of services	Acute healthcare services, wellness programme services and same-day surgical centres.	The revenue recognised relates to invoiced fees for private healthcare and fees for healthcare services and is recognised when the related service is provided.	The services are provided on a fixed-price basis. The revenue is recognised over the period during which the service is rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.
Other income	Interest income	Interest income on funds invested, unwinding of the discount on debtors, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss.	Interest income is recognised in profit or loss, using the effective interest rate method, unless it is doubtful.	**Effective interest method** When a loan and receivable are impaired, the Group reduces the carrying amount to their 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 and receivables is recognised using the original effective interest rate.
	Rental income	Rental income arising from operating leases.	Accounted for on a straight line basis over the lease term in profit or loss.	Fair value.
	Dividend income	External dividends.	Dividend income is recognised in profit or loss when the Group's right to receive payment is established.	Fair value.
Company financial statements				

Revenue comprises dividends received from Life Healthcare Group Proprietary Limited.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.2 Employee benefits

Short-term benefits	
Includes:	Paid leave, sick leave, bonuses and non-monetary benefits such as medical care.
Accounting treatment:	The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlement to wages, salaries, bonuses and annual leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on the current wage and salary rates and are included in trade and other payables in the statement of financial position. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the related liability, and a reliable estimate of the obligation can be made.
Termination benefits	
Includes:	Benefits when an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.
Accounting treatment:	Termination benefits are recognised when the Group can demonstrate that it is committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.
Post-employment benefits	
Defined contribution plan	
Includes:	A pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Fund name:	• Life Healthcare DC Pension Fund • Life Healthcare Provident Fund
Accounting treatment:	The payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.2 Employee benefits continued

Post-employment benefits continued

Defined benefit plan

Includes:	A pension plan that is not a defined contribution plan.	
Fund name:	• Life Healthcare DB Pension Fund • Lifecare Group Holdings Pension Fund • Post-employment medical aid benefit (phased out)	
Accounting treatment:	For defined benefit plans, the cost of providing the benefits is determined using the projected unit credit method. Actuarial accounting valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could impact the funds up to reporting date where the interim valuation is performed at an earlier date. Past-service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the Group is demonstrably committed to curtailment or settlement.	
Statement of financial position	Asset or liabilities	The present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets, together with adjustments for unrecognised past-service costs.
	Assets	Any asset is limited to unrecognised actuarial losses, and unrecognised past-service cost plus the present value of available refunds and reduction in future contributions to the plan. Right to reimbursement measured at fair value.
Statement of other comprehensive income	Profit or loss	• Net interest cost • Current service cost These costs are included in retirement benefit asset and post-employment medial aid expenses.
	Other comprehensive income	• Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions • Changes in asset ceiling

Medical aid costs

Includes:	It is Group policy not to provide for post-employment medical aid benefits. Due to a previous business combination transaction the Group, however, did become party to a contractual obligation to provide post-employment medical aid benefits to certain employees. The entitlement for an employee to receive these benefits is dependent on the employee remaining in service until retirement age.
Accounting treatment:	For past service, the Group recognises and provides for the actuarially determined present value of post-employment medical aid employer contributions on an accrual basis using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise. Independent qualified actuaries carry out annual valuations of these obligations.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.2 Employee benefits continued

Other long-term benefits

	Previous long-term incentive scheme (southern Africa) – Bonus element	**Long-term incentive scheme Poland**
Includes:	The Group recognises a liability, and an expense for bonuses based on a formula that takes into consideration the net growth in earnings before interest, tax, depreciation and amortisation (EBITDA) after certain adjustments (appreciation units) and an adjusted return on capital (performance units). Each participant shall, prior to the vesting date or at the time of the award or allocation have the right to make a co-investment election. The co-investment election results in the participant being entitled to invest either 50%, 75% or 100% of his/her after-tax bonus, in the acquisition of co-investment shares, in which event the employer company will also fund the acquisition of matched shares for the beneficial ownership of the participant.	The scheme is a bonus scheme available to senior employees. Notional shares in Multimedis S.A. (Scanmed) will be issued to management which will vest in three years based on the share price of Scanmed calculated for the immediate preceding year. The number of shares issued will target a pay-out of an agreed percentage of the guaranteed package for that particular employee. The target pay-out will be achieved on the assumption that the share price grows at 12% per annum. To determine the growth in the value of the share price of Scanmed, the last 12-month (LTM) normalised EBITDA is used and a multiple of 10.9 times is applied to this to calculate the enterprise value. Net debt is deducted from this enterprise value to determine the equity value, which will be divided by the weighted average number of shares in issue for the year to calculate the value per share. On vesting, each participant will have the right to be paid out either in cash (net of tax) or to utilise the proceeds to acquire actual shares in Scanmed. Notional shares awarded in terms of this scheme will be forfeited in the instance of a bad leaver. Notional shares in respect of a good leaver will vest on the date of termination of employment and will be the number retained based on the original allocation of shares over the period that lapsed from the allocation date.
Accounting treatment:	The benefits are measured at the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The liability is recognised over the vesting period.	

Shared-based payments (IFRS 2)

Includes:	**Previous long-term incentive scheme (southern Africa) – Share element**	**New long-term incentive scheme (southern Africa)**	**Life Healthcare employee share trust**
Accounting treatment:	The Group operates these incentive schemes as equity-settled share-based payments schemes. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. At the end of the reporting period, the Group revises its estimate of the number of awards that are expected to vest, based on the number of employees remaining in the scheme and it recognises the corresponding impact of the revision of original estimates, if applicable, in profit or loss with a corresponding adjustment to equity.		

Group accounting

1.3 Consolidation

Subsidiaries, investment in partnership capital accounts and trust beneficiary accounts

Initial recognition and measurement

Entities (including structured entities) over which the Group has control are consolidated in the Group financial statements. The Group applies the acquisition method to account for business combinations. The financial results of the Group and its subsidiaries are consolidated into the Group's results from acquisition date until control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent company using consistent accounting policies. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

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 and the adjustment is recognised in profit or loss.

At the date of acquisition, acquired deferred income tax assets may not be fully recognised under IFRS. Adjustments to the initial recognition of acquired deferred tax assets under IFRS, subsequent to the acquisition date, are recognised in profit or loss unless the adjustment qualifies as a measurement period adjustment, in which case it is recognised as an adjustment to goodwill.

Company financial statements

In the financial statements of the Company, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Non-controlling interest

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Contingent consideration

Contingent consideration is recognised at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and the settlement thereof is accounted for wholly within equity. Alternatively, other contingent considerations are remeasured at fair value at each reporting date and subsequent changes in fair value are recognised in profit or loss.

Gain on bargain purchase

In the case of a bargain purchase, where the fair value of the net assets of the subsidiary acquired is more than the total of:

- the total consideration transferred; plus
- the existing non-control interest recognised; plus
- any previous held interest,

the difference is recognised in profit or loss.

Inter-company transactions

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation.

Changes in ownership without change in control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the 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 interest are also recorded in equity.

Loss of control

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 and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Group accounting continued

1.4 Equity accounting

Equity-accounted investments consist of associates and joint ventures. The accounting policies of the associated companies do not differ materially from the Group's accounting policies. The Group adjusts for these differences in accounting policies to align with those of the Group.

Initial recognition and measurement

Investments in associates and interest in joint ventures are initially recognised at cost in accordance with the equity method of accounting.

Changes in ownership interest

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. If the ownership interest is increased, without gaining control, the cost of the additional interest is added to the carrying value of the associate or joint venture.

Subsequent measurement

Subsequent to initial recognition, the Group recognises its share of profit or loss and other comprehensive income until the date on which joint control or significant influence ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group does not recognise further losses when the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, unless the Group has incurred legal or constructive obligations, issued guarantees, or made payments on behalf of the associate or joint venture.

Impairment

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in "share of associates' and joint ventures' net profit after tax" in profit or loss.

Unrealised gains and losses

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5 Translation of foreign operations

Procedures followed to translate to presentation currency

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 using the following procedures:

- assets and liabilities including goodwill and fair value adjustments arising on acquisition, are translated at the closing rate at reporting date; and
- income and expenses are translated at an average exchange rate which is a reasonable approximation of the prevailing exchange rate at the date of each transaction.

The resulting differences in translation between these rates are recognised in the foreign currency translation reserve in other comprehensive income.

Exchange differences on monetary items

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in other comprehensive income and recognised in profit or loss on disposal of the net investment as part of the gain or loss on the sale.

Cash flows

The cash flows of a foreign subsidiary are translated at the exchange rates between the Group's functional currency and the foreign currency of the subsidiary at the dates of the cash flows.

Operating assets

1.6 Property, plant and equipment

Categories	Initial measurement and recognition	Subsequent measurement	Depreciation method
Land	Cost	Cost less accumulated impairment losses	Not depreciated
Buildings – owned		Cost less accumulated depreciation and impairment losses	Depreciated on the straight-line method to their residual values over the estimated useful life
Medical equipment			
Other property, plant and equipment – owned			
Motor vehicles			
Buildings – leased			Depreciated over the shorter of: • the estimated useful lives of the assets on the same basis as owned assets; or • the remaining period of the lease, unless there is a reasonable certainty the lessee will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.
Other property, plant and equipment – leased			
Leasehold improvements			

Replacements of linen, cutlery and crockery and certain medical instruments are also charged as an expense in profit or loss over a 12 month period from the date of purchase.

1.7 Intangible assets

Categories	Initial measurement and recognition	Subsequent measurement	Depreciation method
Goodwill	Fair value at acquisition date	Cost less accumulated impairment losses	Not amortised
Customer relations and hospital licences	Fair value as at the date of the business combination, valued on the royalty method or the multi-period earnings excess method (MEEM)	Cost less accumulated amortisation and impairment losses	Amortised on the straight-line method over the estimated useful life
Preferred supplier contracts	Cost represents the fair value as at the date of the business combination		
Computer software	Cost		
Other intangible assets			

Costs associated with the development or maintenance of computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the criteria per IAS 38 have been met.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Other development expenditures that do not meet these criteria are recognised as an expense, in profit or loss, as incurred.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Operating assets continued

1.8 Leases

The Group is the lessee of various hospital and administrative office properties leased under non-cancellable leases that are classified as operating leases. The Group is also the lessee of other assets that meet the definition of a finance lease.

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

Any contingent rentals are expensed in the period they are incurred.

Finance leases – lessee

Initial measurement and recognition	Subsequent measurement	Depreciation method
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.	• Asset at cost less depreciation • Liability at amortised cost	Finance leases assets are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the terms of the leases.

Operating leases – lessee and lessor

Initial measurement and recognition
Operating lease income and expenses under operating leases are recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or operating lease liability in the statement of financial position.

Neither the asset nor the liability is discounted.

1.9 Inventories

The cost of inventories recorded as an expense is included in "drugs and surgicals consumed" in profit or loss.

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

All medical consumables are carried at a cost which is lower than the net realisable value. The cost of inventories written off as expired stock, is recorded as an expense and included in "drugs and surgicals consumed" in profit or loss.

1.10 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Classification	Instruments included in the classification	Initial measurement	Subsequent measurement
Financial assets at fair value through profit or loss	These assets are held for trading and consist of derivatives, being foreign exchange contracts and interest rate swaps.	Fair value with transaction costs expensed	Fair value with fair value gains and losses recognised in profit or loss as they arise
Loans and receivables	The Group's loans and receivables comprise: loans to associates, trade and other receivables, loans receivable, and cash and cash equivalents.	Fair value plus direct transaction costs	Amortised cost using the effective interest method, less any provision for impairment

Derecognition

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

1.10 Financial instruments continued

Financial liabilities

Classification	Instruments included in the classification	Initial measurement	Subsequent measurement
Financial liabilities at fair value through profit or loss	If classified as held for trading or is designated as such, e.g. foreign exchange contracts and interest rate swaps.	Fair value with transaction costs expensed	Fair value with fair value gains or losses recognised in profit or loss as they arise
Other financial liabilities	• Preference shares which are mandatorily redeemable on a specific date • Trade and other payables • Borrowings	Fair value net of transaction costs	• The dividends on these preference shares are recognised in profit or loss as finance cost • Amortised cost using the effective interest method

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade and other payables includes:

- ***Other related liabilities***
  The employee-related liabilities represent the performance bonus scheme that is calculated quarterly. Liabilities are raised, as payment is subject to the employee being in employment at vesting date.
- ***Insurance***
  Judgement is required in estimating the insurance provision. This is calculated based on the probability of future claims to realise, taking into consideration the Group excess applicable to the claim and then present value the exposure at a market related rate.

Derecognition

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or has expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset, an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.11 Capital and reserves

Stated capital comprises share capital, share premium and treasury shares.

Share capital and equity

Share capital issued by the Company is recorded at the proceeds received, net of issue costs. Incremental costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares

Treasury shares held by subsidiary companies and special purpose entities are treated as a deduction from the issued and weighted average number of ordinary shares. The consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the Group's total equity until the shares are cancelled, disposed of or vest in accordance with the terms of the Life Healthcare employee share trust or long-term incentive scheme.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.12 New accounting standards and IFRIC interpretations

The following new accounting standards are expected to impact the Group.

Revised IFRS	Effective date	Description of change	Description of Impact
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Annual periods beginning on or after 1 January 2016	Sale or contribution of assets – Amendment to eliminate the inconsistency between IFRS 10 and IAS 28	This will impact the Group for the first time in the 2017 financial year and management is in the process of evaluating the effect.
IAS 27 Separate Financial Statements on Equity Accounting	Annual periods beginning on or after 1 January 2016	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	This will impact the Group for the first time in the 2017 financial year and management is in the process of evaluating the effect.
IFRS 15 Revenue from Contracts with Customers	Annual periods beginning on or after 1 January 2018	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers	This will impact the Group for the first time in the 2019 financial year and management is in the process of evaluating the effect.
IFRS 9 Financial Instruments (2009 and 2010)	Annual periods beginning on or after 1 January 2018	Determines the measurement and presentation of financial instruments, depending on their contractual cash flows and the related business model. Impairment requirements are based on an expected credit loss model	This will impact the Group for the first time in the 2019 financial year and management is in the process of evaluating the effect.
IFRS 16 Leases	Annual periods beginning on or after 1 January 2019	A new standard where lessees will be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting will not substantially change in the new standard	This will impact the Group for the first time in the 2020 financial year and management is in the process of evaluating the effect.

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.12 New accounting standards and IFRIC interpretations continued

Annual Improvements 2014, issued September 2014

The amendments are effective for annual periods beginning on or after 1 January 2016.

Amendment to IFRS 7 Financial Instruments: Disclosures	1 January 2016	**Applicability of the offsetting disclosures to condensed interim financial statements** The amendment removes the phrase "and interim periods within those annual periods" from paragraph 44R, clarifying that these IFRS 7 disclosures are not required in the condensed interim financial report. However, the board noted that IAS 34 requires an entity to disclose "an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period". Therefore, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, the board would expect the disclosures to be included in the entity's condensed interim financial report.
Amendment to 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.
Amendment to IAS 34 Interim Financial Reporting	1 January 2016	**Disclosure of information "elsewhere in the interim financial report"** The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

Annexure B

To enhance the presentation of items to present more clear and concise disclosure, the Group has elected to aggregate items on the statement of financial position into single line items.

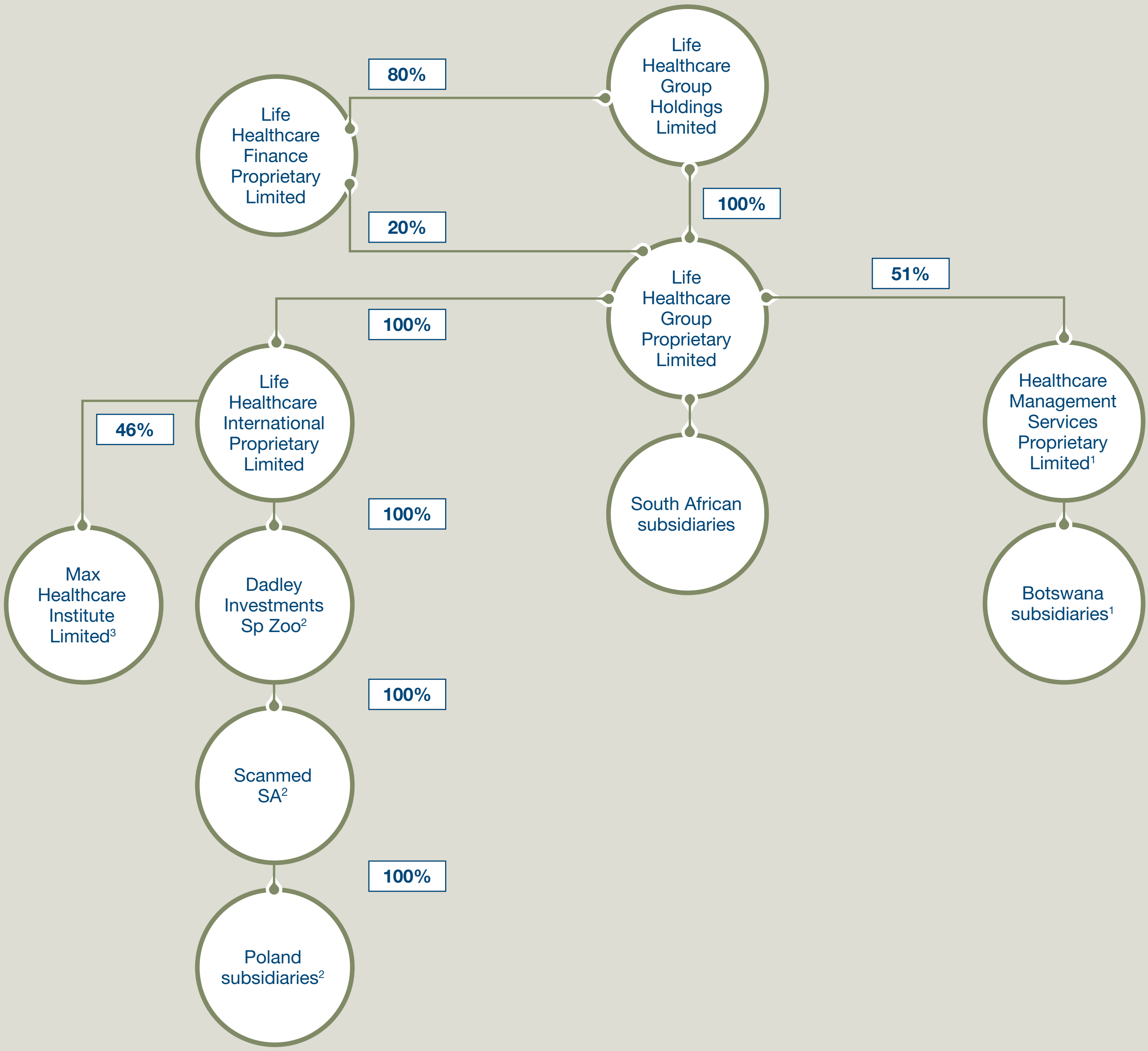
To enable the comparability of information, both 2015 and 2014 comparatives were similarly grouped.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2016

	Notes	**30 September 2016 R'm**	30 September 2015 R'm	30 September 2014 R'm
ASSETS				
Non-current assets		**14 395**	13 152	9 686
Property, plant and equipment	9	**7 752**	7 101	5 901
Intangible assets	10	**3 196**	2 964	2 318
Investment in associates and joint ventures	11	**2 548**	2 311	828
Employee benefit assets	12	**433**	394	376
Deferred tax assets	13	**426**	341	253
Other assets		**40**	41	10
Current assets		**3 102**	2 771	2 113
Cash and cash equivalents	14	**604**	812	422
Trade and other receivables	15	**2 133**	1 640	1 330
Inventories	16	**318**	271	240
Income tax receivable		**39**	36	49
Other assets		**8**	12	72
TOTAL ASSETS		**17 497**	15 923	11 799
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	17	**3 666**	3 111	3 203
Reserves		**1 820**	2 057	1 589
Non-controlling interest		**1 312**	1 280	1 108
TOTAL EQUITY		**6 798**	6 448	5 900
LIABILITIES				
Non-current liabilities		**6 111**	5 852	2 867
Interest-bearing borrowings	19	**5 469**	5 263	2 344
Deferred tax liabilities	13	**547**	520	438
Other liabilities		**95**	69	85
Current liabilities		**4 588**	3 623	3 032
Bank overdraft	14	**1 030**	557	155
Trade and other payables	20	**2 217**	2 125	1 866
Interest-bearing borrowings	19	**1 312**	924	1 007
Income tax payable		**13**	3	–
Other liabilities		**16**	14	4
TOTAL LIABILITIES		**10 699**	9 475	5 899
TOTAL EQUITY AND LIABILITIES		**17 497**	15 923	11 799

Annexure C

SIMPLIFIED GROUP STRUCTURE FOR THE YEAR ENDED 30 SEPTEMBER 2016



All South African investments are unlisted and incorporated in the Republic of South Africa.

All Botswana investments are unlisted and incorporated in Botswana.

All Poland investments are unlisted and incorporated in Poland.

[1] *Incorporated in Botswana. The functional currency is pula.*

[2] *Incorporated in Poland. The functional currency is zloty.*

[3] *Incorporated in India. The functional currency is Indian Rupees.*

A full list of the Group's subsidiaries is available on request at the Company's registered office.

Annexure D

ASSOCIATE UNDERTAKINGS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Associates

Name of associate	Functional currency	Issued share capital 2016 total	Issued share capital 2015 total	Interest in share capital 2016 %	Interest in share capital 2015 %	Book value of the shares 2016 R'm	Book value of the shares 2015 R'm	Amounts owing by/(to) associates 2016 R'm	Amounts owing by/(to) associates 2015 R'm
Unlisted investments									
Mafikeng Hospital Proprietary Limited[2]	R	**8 799**	8 799	**42**	42	**–**	–	**–**	–
Free State Oncology Trust[2]	R	**1 000**	1 000	**23**	23	**–**	–	**(2)**	(1)
Wilgers Onkologie Spreekkamer Trust[2]	R	**10 000**	10 000	**25**	25	**–**	–	**3**	1
Wilgers Onkologie Radiologiese Trust[2]	R	**10 000**	10 000	**40**	40	**–**	–	**1**	1
Wilgers Stralingsonkologie Trust[2]	R	**10 000**	10 000	**25**	25	**–**	–	**(6)**	–
Consolidated Aone Trade and Invest 12 Proprietary Limited[2]	R	**100**	100	**30**	30	**2**	2	**11**	10
Carint Scanmed Sp Zoo[1,3]	PLN	**1 500**	1 500	**100**	50	**72**	72	**–**	–
						74	74	**7**	11

All the associates provide medical and surgical services through private hospitals and/or same-day surgical centres.

[1] *The company is incorporated in Poland and has a December financial year-end and the issued shares are reflected in Polish zloty.*

[2] *Indirectly held through Life Healthcare Group Proprietary Limited.*

[3] *During the year, an additional 50.07% interest in Carint was acquired, resulting in Carint becoming a wholly owned subsidiary, indirectly held through Dadley Investments Sp zoo.*

Joint ventures

Name of joint venture	Functional currency	Issued share capital 2016 total	Issued share capital 2015 total	Interest in share capital 2016 %	Interest in share capital 2015 %	Book value of the shares 2016 R'm	Book value of the shares 2015 R'm	Amounts owing by/(to) joint ventures 2016 R'm	Amounts owing by/(to) joint ventures 2015 R'm
Unlisted investments									
Max Healthcare Institute Limited[1,2]	RS'00000	**53 341**	48 881	**46**	46	**2 614**	2 235	**–**	–
Brenthurst MRI	R	**–**	–	**70**	70	**–**	–	**–**	–
Brenthurst Equipment Trust 1	R	**–**	–	**50**	50	**–**	–	**–**	–
Brenthurst Equipment Trust 2	R	**–**	–	**70**	70	**–**	–	**–**	–
Brenthurst Radiology Cat Scan	R	**–**	–	**50**	50	**–**	–	**–**	–
Boldprops 102 Proprietary Limited[3]	R	**120**	120	**–**	50	**–**	–	**–**	–

[1] *The company is incorporated in India and has a March financial year-end and the issued shares are reflected in Indian rupees.*

[2] *The Group invested an additional R320 million, as its contribution to Max's acquisition of 51% of Saket City, renamed Max Smart Super Speciality Hospital, is held through Life Healthcare International Proprietary Limited.*

[3] *On 31 August 2016, the Group disposed of its 50% shareholding in Boldprops 102 Proprietary Limited.*

Annexure E

SHAREHOLDER DISTRIBUTION

1. ANALYSIS OF REGISTERED SHAREHOLDERS AND COMPANY SCHEMES

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 30 September 2016 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	4 672	51.14	1 465 065	0.14
1 001 – 10 000 shares	2 795	30.60	8 773 446	0.83
10 001 – 100 000 shares	1 128	12.35	38 060 947	3.60
100 001 – 1 000 000 shares	408	4.47	119 844 524	11.33
1 000 001 shares and above	132	1.44	889 656 039	84.10
Total	**9 135**	**100.00**	**1 057 800 021**	**100.00**

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/Company-related schemes as being:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	9	0.10	56 972 263	5.39
Directors	5	0.06	912 018	0.09
Brimstone Investment Corporation Limited	3	0.03	49 955 786	4.72
Life Healthcare Employees Share Trust	1	0.01	6 104 459	0.58
Public shareholders	9 126	99.90	1 000 827 758	94.61
Total	**9 135**	**100.00**	**1 057 800 021**	**100.00**

2. SUBSTANTIAL INVESTMENT MANAGEMENT AND BENEFICIAL INTERESTS

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 30 September 2016:

Investment management shareholdings

Investment manager	Total shareholding	%
Government Employees Pension Fund (PIC)	130 968 007	12.38
Lazard Asset Management LLC Group	112 218 652	10.61
Allan Gray Investment Council	93 586 094	8.85
Industrial Development Corporation (IDC)	52 056 137	4.92
Brimstone Investment Corporation Limited	46 000 000	4.35
BlackRock Inc	37 646 893	3.56
The Vanguard Group Inc	34 520 539	3.26
Total	**506 996 322**	**47.93**

Beneficial shareholdings

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	126 544 104	11.96
Industrial Development Corporation (IDC)	52 056 137	4.92
Brimstone Investment Corporation Limited	46 000 000	4.35
Lazard Emerging Market Fund	32 853 490	3.11
Allan Gray Balanced Fund	32 440 076	3.07
Total	**289 893 807**	**27.41**

Previously disclosed holdings
Investment managers now holding below 3%

Investment manager	Total shareholding	%	Previous %
JP Morgan Asset Management	16 398 363	1.55	6.52
GIC Asset Management Proprietary Limited	–	–	3.06
International Finance Corporation	1 687 302	0.16	3.05
Total	**18 085 665**	**1.71**	**12.63**

Beneficial owners now holding below 3%

Beneficial owners	Total shareholding	%	Previous %
GIC Asset Management Proprietary Limited	–	–	3.09
International Finance Corporation	1 687 302	0.16	3.05
Total	**1 687 302**	**0.16**	**6.14**

3. GEOGRAPHIC SPLIT OF SHAREHOLDERS

Geographic split of investment managers and Company-related holdings

Region	Total shareholding	% of issued capital
South Africa	494 274 310	46.73
United States of America and Canada	310 811 358	29.38
United Kingdom	143 288 064	13.54
Rest of Europe	42 496 210	4.02
Rest of world[1]	66 930 079	6.33
Total	**1 057 800 021**	**100.00**

Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	508 101 071	48.03
United States of America and Canada	262 556 776	24.82
United Kingdom	69 546 285	6.58
Rest of Europe	109 951 823	10.39
Rest of world[1]	107 644 066	10.18
Total	**1 057 800 021**	**100.00**

[1] *Represents all shareholdings except those in the above regions.*

4. SHAREHOLDER CATEGORIES

An analysis of beneficial shareholdings, supported by the section 56 enquiry process, confirmed the following beneficial shareholder types:

Category	Total shareholding	% of issued capital
Unit trusts/mutual funds	370 081 118	34.99
Pension funds	271 409 045	25.66
Other managed funds	82 933 079	7.84
Private investor	69 958 076	6.61
Government of SA	52 056 137	4.92
Black economic empowerment	46 932 109	4.44
Sovereign wealth	35 174 160	3.33
Insurance companies	23 181 042	2.19
Exchange-traded fund	21 034 558	1.99
Custodians	18 440 425	1.74
Investment trust	13 037 699	1.23
Trading position	12 575 952	1.19
Employees	7 705 923	0.73
American depository receipts	6 905 267	0.65
Corporate holding	2 079 920	0.20
University	1 871 464	0.18
Foreign government	1 784 615	0.17
Medical aid scheme	1 346 210	0.13
Local authority	809 086	0.08
Charity	628 169	0.06
Hedge fund	97 402	0.01
Remainder	17 758 565	1.68
Total	**1 057 800 021**	**100.00**

Annexure F

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2016

This information is presented for analysts. This information as presented below is not reviewed by the CODM.

		2016			2015		
	Notes	Group R'm	Botswana R'm	Poland R'm	Group R'm	Botswana R'm	Poland R'm
ASSETS							
Non-current assets		**14 395**	**206**	**2 222**	13 152	176	1 931
Property, plant and equipment	9	**7 752**	**206**	**919**	7 101	175	805
Intangible assets	10	**3 196**	**–**	**1 303**	2 964	–	1 025
Investment in associates and joint ventures	11	**2 548**	**–**	**–**	2 311	–	75
Employee benefit assets	12	**433**	**–**	**–**	394	–	–
Deferred tax assets	13	**426**	**–**	**–**	341	1	26
Other assets		**40**	**–**	**–**	41	–	
Current assets		**3 102**	**217**	**382**	2 771	186	246
Cash and cash equivalents	14	**604**	**81**	**129**	812	101	87
Trade and other receivables	15	**2 133**	**122**	**219**	1 640	77	143
Inventories	16	**318**	**9**	**32**	271	8	13
Income tax receivable		**39**	**5**	**2**	36	–	3
Other assets		**8**	**–**	**–**	12	–	
TOTAL ASSETS		**17 497**	**423**	**2 604**	15 923	362	2 177
TOTAL EQUITY		**6 798**	**222**	**1 039**	6 448	170	1 467
LIABILITIES							
Non-current liabilities		**6 111**	**147**	**1 239**	5 852	146	382
Interest-bearing borrowings	19	**5 469**	**140**	**1 157**	5 263	142	317
Deferred tax liabilities	13	**547**	**3**	**67**	520	2	65
Other liabilities		**95**	**4**	**15**	69	2	–
Current liabilities		**4 588**	**54**	**326**	3 623	46	328
Bank overdraft	14	**1 030**	**–**	**2**	557	–	–
Trade and other payables	20	**2 217**	**50**	**255**	2 125	37	295
Interest-bearing borrowings	19	**1 312**	**4**	**56**	924	4	29
Income tax payable		**13**	**–**	**7**	3	5	4
Other liabilities		**16**	**–**	**6**	14	–	–
TOTAL LIABILITIES		**10 699**	**201**	**1 565**	9 475	192	710
TOTAL EQUITY AND LIABILITIES		**17 497**	**423**	**2 604**	15 923	362	2 177

Company statement of profit or loss and other comprehensive income

for the year ended 30 September 2016

	Notes	2016 R'm	2015 R'm
Revenue	3	**1 087**	1 522
Profit before tax		**1 087**	1 522
Tax expense	4	**–**	–
Profit after tax		**1 087**	1 522
Other comprehensive income		**–**	–
Total comprehensive income for the year		**1 087**	1 522

Company statement of financial position

at 30 September 2016

	Notes	2016 R'm	2015 R'm
ASSETS			
Non-current assets			
Interest in subsidiary	1	**500**	500
Current assets			
Cash and cash equivalents		**1**	1
Total assets		**501**	501
EQUITY AND LIABILITIES			
Capital and reserves		**495**	495
Stated capital	2	**3 948**	3 373
Accumulated loss		**(3 453)**	(2 878)
Current liabilities		**6**	6
Trade and other payables		**1**	1
Shareholders for dividend		**5**	5
Total equity and liabilities		**501**	501

Company statement of changes in equity

for the year ended 30 September 2016

	Stated capital R'm	Retained earnings R'm	Total R'm
Balance at 30 September 2015	**3 373**	**(2 878)**	**495**
Total comprehensive income for the year	**–**	**1 087**	**1 087**
Issue of new shares as a result of scrip distributions	**575**	**–**	**575**
Distribution to shareholders	**–**	**(1 662)**	**(1 662)**
Balance at 30 September 2016	**3 948**	**(3 453)**	**495**
Balance at 1 October 2014	3 373	(2 878)	495
Total comprehensive income for the year	–	1 522	1 522
Distribution to shareholders	–	(1 522)	(1 522)
Balance at 30 September 2015	3 373	(2 878)	495

Company statement of cash flows

for the year ended 30 September 2016

	2016 R'm	2015 R'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**1 087**	1 522
Net cash generated from operating activities	**1 087**	1 522
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans granted to subsidiary	**–**	(1)
Net cash utilised from investing activities	**–**	(1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(1 087)**	(1 521)
Net cash utilised from financing activities	**(1 087)**	(1 521)
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents – beginning of the year	**1**	1
Cash and cash equivalents – end of the year	**1**	1

Notes to the Company financial statements

for the year ended 30 September 2016

		2016 R'm	2015 R'm
1.	**INTEREST IN SUBSIDIARY**		
	Unlisted investment in Life Healthcare Group Proprietary Limited		
	Shares at cost		
	Balance at 30 September	**107**	107
	Amounts owing by subsidiary		
	Balance at 1 October	**393**	392
	Net amount advanced	**–**	1
	Balance at 30 September	**393**	393
	Total investment	**500**	500
	The Company's investment in Life Healthcare Finance Proprietary Limited is less than R1 million.		
	The loan is unsecured, has no fixed repayment terms and bears interest as determined by the directors. No interest was received during the current year or prior financial year.		
2.	**STATED CAPITAL**		
	Stated capital comprises:		
	Share capital	**575**	–
	Share premium	**3 373**	3 373
		3 948	3 373
	Ordinary shares ('000)		
	Authorised (share capital of R0.000001 each)	**4 149 980**	4 149 980
	Total value = R4 149 (2015: R4 149)		
	Issued and fully paid:		
	Balance at 1 October	**1 042 210**	1 042 210
	Share issued	**15 590**	–
	Balance at 30 September	**1 057 800**	1 042 210
	Total value = R1 058 (2015: R1 042)		
3.	**REVENUE**		
	Revenue comprises dividends received from Life Healthcare Group Proprietary Limited.	**1 087**	1 522
4.	**INCOME TAX EXPENSE**		
	Reconciliation of the tax rate	**%**	%
	South African normal tax rate	**28.00**	28.00
	Adjusted for:		
	No taxable income – dividends received	**(28.00)**	(28.00)
		–	–

5. ACCOUNTING POLICIES

The accounting policies are the same for the Group and Company.

The following accounting policies are applicable to the Company – refer Annexure A:

– Presentation of annual financial statements
– Dividend income (refer 1.1)
– Group accounting (refer 1.3) (only section regarding Company financial statements)
– Financial instruments (excluding section regarding derivatives) (refer 1.10)
– Capital and reserves (refer 1.11)
– New accounting standards and IFRIC interpretations (refer 1.12)

6. EVENTS AFTER THE REPORTING PERIOD

No event which is material to the understanding of this report has occurred between year-end and the date of the annual financial statements, other than:

Scrip dividend declaration

The board has declared a final distribution for the year ended 30 September 2016, by way of the issue of fully paid Life Healthcare Group Holdings Limited ordinary shares of 0.0001 cent each (the scrip distribution) payable to ordinary shareholders (shareholders) recorded in the register of the Company at the close of business on the record date, being Thursday, 15 December 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 92 cents per ordinary share in lieu of the scrip distribution, which will be paid only to those shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Thursday, 15 December 2016 (the cash dividend). The cash dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders not exempt therefrom after deduction of which the net cash dividend is 78.2 cents per share.

7. COMMITMENTS AND CONTINGENCIES

No commitments.

Some of the Company's subsidiaries stand as guarantors in respect of the unsecured borrowings as per note 19 of the Group financial statements.

		2016 R'm	2015 R'm
8. RELATED PARTIES			
Relationships			
Subsidiary company	Life Healthcare Group Proprietary Limited		
Related party balances			
Refer to note 1 of the Company financial statements			
Related party transactions			
Dividend received			
Life Healthcare Group Proprietary Limited		**1 087**	1 522

Notes