Sekunjalo Health Care Limited
(Registration number 1996/014461/06)
Annual Financial Statements
for the year ended 31 August 2014

Audited Annual Financial Statements
Prepared by : Naahied Gamieldien (B.Com (Hons) Unisa)
Published 17 October 2014

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	An investment holding company owning subsidiaries involved in manufacturing of natural hygeine and sanitation products and information technology and telecommunications
Directors	A B Amod K. Abdullah A Wolmarans C F Hendricks N. Gamieldien T Hove
Registered office	Quay 7 East Pier Victoria and Alfred Waterfront Cape Town 8001
Business address	Quay 7 East Pier Victoria and Alfred Waterfront Cape Town 8001
Postal address	P.O. Box 181 Cape Town 8000
Bankers	ABSA Bank Limited
Auditors	PKF (Cpt) Inc. Chartered Accountants (S.A.) Registered Auditors
Secretary	C F Hendricks
Company registration number	1996/014461/06

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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Report of the Independent Auditors

To the Management of Sekunjalo Health Care Limited

We have audited the annual financial statements of Sekunjalo Health Care Limited, Group and Company which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow for the year ended 31 August 2014, a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 59.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Standards on Auditing and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the annual financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Group and Company at 31 August 2014 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion above, we draw your attention to the financial statements which indicate that the company has an accumulated loss of R (176,141,061) and the group R (198,707,996) for the year ended 31 August 2014 and as of that date the company's total liabilities exceeded its total assets by R (7,312,974) and the group R (16,081,462).

We draw attention to note 2 of the Director's Report which states that the ability of the company to continue as a going concern is dependant on a number of factors. The most significant of these is the successful implementation and execution of the business plan resulting in the resumption of profitable operations, and that the holding company guarantees any possible shortfall to creditors by way of letter of support and subordination of its loans until the company's assets fairly valued, exceed its liabilities.

Accordingly, the annual financial statements do not include any adjustments relating to the recoverability or classification of assets or to the amount and classification of liabilities that might be necessary if the company is unable to continue as a going concern.

Other reports required by the Companies Act

Report of the Independent Auditors

As part of our audit of the financial statements for the year ended 31 August 2014, we have read the Director's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

R Campbell
Partner
Registered Auditors

Cape Town

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 August 2015 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

A Wolmarans **C Ah Sing**

Cape Town

17 October 2014

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Sekunjalo Health Care Limited and the group for the year ended 31 August 2014.

1. Nature of business

Sekunjalo Health Care Limited is an investment entity incorporated in South Africa owning subsidiaries involved in manufacturing of natural hygiene and sanitation products and information technology and telecommunications. The group operates in South Africa.

There have been no material changes to the nature of the group's business from the prior year.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Directorate

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

Directors	Designation	Changes
A Wolmarans	Executive	
C Ah Sing	Non-executive	
K Abdulla	Non-executive	
M I Surve	Non-executive	Resigned 16 May 2014
C F Hendricks	Non-executive	
A F Connold	Non-executive	Resigned 30 September 2013
T Hove	Non-executive	
A B Amod	Non-executive	
N Gamieldien	Executive	

5. Holding company

The group's holding company is Sekunjalo Investments Limited. Sekunjalo Investments Limited is incorporated in South Africa, a company listed on the JSE.

6. Events after the reporting period

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

7. Going concern

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

Directors' Report

8. Auditors

PKF (Cpt) Inc. continued in office as auditors for the company and its subsidiaries for 2014.

At the AGM, the shareholders will be requested to reappoint PKF (Cpt) Inc. as the independent external auditors of the company and to confirm Mr R Campbell as the designated lead audit partner for the 2015 financial year.

9. Secretary

The company secretary is Mr C F Hendricks.

Postal address	
	P.O. Box 181 Cape Town 8000
Business address	
	Quay 7 East Pier Victoria and Alfred Waterfront Cape Town 8001

Statement of Financial Position as at 31 August 2014

		Group			Company	
Figures in Rand	Note(s)	2014	2013	2012	2014	2013
Assets						
Non-Current Assets						
Property, plant and equipment	3	2,427,578	1,695,738	2,966,473	11,171	14,203
Goodwill	4	17,302,179	15,554,570	2,157,275	-	-
Intangible assets	5	70,977	70,977	14,388,470	-	-
Investments in subsidiaries	6	-	-	-	65,094,190	52,047,142
Investment in joint venture	7	50,000	50,000	50,000	50,000	50,000
Investments in associate	8	30	30	-	30	30
Loans to group companies	9	3,433,051	2,978,636	16,203,059	391,199	7,389,275
Other financial assets		-	31,182	6,766	-	-
Deferred tax	10	7,224,991	4,961,307	3,560,983	9,252,572	7,668,587
		30,508,806	**25,342,440**	**39,333,026**	**74,799,162**	**67,169,237**
Current Assets						
Inventories	11	2,352,695	966,143	4,880,262	-	-
Loans to group companies	9	43,439	17,429	-	-	-
Other financial assets		31,948	-	51,021	-	-
Current tax receivable		291,068	-	-	-	-
Trade and other receivables	12	48,573,111	40,657,038	27,552,085	-	373,988
Cash and cash equivalents	13	27,181,858	19,651,585	9,860,779	813,491	136,120
		78,474,119	**61,292,195**	**42,344,147**	**813,491**	**510,108**
Non-current assets held for sale	34	1,852,083	2,127,083	-	1,852,083	2,127,083
Total Assets		**110,835,008**	**88,761,718**	**81,677,173**	**77,464,736**	**69,806,428**

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Statement of Financial Position as at 31 August 2014

			Group		Company	
Figures in Rand	Note(s)		2014	2013	2014	2013
Equity and Liabilities						
Equity						
Attributable to Holders of Parent						
Share capital	14	168,828,087	168,828,087	168,828,087	168,828,087	168,828,087
Accumulated loss		(206,376,585)	(212,557,129)	(208,444,544)	(173,569,973)	(177,011,035)
		(37,548,498)	(43,729,042)	(39,616,457)	(4,741,886)	(8,182,948)
Non-controlling interest		13,798,447	10,160,667	(203,979)	-	-
		(23,750,051)	**(33,568,375)**	**(39,820,436)**	**(4,741,886)**	**(8,182,948)**
Liabilities						
Non-Current Liabilities						
Loans from group companies	9	74,829,325	72,530,707	81,396,447	74,270,136	70,116,181
Loans from shareholders		3,733	-	-	-	-
Other financial liabilities	15	463,116	562,500	-	-	-
Operating lease liability		6,754	-	-	-	-
Deferred tax	10	2,846,059	810,276	951,391	10,131,402	7,668,587
		78,148,987	**73,903,483**	**82,347,838**	**84,401,538**	**77,784,768**
Current Liabilities						
Other financial liabilities	15	-	2,105	228,282	-	2,105
Current tax payable		1,801,823	2,251,282	1,161,109	-	-
Trade and other payables	16	21,107,300	19,311,306	23,309,060	(2,237,482)	175,041
Deferred income		15,192,450	16,570,983	11,580,386	-	-
Provisions	17	18,334,499	9,097,548	2,870,934	42,566	27,462
Bank overdraft	13	-	1,193,386	-	-	-
		56,436,072	**48,426,610**	**39,149,771**	**(2,194,916)**	**204,608**
Total Liabilities		**134,585,059**	**122,330,093**	**121,497,609**	**82,206,622**	**77,989,376**
Total Equity and Liabilities		**110,835,008**	**88,761,718**	**81,677,173**	**77,464,736**	**69,806,428**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	2014	2013	2014	2013
Revenue	18	191,035,734	120,216,658	5,754,115	535,694
Cost of sales		(135,577,957)	(71,424,463)	-	-
Gross profit		**55,457,777**	**48,792,195**	**5,754,115**	**535,694**
Other income		503,296	4,983,824	-	9,742,615
Operating expenses		(37,656,757)	(53,504,121)	28,109,243	(17,536,441)
Operating profit (loss)	19	**18,304,316**	**271,898**	**33,863,358**	**(7,258,132)**
Investment revenue	20	1,431,531	3,253,246	900,132	9,196,548
Fair value adjustments		(1,598,549)	-	(28,469,778)	13,836,523
Finance costs	21	(2,118,243)	(1,531,286)	(1,973,820)	(1,398,808)
Profit (loss) before taxation		**16,019,055**	**1,993,858**	**4,319,892**	**14,376,131**
Taxation	22	(5,034,796)	(6,106,437)	(878,830)	-
Profit (loss) for the year		**10,984,259**	**(4,112,579)**	**3,441,062**	**14,376,131**
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the year		**10,984,259**	**(4,112,579)**	**3,441,062**	**14,376,131**
Total comprehensive income (loss) attributable to:					
Owners of the parent		6,180,526	(4,112,579)	3,441,062	14,376,131
Non-controlling interest		4,803,733	-	-	-
		10,984,259	**(4,112,579)**	**3,441,062**	**14,376,131**
Total comprehensive income (loss) attributable to:					
Owners of the parent		6,180,526	(4,112,579)	3,441,062	14,376,131
Non-controlling interest		4,803,733	-	-	-
		10,984,259	**(4,112,579)**	**3,441,062**	**14,376,131**
				-	-
				-	-

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Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group							
Opening balance as previously reported	808,607	168,019,480	168,828,087	(203,349,556)	(34,521,469)	(203,979)	(34,725,448)
Adjustments							
Prior period error	-	-	-	(5,094,994)	(5,094,994)	-	(5,094,994)
Balance at 01 September 2012 as restated	**808,607**	**168,019,480**	**168,828,087**	**(208,444,550)**	**(39,616,463)**	**(203,979)**	**(39,820,442)**
Loss for the year	-	-	-	(4,112,579)	(4,112,579)	-	(4,112,579)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**(4,112,579)**	**(4,112,579)**	**-**	**(4,112,579)**
Changes in ownership interest - control not lost	-	-	-	-	-	203,979	203,979
Business combinations	-	-	-	-	-	10,160,667	10,160,667
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**10,364,646**	**10,364,646**
Opening balance as previously reported	808,607	168,019,480	168,828,087	(209,983,176)	(41,155,089)	10,160,667	(30,994,422)
Adjustments							
Prior period errors	-	-	-	(2,573,953)	(2,573,953)	-	(2,573,953)
Balance at 01 September 2013 as restated	**808,607**	**168,019,480**	**168,828,087**	**(212,557,129)**	**(43,729,042)**	**10,160,667**	**(33,568,375)**
Profit for the year	-	-	-	6,180,526	6,180,526	4,803,733	10,984,259
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**6,180,526**	**6,180,526**	**4,803,733**	**10,984,259**
Dividends	-	-	-	18	18	(1,148,200)	(1,148,182)
Business combinations	-	-	-	-	-	(17,753)	(17,753)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**18**	**18**	**(1,165,953)**	**(1,165,935)**
Undefined Difference	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 August 2014	**808,607**	**168,019,480**	**168,828,087**	**(206,376,585)**	**(37,548,498)**	**13,798,447**	**(23,750,051)**
Note(s)	14	14	14				

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Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the group / company	Minority interest	Total equity
Company							
Balance at 01 September 2012	**808,607**	**168,019,480**	**168,828,087**	**(191,387,166)**	**(22,559,079)**	**-**	**(22,559,079)**
Profit for the year	-	-	-	14,376,131	14,376,131	-	14,376,131
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**14,376,131**	**14,376,131**	**-**	**14,376,131**
Balance at 01 September 2013	**808,607**	**168,019,480**	**168,828,087**	**(177,011,035)**	**(8,182,948)**	**-**	**(8,182,948)**
Profit for the year	-	-	-	3,441,062	3,441,062	-	3,441,062
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**3,441,062**	**3,441,062**	**-**	**3,441,062**
Undefined Difference	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 August 2014	**808,607**	**168,019,480**	**168,828,087**	**(173,569,973)**	**(4,741,886)**	**-**	**(4,741,886)**
Note(s)	14	14	14				

Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	2014	2013	2014	2013
Cash flows from operating activities					
Cash receipts from customers		182,297,761	110,774,499	4,073,907	872,484
Cash paid to suppliers and employees		(165,530,858)	(96,820,105)	(3,564,489)	7,998,996
Cash (used in) generated from operations	24	16,766,903	13,954,394	509,418	8,871,480
Interest income		1,431,531	3,253,246	48,315	2,031,263
Dividends received		-	-	851,817	7,165,285
Finance costs		(2,118,243)	(1,531,286)	(1,973,820)	(1,398,808)
Tax payment	31	(6,292,452)	(5,680,226)	-	-
Net cash from operating activities		**9,787,739**	**9,996,128**	**(564,270)**	**16,669,220**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(1,720,488)	(713,006)	-	-
Sale of property, plant and equipment	3	43,382	-	-	-
Investment in associate	36	341,810	(30)	-	-
Cash from acquisition of subsidiary	32	-	6,504,652	-	-
Cash outflow from disposal of subsidiary	33	-	(692,248)	-	-
Loans to group companies repaid/(advanced)		(1,683,435)	(3,702,318)	(2,910,208)	5,557,613
Loans advanced to group companies		2,298,618	-	4,153,955	-
Repayment of loans from group companies		-	(3,158,688)	-	(22,097,960)
Sale of financial assets		(766)	26,605	-	-
Net cash from investing activities		**(720,879)**	**(1,735,033)**	**1,243,747**	**(16,540,347)**
Cash flows from financing activities					
Proceeds from other financial liabilities		-	336,323	-	-
Repayment of other financial liabilities		(346,934)	-	(2,105)	(7,045)
Repayment of shareholders loan		3,733	-	-	-
Net cash from financing activities		**(343,201)**	**336,323**	**(2,105)**	**(7,045)**
Total cash movement for the year		**8,723,659**	**8,597,418**	**677,372**	**121,828**
Cash at the beginning of the year		18,458,199	9,860,779	136,120	14,293
Total cash at end of the year	13	**27,181,858**	**18,458,197**	**813,492**	**136,121**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, other than certain financial instruments which are carried at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

Underlying concepts

The financial statements are prepared on the going concern basis, which assumes that the Group will continue in operation for the foreseeable future. The financial statements are prepared using the accrual accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received or paid.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit and loss.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

- the fair values of financial assets and liabilities classified and accounted for in accordance with the policies set out above

- the estimation of the lives of property, plant and equipment is based on historic performance as well as expectations about future use of and therefore requires significant degree of judgement to be applied by management. These depreciation rates represents management's current best estimate of the useful lives of the assets.

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount. Impairments are recorded in the income statement in the period in which the occur. The group's policy in relation to impairment testing in respect of goodwill is detailed below.

Valuation method

An entity discounted cash flow (DCF) valuation technique is used for all unlisted investments that are held at fair value. Price/earnings are not as accurate and are thus only used as a secondary review.

Application of methodology

Free cash flow (FCF) forecasts are prepared year-by-year for a minimum of a three year period and for high-growth companies year-by-year forecasts for a period of five to ten years are prepared.

Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond ten years is not likely, and even if likely is difficult to forecast with any certainty. The growth rates used were between 4% and 10% for the group.

Accounting Policies

1.1 Significant judgements (continued)

Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast for high-growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

Discount rates

Free cash flows are discounted at the group's weighted average cost of capital (WACC), being the weighted cost of equity as determined using the capital asset pricing model (CAPM) and the weighted after-tax cost of debt and/or any other non-equity form of financing. The discount rates used were between 18.63% and 35% within the divisions in the group.

Risk free rate

The risk free rate utilised is the yield on ten-year government bonds. These yields were obtained from the financial press at the time of preparing the valuations. Where no ten-year SA bonds are in issue, the nearest long term SA bond rate should be used. The risk free rate used was 7.38%.

Beta

The equally weighted average of the relevant industry betas are used.

The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the group's recent market price. The beta used for the group was 1.5.

Market risk premium

A market risk premium was utilised in all valuations. The market risk premium used was 6%.

Value of equity

The value of equity will be equal to the free cash flow value of the entity, less the balance sheet values (at the valuation date) of debt and any other form of financing, plus cash on hand (per the balance sheet) which is in excess of normal working capital requirements.

Trade Receivables and Loans and Receivables

The group assesses its trade receivables and loans and receivables for impairment at each balance sheet date. In determining whether an impairment loss should be recorded in the income statement, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Discounted cash flows are used to determine fair value for the investments in subsidiary companies. The use of discounted cash flow analysis requires the estimation of a number of significant components, including the future expected cash flows, and the weighted average cost of capital used to perform the discounting. Many of these factors may have a material impact on the valuation.

Accounting Policies

1.1 Significant judgements (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax 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 deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. 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 balance sheet date could be impacted.

1.2 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	**Average useful life**
Plant and machinery	1 - 36 years
Furniture and fixtures	2 - 20 years
Motor vehicles	1 - 10 years
Office equipment	3 - 21 years
IT equipment	1 - 8 years
Computer software	2 - 5 years
Leasehold improvements	5 - 40 years
Pharmaceutical handbooks	3 years

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment. Goodwill is tested for impairment annually and whenever there is an indication of impairment and is not amortised.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets which are separately acquired are initially recognised at cost, being their purchase prices after adding any directly attributable costs of preparing the assets to be capable of operating in the manner intended by management.

Software development costs, which are generated internally, are measured at cost, being all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management, after taking into account any accumulated amortisation and accumulated impairment losses, where applicable.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Amortisation is calculated on the straight line method at a rate considered appropriate to reduce the book value of the software development costs over their useful lives to their residual values.

The useful life of the intangible was assessed by management at year end. Based on the terms of the service contract to which the intangible relates, a notice period of 1 year is required to terminate the contract. As the contract has not been terminated, the intangible is assumed to have a carrying value of at least one more year.

Accounting Policies

1.5 Investments in subsidiaries

Company annual financial statements

In the company’s separate annual financial statements, investments in subsidiaries are carried at fair value through profit or loss.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

The fair value of the investments in subsidiaries is determined by using discounted cash flow analysis.

Group annual financial statements

The group's annual financial statements include those of the holding company, its subsidiaries and joint ventures. The results of the subsidiaries are included from the effective date of acquisition.

On acquisition the group recognises the subsidiary's indentifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

1.6 Financial instruments

Initial recognition

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

The group's principal financial assets are various investments, long term loans receivable, trade and other current receivables and bank and cash balances. The group's financial liabilities are long term interest bearing and non interest bearing loans payable and non trade and other payables.

Offsetting

Financial assets and financial liabilities are only offset if there is a legally enforceable right to off set the recognised amounts and there is an intention to either settle on a net basis or realise the asset and settle the liability simultaneously.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest rate method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised directly in equity until the asset is disposed of or determined to be impaired. Interest on available for sale financial assets calculated using the effective interest rate method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

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

Accounting Policies

1.6 Financial instruments (continued)

Impairment of financial assets

At each statement of financial position date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Impairment losses are reversed in subsequent period when an increase in the loans recoverable amount can be related objectively to an event occuring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date of impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and direct transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Accounting Policies

1.6 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, including any transaction costs that are directly attributable to the acquisition of these financial liabilities, and are subsequently measured at amortised cost, using the effective interest rate method. Any amortisation gains or losses on subsequent measurement are included in the calculation of net profit or loss for the period in which the change arises, while the net profit or loss for the period in which the relevant liability is derecognised is also adjusted.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The group does not assess these financial assets for impairment at every balance sheet date. All regular way purchases and sales are accounted for at trade date.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.7 Tax

Current tax assets and liabilities

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

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

Current tax assets and liabilities are offset if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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

1.7 Tax (continued)

Tax expenses

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

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

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

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

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Any contingent rents are expensed in the period they are incurred.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

1.10 Impairment of assets

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

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

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

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

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

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

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

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

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

1.11 Provisions and contingencies

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 29.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.13 Cost of sales

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

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

Accounting Policies

1.15 Translation of foreign currencies (continued)

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the group and all investees which are controlled by the group.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.17 Joint arrangements

Company annual financial statements

Joint ventures

An investment in a joint venture is carried at cost less any accumulated impairment.

Joint operations

The group recognises the following in relation to its interests in joint operations:

- the profits accumulated from the joint venture on an equity basis as a single line item on the statement of financial position.

1.18 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Notes to the Annual Financial Statements

	Group		Company	
	2014	2013	2014	2013

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations

IFRS 10 Consolidated Financial Statements

Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.
The impact of the standard is not material.

IAS 27 Separate Financial Statements
Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material

IFRS 11 Joint Arrangements

The standard replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non Monetary Contributions by Venturers. The standard defines a Joint arrangement as existing only when decisions about relevant activities requires the unanimous consent of the parties sharing joint control in terms of a contractual arrangement.

The standard identifies two types of joint arrangements as

- Joint operations which exist when the entities sharing joint control have direct rights to the assets and obligations for the liabilities of the joint arrangements. In such cases the joint operators recognise their share of the assets and liabilities and profits and losses of the joint arrangements in their financial statements.
- The effective date of the standard is for years beginning on or after 01 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.

IFRS 12 Disclosure of Interests in Other Entities

2. New standards and interpretations (continued)

The standard sets out disclosure requirements for investments in subsidiaries, associates, joint ventures and unconsolidated structured entities. The disclosures are aimed to provide information about the significance and exposure to risks of such interests. The most significant impact is the disclosure requirement for unconsolidated structured entities or off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group has adopted the standard for the first time in the 2014 annual financial statements.

The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IFRS 13 Fair Value Measurement

New standard setting out guidance on the measurement and disclosure of items measured at fair value or required to be disclosed at fair value in terms of other IFRS's.

The effective date of the standard is for years beginning on or after 01 January 2015.

The group has adopted the standard for the first time in the 2016 annual financial statements.

The adoption of this standard has not had a material impact on the results of the group, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

The effective date of the amendment is for years beginning on or after 01 January 2014.

The group expects to adopt the amendment for the first time in the 2015 annual financial statements.

It is unlikely that the amendment will have a material impact on the group's annual financial statements.

2.2. Standards and Interpretations not yet effective

IAS 8 requires that when an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:
(a) this fact; and
(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

The standard requires you to consider the following in your disclosure:
(a) the title of the new Standard or Interpretation;
(b) the nature of the impending change or changes in accounting policy;
(c) the date by which application of the Standard or Interpretation is required;
(d) the date as at which it plans to apply the Standard or Interpretation initially; and
(e) either:
• a discussion of the impact that initial application of the Standard or Interpretation is expected to have on the entity's financial statements; or
• if that impact is not known or reasonably estimable, a statement to that effect.

Below is a list of the current standards and interpretations that have been issued, but may not be effective.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

2. New standards and interpretations (continued)

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 2: Share Based Payments	• Annual Improvements 2010 – 2012 Cycle: amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions	1 July 2014
IFRS 3: Business Combinations	• Annual Improvements 2010 – 2012 Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9. • Annual Improvements 2011 – 2013 Cycle: amendments to the scope paragraph for the formation of a joint arrangement.	1 July 2014 1 July 2014
IFRS 8: Operating Segments	• Annual Improvements 2010 – 2012 Cycle: amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.	1 July 2014
IFRS 9: Financial Instruments	• The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, derecognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications toIFRS 9's financial asset classification model to address application issues.	1 January 2018
IFRS 10: Consolidated Financial Statements	• IFRS 10 exception to the principle that all subsidiaries must be consolidated. Entities meeting the definition of ‘Investment Entities’ must be accounted for at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement.	1 January 2014
IFRS 13: Fair Value Measurement	• Annual Improvements 2010 – 2012 Cycle: amendments to clarify the measurement requirements for those short-term receivables and payables. • Annual Improvements 2011 – 2013 Cycle: amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with, IAs 39 or IFRS 9.	1 July 2014 1 July 2014

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

2. New standards and interpretations (continued)

IFRS 15: Revenue from Contracts with Customers	• New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.	1 January 2017
IAS 16: Property, Plant and Equipment	• Annual Improvements 2010 – 2012 Cycle: amendments to the revaluation method – proportionate restatement of accumulated depreciation.	1 July 2014
IAS 19: Employee Benefits	• Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.	1 July 2014
IAS 24: Related Party Disclosures	• Clarification of the definition of a related party.	1 July 2014
IAS 27: Consolidated and Separate Financial Statements	• Requirement to account for interests in 'Investment Entities' at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement, in the separate financial statements of a parent.	1 January 2014
IAS 36 :Impairment of Assets	• The amendment to IAS 36 clarifies the required disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
IAS 38: Intangible Assets	• Annual Improvements 2010 – 2012 Cycle: Amendments to the revaluation method - proportionate restatement of accumulated depreciation.	1 July 2014
IAS 40: Investment Properties	• Annual Improvements 2011 – 2013 Cycle: amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	1 July 2014
Interpretations		**Annual periods beginning on or after**
• IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine		1 January 2013
• IFRIC Interpretation 21 Levies		1 January 2014

There are Standards and Interpretations in issue that are not yet effective. The directors have considered all of these Standards and Interpretations and found non to be applicable to the business of the company and therefore expect none to have a significant impact on future financial statements.

3. Property, plant and equipment

Group	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	931,985	(608,347)	323,638	816,556	(548,590)	267,966
Office equipment	415,857	(288,210)	127,647	331,842	(242,810)	89,032
IT equipment	5,464,555	(4,501,698)	962,857	4,536,886	(3,757,363)	779,523
Computer software	385,565	(222,859)	162,706	602,264	(568,570)	33,694
Leasehold improvements	1,372,773	(522,043)	850,730	980,792	(455,269)	525,523
Total	**8,570,735**	**(6,143,157)**	**2,427,578**	**7,268,340**	**(5,572,602)**	**1,695,738**

Company	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	162,694	(151,541)	11,153	162,694	(149,421)	13,273
Office equipment	6,489	(6,489)	-	6,489	(6,489)	-
IT equipment	263,482	(263,464)	18	263,482	(262,552)	930
Total	**432,665**	**(421,494)**	**11,171**	**432,665**	**(418,462)**	**14,203**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Furniture and fixtures	267,966	143,227	6,933	-	(94,488)	323,638
Office equipment	89,032	76,774	6,401	-	(44,560)	127,647
IT equipment	779,523	713,058	80,310	(22,044)	(587,990)	962,857
Computer software	33,694	197,621	-	-	(68,609)	162,706
Leasehold improvements	525,523	589,808	-	-	(264,601)	850,730
	1,695,738	**1,720,488**	**93,644**	**(22,044)**	**(1,060,248)**	**2,427,578**

Reconciliation of property, plant and equipment - Group - 2013

	Opening balance	Additions	Additions through business combinations	Classified as held for sale	Disposals through sale of subsidiary	Depreciation	Total
Plant and machinery	1,902,083	-	-	(1,627,083)	-	(275,000)	-
Furniture and fixtures	243,324	-	80,234	-	-	(55,592)	267,966
Motor vehicles	21,810	-	-	-	(21,810)	-	-
Office equipment	78,487	35,902	37,859	-	(42,965)	(20,251)	89,032
IT equipment	682,840	67,167	393,414	-	(18,725)	(345,173)	779,523
Computer software	37,929	13,000	5,620	-	-	(22,855)	33,694
Leasehold improvements	-	596,934	11	-	-	(71,422)	525,523
	2,966,473	**713,003**	**517,138**	**(1,627,083)**	**(83,500)**	**(790,293)**	**1,695,738**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2014

	Opening balance	Depreciation	Total
Furniture and fixtures	13,273	(2,120)	11,153
IT equipment	930	(912)	18
	14,203	**(3,032)**	**11,171**

Reconciliation of property, plant and equipment - Company - 2013

	Opening balance	Classified as held for sale	Depreciation	Total
Plant and machinery	1,902,083	(1,627,083)	(275,000)	-
Furniture and fixtures	15,392	-	(2,119)	13,273
Office equipment	1,135	-	(1,135)	-
IT equipment	1,842	-	(912)	930
	1,920,452	**(1,627,083)**	**(279,166)**	**14,203**

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

4. Goodwill

Group	2014			2013		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	17,682,873	(380,694)	17,302,179	15,935,264	(380,694)	15,554,570

Reconciliation of goodwill - Group - 2014

	Opening balance	Additions through business combinations	Total
Goodwill	15,554,570	1,747,609	17,302,179

Reconciliation of goodwill - Group - 2013

	Opening balance	Additions through business combinations	Total
Goodwill	2,157,275	13,397,295	15,554,570

4. Goodwill (continued)

Other information

Goodwill relates to the group's interest in Health System Technologies (Pty) Ltd and the Saratoga Software Proprietary Limited Group The group performs an annual valuation for purposes of valuing the shares in its investments. The valuation method is the basis for valuing the goodwill which is allocated to Health System Technologies and the Saratoga Software Group as cash generating units (CGU).

The value of the CGU to which the goodwill was allocated has been determined based on the value in use calculations using management generated cash flows projections. The carrying value has been calculated to be less than the recoverable amount and therefore no impairment has been recognised.

The following significant assumptions were used:

Number of years of cashflows:	5-7years
Terminal growth rate	4-6%
Beta	1.2-1.5
Specific risk premium (in %):	2-5%

5. Intangible assets

Group	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Software development costs	3,488,941	(3,488,941)	-	3,488,941	(3,488,941)	-
Computer software, other	8,818,908	(8,747,931)	70,977	8,818,908	(8,747,931)	70,977
Total	**12,307,849**	**(12,236,872)**	**70,977**	**12,307,849**	**(12,236,872)**	**70,977**

Reconciliation of intangible assets - Group - 2014

	Opening balance	Total
Computer software	70,977	70,977

Reconciliation of intangible assets - Group - 2013

	Opening balance	Disposals	Classified as held for sale	Amortisation	Total
Patents and trademarks	500,000	-	(500,000)	-	-
Computer software	288,470	-	-	(217,493)	70,977
Pharmaceutical dossiers	13,600,000	(13,600,000)	-	-	-
	14,388,470	**(13,600,000)**	**(500,000)**	**(217,493)**	**70,977**

Reconciliation of intangible assets - Company - 2013

	Opening balance	Classified as held for sale	Total
Patents and trademarks	500,000	(500,000)	-

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

5. Intangible assets (continued)

Other information

The patents and trademarks relate to the "New Promex" brand which was purchased during the 2008 financial year. The useful life of the brand had been assessed as being indefinite as it could not be determined when economic benefits from this intangible would cease.

Impairment test assumptions are based on the fair value less any costs to sell.

Sekpharma (Pty) Ltd the subsidiary which had ownership of the pharmaceutical dossiers was sold to Sekunjalo Investments Limited on 1 September 2012.

6. Investments in subsidiaries

Company

Name of company	Held by	% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
Sekunjalo Medical Services Proprietary Limited	Sekunjalo Health Care Limited	100.00 %	100.00 %	44,678,980	41,229,062
Saratoga Software Proprietary Limited	Sekunjalo Health Care Limited	42.59 %	42.59 %	9,327,210	10,818,080
Wynberg Pharmaceuticals Proprietary Limited	Sekunjalo Health Care Limited	100.00 %	100.00 %	11,088,000	-
Sekunjalo Health and Medical Commodities Proprietary Limited	Sekunjalo Health Care Limited	100.00 %	100.00 %	-	-
				65,094,190	52,047,142

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2014	2013
Saratoga Software Proprietary Limited Group	RSA	43 %	- %

Summarised statement of financial position

	Saratoga Software Proprietary Limited Group		Total	
	2014	2013	2014	2013
Assets				
Non-current assets	14,313,537	-	14,313,537	-
Current assets	25,133,193	-	25,133,193	-
	39,446,730	-		-
Liabilities				
Non-current liabilities	473,603	-	473,603	-
Current liabilities	16,460,851	-	16,460,851	-
	16,934,454	-	16,934,454	-
Total net assets	22,512,276	-	22,512,276	-
Carrying amount of non-controlling interest	13,798,447	-	13,798,447	-
Non-controlling interest in subsidiary that was disposed of			-	10,160,667
Non-controlling interest per statement of financial position			13,798,447	10,160,667

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

6. Investments in subsidiaries (continued)

Summarised statement of comprehensive income

	Saratoga Software Proprietary Limited Group		Total	
	2014	2013	2014	2013
Revenue	100,706,708	-	100,706,708	-
Other income and expenses	(93,371,097)	-	(93,371,097)	-
Operating proft/(loss)	7,335,611	-	7,335,611	-
Profit (loss)	7,335,611	-	7,335,611	-
Total comprehensive income	7,335,611	-	7,335,611	-

Summarised statement of cash flows

	Saratoga Software Proprietary Limited Group		Total	
	2014	2013	2014	2013
Cash flows from operating activities	11,533,428	-	11,533,428	-
Cash flows from investing activities	(1,066,300)	-	(1,066,300)	-
Cash flows from financing activities	(4,721,882)	-	(4,721,882)	-
Net increase(decrease) in cash and cash equivalents	5,745,246	-	5,745,246	-

7. Joint arrangements

Joint ventures

The following table lists all of the joint ventures in the group:

Company

Name of company	Held by	% ownership interest 2014	% ownership interest 2013	Carrying amount 2014	Carrying amount 2013
AMEtHST Proprietary Limited	Health System Technologies Proprietary Limited	50.00 %	50.00 %	50,000	50,000

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

7. Joint arrangements (continued)

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income	AMEtHST Proprietary Limited	
	2014	2013
Other income and expenses	(137,195)	(56,911,636)
Profit before tax	(137,195)	(56,911,636)
Profit (loss) from continuing operations	(137,195)	(56,911,636)
Total comprehensive income	(137,195)	(56,911,636)

Summarised Statement of Financial Position	AMEtHST Proprietary Limited	
	2014	2013
Assets		
Current		
Other current assets	267,963	180,164
Total current assets	267,963	180,164
Liabilities		
Current		
Current financial liabilities (excluding trade payables and provisions)	10,681,990	9,658,688
Other current liabilities	351,430,733	352,228,742
Total current liabilities	362,112,723	361,887,430
Total net assets	(361,844,760)	(361,707,266)

8. Investments in associate

The following table lists all of the associates in the group:

Company

Name of company	Held by	% ownership interest 2014	% ownership interest 2013	Carrying amount 2014	Carrying amount 2013
Emergent Energy Proprietary Limited	Saratoga Private Equity Proprietary Limited	25.00 %	25.00 %	30	30

	Group		Company	
Figures in Rand	2014	2013	2014	2013

8. Investments in associate (continued)

Summarised financial information of material associates

Summarised Statement of Comprehensive Income	Emergent Energy Proprietary Limited	
	2014	2013
Revenue	9,602,887	8,474,037
Other income and expenses	(10,450,848)	(8,613,298)
Profit (loss) from continuing operations	(847,961)	(139,261)
Total comprehensive income	(847,961)	(139,261)

Summarised Statement of Financial Position	Emergent Energy Proprietary Limited	
	2014	2013
Assets		
Non current	590,031	432,011
Current	2,434,750	2,319,566
Total assets	3,024,781	2,751,577
Liabilities		
Non current	1,752,185	1,240,925
Current	2,409,683	1,799,777
Total liabilities	4,161,868	3,040,702
Total net liabilities	(1,137,087)	(289,125)

9. Loans to (from) group companies

Subsidiaries

	Group 2014	Group 2013	Company 2014	Company 2013
Sekunjalo Health and Medical Commodities (Pty) Ltd The loan is unsecured and has no fixed terms of repayment. No interest is charged	-	-	70,824	47,437
Sekpharma (Pty) Ltd The loan is unsecured and has no fixed terms of repayment. No interest is charged.	-	-	21,021	-
Wynberg Pharmaceuticals (Proprietary) Limited The loan is unsecured and has no fixed terms of repayment. No interest is charged.	-	-	370,178	37,429,250
	-	-	462,023	37,476,687
Impairment of loans to subsidiaries	(436,309)	-	(70,824)	(30,476,355)
	(436,309)	**-**	**391,199**	**7,000,332**

The company has granted the unconditional right to defer payment of the outstanding amount for at least 12 months. The carrying amount of the above loans approximate their fair value. As the above loans have no repayment terms, they are not considered to be past due.

Sekunjalo Health Care Limited has agreed to subordinate loans to certain group companies until such time as the subsidiaries assets, fairly valued, exceed their liabilities.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

9. Loans to (from) group companies (continued)

The subordinations are as follows:

Wynberg Pharmaceuticals Proprietary Limited	-	-	370,178	30,428,917
Sekunjalo Health and Medical Commodities Proprietary Limited	-	-	70,824	47,437
Sekpharma Proprietary Limited	-	16,717,546	-	16,717,546
Sekunjalo Medical Services Proprietary Limited	-	-	21,021	-
	-	**16,717,546**	**462,023**	**47,193,900**

Associates

Emergent Energy (Proprietary) Limited The above loan is unsecured and interest is charged at varying rates linked to the prime interest rate. There are no fixed terms of repayment however the borrower has been granted an unconditional right to defer payment for 12 months.	436,309	388,942	436,309	388,942

Holding company

Sekunjalo Investments Limited The loan is unsecured with no fixed terms of repayment. No interest is charged on R61,122,786 and on the balance interest is charged at prime plus 3%. There are no fixed terms of repayment.	(74,735,516)	(68,496,540)	(74,270,136)	(68,057,476)
Sekunjalo Investments Limited The loan is unsecured and interest is charged at prime overdraft rate. There are no fixed terms of repayment.	3,433,051	2,589,693	-	-
	(71,302,465)	**(65,906,847)**	**(74,270,136)**	**(68,057,476)**

The above loans payable have been subordinated in favour of other creditors, until the assets of the group and the company, fair valued, exceed the liabilities.The company has granted the unconditional right to defer payment of the outstanding amount for at least 12 months.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

9. Loans to (from) group companies (continued)

Fellow subsidiaries

Premier Fishing SA (Proprietary) Limited The loan is unsecured with no fixed terms of repayment. Interest is charged at prime plus 3%.There are no fixed terms of repayment.	-	(2,058,705)	-	(2,058,705)
Sekpharma (Proprietary) Limited The loan is unsecured and has no fixed term of repayment. Interest is charged at prime rate plus 3%.	15,078,226	16,717,546	15,078,226	16,717,546
Sekpharma (Proprietary) Limited The loan is unsecured and has no fixed terms of repayment. No interest is charged.	(93,809)	(1,975,462)	-	-
Saratoga Private Equity (Proprietary) Limited The loan is unsecured, interest free and repayable on demand.	43,439	17,429	-	-
	15,027,856	12,700,808	15,078,226	14,658,841
Impairment of loans to fellow subsidiaries	(15,078,226)	(16,717,545)	(15,078,226)	(16,717,545)
	(50,370)	**(4,016,737)**	**-**	**(2,058,704)**
Non-current assets	3,433,051	2,978,636	391,199	7,389,275
Current assets	43,439	17,429	-	-
Non-current liabilities	(74,829,325)	(72,530,707)	(74,270,136)	(70,116,181)
	(71,352,835)	**(69,534,642)**	**(73,878,937)**	**(62,726,906)**

Credit quality of loans to group companies

The credit quality of loans to group companies that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Reconciliation of provision for impairment of loans to group companies

Opening balance	16,717,545	-	47,193,901	40,783,121
Sekunjalo Health and Medical Commodities (Proprietary) Limited	-	-	-	12,429
Wynberg Pharmaceuticals (Proprieatary) Limited	-	-	-	(9,742,614)
Sekpharma (Proprietary) Limited	(1,639,319)	16,717,545	-	16,140,965
	15,078,226	**16,717,545**	**47,193,901**	**47,193,901**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

10. Deferred tax

Deferred tax liability

Provision for doubtful debts	-	27,475	-	-
Provisions	2,679,146	1,940,872	-	-
Tax losses available for set off against future taxable income	295,429	1,172,946	9,252,572	7,668,587
Fixed assets	-	952	-	-
Intangibles	639,946	(19,873)	-	-
Prepaid expenses	(943,492)	(790,403)	-	-
Income received in advance	1,986,204	1,819,062	-	-
Investment in subsidiaries	(278,301)	-	(10,131,402)	(7,668,587)
Total deferred tax liability	**4,378,932**	**4,151,031**	**(878,830)**	**-**

Deferred tax asset

Prepaid expenses	(943,492)	(790,403)	-	-
Tax losses available for set off against future taxable income	(278,301)	-	(10,131,402)	(7,668,587)
Total deferred tax asset	**(1,221,793)**	**(790,403)**	**(10,131,402)**	**(7,668,587)**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	4,378,932	4,151,031	(878,830)	-
Deferred tax asset	(1,221,793)	(790,403)	(10,131,402)	(7,668,587)
Total net deferred tax asset (liability)	**3,157,139**	**3,360,628**	**(11,010,232)**	**(7,668,587)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	4,151,031	2,609,592	-	-
Increase/(Decrease) in tax losses available for set off against future taxable income	(1,156,560)	67,451	-	2,573,593
Fixed assets	(952)	952	-	-
Reversing temporary difference on intangibles	659,819	60,898	-	-
Originating temporary difference on provisions	738,274	1,585,550	-	-
Fair value of subsidiary	-	-	(878,830)	-
Income received in advance	167,142	(204,626)	-	-
Fair value of subsidiary	-	-	-	(2,573,593)
Capitalised finance lease	-	(44,660)	-	-
Prepayments	(153,089)	80,217	-	-
Provision for bad debts	(26,733)	(4,343)	-	-
	4,378,932	**4,151,031**	**(878,830)**	**-**

11. Inventories

Raw materials, components	1,837,917	805,581	-	-
Finished goods	514,778	160,562	-	-
	2,352,695	**966,143**	**-**	**-**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

12. Trade and other receivables

Trade receivables	43,398,994	34,661,021	-	371,768
Employee costs in advance	9,747	8,400	-	-
Prepayments	3,592,949	3,020,640	-	-
Deposits	607,978	990,599	-	-
VAT	256	920,838	-	2,220
Other receivables	650,995	1,054,728	-	-
Staff loans	312,192	812	-	-
	48,573,111	**40,657,038**	**-**	**373,988**

Of the trade receivables balance at the end of the year, R 38,410,208 (2013: R 25,083,916) is due from two of the group's largest customers in the Information Technology sector.

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The average credit period on sales of merchandise goods is 30 days from anniversary date and statement date. No interest has been charged on trade receivables for amounts outstanding longer than the credit period.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 August 2014, R 6,107,419 (2013: R 8,088,781) were past due but not impaired. The group has not provided for these debtors as there has not been significant change in credit quality and the amount is still considered recoverable. The group does not hold any collateral over these balances. The receivables past due is considered more than 60 days.

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

Health Care Segment				
2 months past due	-	7,012	-	-
3 months past due	267,541	539,183	-	-
Information Technology Segment				
1 month past due	2,657,378	5,504,171	-	-
2 months past due	1,725,585	1,348,604	-	-
3 months past due	741,577	164,839	-	-
	5,392,081	**7,563,809**	**-**	**-**

Trade and other receivables impaired

As of 31 August 2014, trade and other receivables of the group of R 1,294,522 (2013: R 127,302) were impaired and provided for.

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	127,302	147,980	-	-
Provision for impairment	1,167,220	(20,678)	-	-
	1,294,522	**127,302**	**-**	**-**

	Group		Company	
Figures in Rand	2014	2013	2014	2013

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	11,317	7,826	-	23
Bank balances	27,170,541	19,643,759	813,491	136,097
Bank overdraft	-	(1,193,386)	-	-
	27,181,858	**18,458,199**	**813,491**	**136,120**
Current assets	27,181,858	19,651,585	813,491	136,120
Current liabilities	-	(1,193,386)	-	-
	27,181,858	**18,458,199**	**813,491**	**136,120**

The bank overdraft is with ABSA Bank Limited and is secured with unlimited cross suretyship between Sekunjalo Investment Limited, Health System Technologies Proprietary Limited and Premier Fishing SA (Proprietary) Limited supported by cession of loan accounts.

There is a guarantee with ABSA Bank Limited for the amount of R 6,500,000, which comprises of a cash pledge in favour of First Rand Bank Limited which expires on 01 September 2014. This pledge is against an overdraft facility provided to Amethst Proprietary Limited.

The following facilities are also held with ABSA Bank Limited
Primary Lending = R 5,000,000
Term Loan = R 5,800,000
Credit card = R 202,000
Forward Exchange Contracts (Nominal Value) = R 10,000,000
Foreign exchange settlement = R 5,000,000

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings.

14. Share capital

Authorised				
500 000 Ordinary shares of R.004 each	2,000	2,000	2,000	2,000
300 000 000 "N" Ordinary shares of R.004 each	1,200,000	1,200,000	1,200,000	1,200,000
50 000 Redeemable Preference shares of R0.01 each	500	500	500	500
	1,202,500	**1,202,500**	**1,202,500**	**1,202,500**

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued				
497 813 Ordinary shares of R0.004 each	1,991	1,991	1,991	1,991
201 654 147 "N" Ordinary shares of R0.004 each	806,616	806,616	806,616	806,616
Share premium	168,019,480	168,019,480	168,019,480	168,019,480
	168,828,087	**168,828,087**	**168,828,087**	**168,828,087**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

15. Other financial liabilities

At fair value through profit or loss				
New Promex Corporation Proprietary Limited	-	2,105	-	2,105
The loan is unsecured and bears no interest. The loan is short term and will be repaid within the next 12 months.				
Held at amortised cost				
Afrotech Professional Services Proprietary Limited	463,116	-	-	-
The loan is unsecured and interest free				
Loans from directors of subsidiary	-	562,500	-	-
The loans are due to be paid on the 17th of September 2013.				
	463,116	**562,500**	**-**	**-**
	463,116	**564,605**	**-**	**2,105**
Non-current liabilities				
At amortised cost	463,116	562,500	-	-
Current liabilities				
Fair value through profit or loss	-	2,105	-	2,105
	463,116	**564,605**	**-**	**2,105**

16. Trade and other payables

Trade payables	13,078,147	8,761,697	(2,329,343)	107,941
Amounts received in advance	194,510	173,406	-	-
VAT	2,281,876	1,767,797	3,116	-
Dividend payable	-	2,250,000	-	-
Other payables	885,108	85,321	-	-
Accrued expenses	4,573,810	6,273,085	88,745	67,100
Operating lease payables (if immaterial)	53,849	-	-	-
Deposits received	40,000	-	-	-
	21,107,300	**19,311,306**	**(2,237,482)**	**175,041**

The average credit period on purchases of certain goods is 30 - 45 days. No interest is charged on trade payables. The group has financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

17. Provisions

Reconciliation of provisions - Group - 2014

	Opening balance	Additions	Utilised during the year	Total
Provision for guarantee	-	5,343,878	-	5,343,878
Provision for warranties	2,306,071	2,550,844	-	4,856,915
Provision for leave pay	3,301,312	1,806,834	(1,821,261)	3,286,885
Provision for bonuses	3,490,165	4,739,218	(3,382,562)	4,846,821
	9,097,548	**14,440,774**	**(5,203,823)**	**18,334,499**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

17. Provisions (continued)

Reconciliation of provisions - Group - 2013

	Opening balance	Additions	Additions via business combinations	Reversed during the year	Total
Provision for warranties	-	-	2,306,071	-	2,306,071
Leave pay benefits	1,382,008	1,919,304	-	-	3,301,312
Provision for bonuses	164,988	3,325,177	-	-	3,490,165
Provision for debtor claims	1,323,938	-	-	(1,323,938)	-
	2,870,934	**5,244,481**	**2,306,071**	**(1,323,938)**	**9,097,548**

Reconciliation of provisions - Company - 2014

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	27,462	42,566	(27,462)	42,566

Reconciliation of provisions - Company - 2013

	Opening balance	Additions	Total
Provision for leave pay	25,412	2,050	27,462

The provision for leave pay is based on the amount of paid leave days owed to employees at the end of the year. The policy of the company is to limit the number of leave days to twenty. The leave pay provision is calculated in accordance with the policy per employee.

The provision for bonuses are provided for when they accrue to employees with reference to services rendered up to the balance sheet date. The above provision represents management's best estimate of the companies liabilities based on prior experience.

Provision for claims relate to the suspension of a government tender for HIV rapid diagnostic strips,and is a possible payable. This has been reversed as it has been more than three years since the last payment and there has been no communication to/from the creditor.

18. Revenue

Sale of goods	34,122,203	40,852,540	-	-
Rendering of services	156,913,531	79,364,118	5,754,115	535,694
	191,035,734	**120,216,658**	**5,754,115**	**535,694**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

19. Operating profit (loss)

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

Operating lease charges				
Premises				
• Contractual amounts	2,979,888	1,098,081	-	-
• Contingent amounts	-	51,781	-	51,781
Equipment				
• Contractual amounts	-	5,144	-	5,144
	2,979,888	**1,155,006**	**-**	**56,925**
Profit on sale of asset	21,338	-	-	-
Profit on sale of businesses (or subsidiaries, joint ventures and associates)	-	3,436,036	-	-
Impairment on loans to group companies	436,309	16,140,964	459,696	16,153,393
Reversal of impairment on loans to group companies	1,639,319	-	32,068,236	-
Loss on exchange difference	484,059	767,006	-	-
Amortisation on intangible assets	-	217,493	-	-
Depreciation on property, plant and equipment	1,289,037	790,292	278,031	279,166
Employee costs	12,673,188	4,555,301	757,672	739,957

20. Investment revenue

Dividend revenue				
Subsidiaries - Local	-	-	851,817	7,165,285
Interest revenue				
Loans to group companies	336,618	2,810,652	47,368	2,025,190
Bank	471,770	7,008	947	6,073
Other interest	623,143	435,586	-	-
	1,431,531	**3,253,246**	**48,315**	**2,031,263**
	1,431,531	**3,253,246**	**900,132**	**9,196,548**

21. Finance costs

Ultimate Shareholder	1,973,820	1,235,838	1,973,820	1,232,007
Bank	64,151	78,034	-	-
Late payment of tax	-	166,801	-	166,801
Other interest paid	80,272	50,613	-	-
	2,118,243	**1,531,286**	**1,973,820**	**1,398,808**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

22. Taxation

Major components of the tax expense

Current				
SA Normal tax - current period	5,293,558	6,231,265	-	-
SA Normal tax - prior period	393,802	69,460	-	-
	5,687,360	**6,300,725**	**-**	**-**
Deferred				
Current year	(228,853)	(194,288)	878,830	-
Arising from prior period adjustments	(423,711)	-	-	-
	(652,564)	**(194,288)**	**878,830**	**-**
	5,034,796	**6,106,437**	**878,830**	**-**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	16,019,055	1,993,858	4,319,892	14,376,131
Tax at the applicable tax rate of 28% (2013: 28%)	4,485,335	558,280	1,209,570	4,025,317
Tax effect of adjustments on taxable income				
Temporary differences	-	(1,220,634)	-	-
Permanent differences	4,191,930	-	122,167	-
Prior period adjustments	(937,117)	4,195,198	-	-
Tax losses utilised	(1,826,522)	-	(452,907)	(4,025,317)
	5,913,626	**3,532,844**	**878,830**	**-**
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.	-	(92,772,845)	-	(33,805,978)

23. Auditors' remuneration

Fees	595,231	337,337	126,345	108,000
Adjustment for previous year	(37,459)	46,883	-	-
	557,772	**384,220**	**126,345**	**108,000**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

24. Cash generated from (used in) operations

Profit before taxation	16,019,055	1,993,858	4,319,892	14,376,131
Adjustments for:				
Depreciation and amortisation	1,289,037	1,007,785	278,031	279,166
(Profit) loss on sale of assets	(21,338)	(3,436,036)	-	-
Profit on foreign exchange	(13,787)	-	-	-
Dividends received	-	-	(851,817)	(7,165,285)
Interest received - investment	(1,431,531)	(3,253,246)	(48,315)	(2,031,263)
Finance costs	2,118,243	1,531,286	1,973,820	1,398,808
Fair value adjustments	1,598,549	-	28,469,778	(13,836,523)
Impairment (reversals) loss	(1,203,010)	16,140,964	(31,608,540)	16,153,393
Movements in operating lease assets and accruals	6,754	-	-	-
Movements in provisions	7,570,792	6,226,614	15,104	2,050
Foreign exchange variance	-	767,000	-	-
Changes in working capital:				
Inventories	(1,386,552)	(620,346)	-	-
Trade and other receivables	(7,845,277)	739,622	373,988	503,591
Trade and other payables	1,444,501	(12,133,704)	(2,412,523)	(808,588)
Deferred income	(1,378,533)	4,990,597	-	-
	16,766,903	**13,954,394**	**509,418**	**8,871,480**

25. Related parties

Relationships	
Ultimate holding company	Sekunjalo Investments Limited
Subsidiary of ultimate holding company	Sekunjalo Properties Proprietary Limited
Subsidiary of ultimate holding company	Sekunjalo Technology Solutions Group Proprietary Limited
Subsidiary	Sekunjalo Medical Services Proprietary Limited
Subsidiary	Wynberg Pharmaceuticals Proprietary Limited
Subsidiary of ultimate holding company	Sekpharma Proprietary Limited
Subsidiary	Health System Technologies Proprietary Limited
Subsidiary	Saratoga Software Proprietary Limited
	Digital Matter Proprietary Limited
	World Wide Creative Proprietary Limited
Joint venture	AmetHST Proprietary Limited
Fellow group company	Premier Fishing SA Proprietary Limited
Fellow group company	Espafrika Proprietary Limited
Associate	Emergent Energy Proprietary Limited

Related party balances

Loan accounts - Owing (to) by related parties				
Sekunjalo Investments Limited	(78,168,151)	(65,889,418)	(74,270,136)	(68,057,475)
Sekunjalo Health and Medical Commodities Proprietary Limited	-	-	-	(47,437)
Sekpharma Proprietary Limited	14,984,417	(16,717,546)	15,078,226	(16,717,546)
Wynberg Pharmaceuticals Proprietary Limited	-	-	-	(37,249,250)

	Group		Company	
Figures in Rand	2014	2013	2014	2013

25. Related parties (continued)

Amounts included in Trade receivable (Trade Payable) regarding related parties				
Bioclones Proprietary Limited	-	8,807	-	8,807
Sekpharma Proprietary Limited	6,270	413,121	-	362,961
Sekunjalo Investments Limited	157	-	-	-
Saratoga Software Proprietary Limited	-	-	-	222,640
Premier Fishing SA Proprietary Limited	19,311	(54,639)	-	(54,639)
Amethst Proprietary Limited	13,655	-	-	-
Donations paid to related parties				
The Surve Family Foundation	-	2,000,000	-	-

Related party transactions

Interest paid to (received from) related parties				
Sekunjalo Investments Limited	1,599,539	547,482	-	1,232,007
Sekpharma Proprietary Limited	-	2,025,800	-	2,025,800
Premier Fishing SA Proprietary Limited	257,051	222,640	-	222,640
Administration fees paid to (received from) related parties				
Sekunjalo Technology Solutions Group Proprietary Limited	-	10,697,650	-	-
Health Systems Technology Proprietary Limited	-	-	-	(72,000)
Sekunjalo Investments Limited	1,612,009	-	1,612,009	-
Sekpharma Proprietary Limited	(17,000)	-	(17,000)	-
Sales				
Sekunjalo Investments Limited	(10,690)	-	-	-
Premier Fishing SA Proprietary Limited	(93,721)	(87,452)	-	-
Purchases				
Espafrika Proprietary Limited	-	1,013,513	-	-
Sekunjalo Technology Solutions Group Proprietary Limited	-	14,070	-	-
Premier Fishing SA Proprietary Limited	170,878	135,915	13,735	-
Sekunjalo Investments Limited	107,680	2,896	12,480	-
Compensation to prescribed officers				
Remuneration	20,710,181	6,949,688	-	729,352
Dividends received				
Sekunjalo Medical Services Proprietary Limited	-	-	-	(7,165,285)

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

26. Risk management

Financial risk management

The group hold financial instruments to finance its operations and to manage the financial risk that arises from these operations. The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk), credit risk and liquidity risk. Risk management is carried out by the group under policies approved by the board.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Sekunjalo Investments Limited has subordinated their loan and gives support to the group which reduces the liquidity risk of the group.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 31 August 2014	Less than 1 year
Other financial liabilities	463,116
Trade and other payables	21,107,298
Loans from group companies	74,829,325

At 31 August 2013	Less than 1 year
Other financial liabilities	564,605
Trade and other payables	19,311,304
Loans from group companies	72,530,707

Company

At 31 August 2014	Less than 1 year
Loans from group companies	74,270,136

At 31 August 2013	Less than 1 year
Other financial liabilities	2,105
Trade and other payables	175,038
Loans from group companies	70,116,181

26. Risk management (continued)

Interest rate risk

The group's interest rate risk arises from variable bank overdraft rates and current financial liabilities. The company does not seek to hedge these interest rate risks. The interest rate risk is not managed as most interest bearing debt is within the group.

The group has no significant concentration of interest rate risk. At 31 August 2013, if the interest rate had increased by 1% with all other variables held constant, pre tax profit for the year would be R13,645 higher (2012 : R10,486 higher).

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Trade and other receivables - normal credit terms	- %	4,857,311
Tax payable	8.50 %	1,801,823
Cash in current banking institutions - tiered	5.00 %	27,181,858
Loans to group companies	11.50 %	3,433,051
Other financial liabilities	8.50 %	463,116

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, 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 based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Foreign exchange risk

The group does not hedge foreign exchange fluctuations.

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The group expects its foreign exchange contracts to hedge foreign exchange exposure.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

27. Financial assets by category

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

Group - 2014

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity investments	Available for sale	Total
Loans to group companies	3,476,490	-	-	-	-	3,476,490
Trade and other receivables	48,573,111	-	-	-	-	48,573,111
Cash and cash equivalents	27,181,858	-	-	-	-	27,181,858
	79,231,459	**-**	**-**	**-**	**-**	**79,231,459**

Group - 2013

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity investments	Available for sale	Total
Loans to group companies	2,996,065	-	-	-	-	2,996,065
Trade and other receivables	36,715,560	-	-	-	-	36,715,560
Cash and cash equivalents	19,651,585	-	-	-	-	19,651,585
	59,363,210	**-**	**-**	**-**	**-**	**59,363,210**

Company - 2014

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity investments	Available for sale	Total
Loans to group companies	391,199	-	-	-	-	391,199
Investments in subsidiaries	-	-	65,094,190	-	-	65,094,190
Cash and cash equivalents	813,491	-	-	-	-	813,491
	1,204,690	**-**	**65,094,190**	**-**	**-**	**66,298,880**

Company - 2013

	Loans and receivables	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Held to maturity investments	Available for sale	Total
Loans to group companies	7,000,333	-	-	-	-	7,000,333
Investments in subsidiaries	-	-	52,047,142	-	-	52,047,142
Trade and other receivables	540,789	-	-	-	-	540,789
Cash and cash equivalents	136,120	-	-	-	-	136,120
	7,677,242	**-**	**52,047,142**	**-**	**-**	**59,724,384**

28. Financial liabilities by category

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

Group - 2014

	Financial liabilities at amortised cost	Total
Loans from group companies	74,829,325	74,829,325
Other financial liabilities	463,116	463,116
	75,292,441	**75,292,441**

Group - 2013

	Financial liabilities at amortised cost	Total
Loans from group companies	72,530,707	72,530,707
Other financial liabilities	564,605	564,605
Trade and other payables	17,543,507	17,543,507
Bank overdraft	1,193,386	1,193,386
	91,832,205	**91,832,205**

Company - 2014

	Financial liabilities at amortised cost	Total
Loans from group companies	74,270,136	74,270,136

Company - 2013

	Financial liabilities at amortised cost	Total
Loans from group companies	68,057,476	68,057,476
Other financial liabilities	2,105	2,105
Trade and other payables	175,038	175,038
	68,234,619	**68,234,619**

29. Contingencies

There is a dispute with regards to Workmens Compensations (WCA) and Wynberg Pharmaceuticals Proprietary Limited. WCA's records indicate an outstanding amount of R 833,494, while Wynberg Pharmaceuticals management reflects their estimate to be R 490,267. Management is certain of the liability of R490,267.

Contingencies relating to interests in associates

The AMEtHST shareholders have agreed to liquidate the company and stop all legal proceedings. The liquidation commenced on 06 October 2014 and no further contingencies or commitments are expected apart from the costs associated with the liquidation.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

30. Segmental report

2014	Health Care	Information Technology	Total
Revenue			
External sales	5,375,360	184,991,130	-
Segment results			
Operating profit / (loss)	-	11,299,348	-
Included in segment results :			
Depreciation and amortisation	1,008,197	1,008,197	-
Carrying value of assets	-	96,250,258	-
Carrying value of liabilities	-	57,355,809	-

2013	Health Care	Information Technology	Total
Revenue			
External sales	11,129,475	184,991,130	196,120,605
Segment results			
Operating profit / (loss)	7,290,297	11,299,348	18,589,645
Included in segment results :			
Depreciation and amortisation	31,333,318	1,008,197	32,341,515
Administration fee paid	2,212,009	5,363,305	7,575,314
	33,545,327	**6,371,502**	**39,916,829**
Carrying value of assets	124,941,078	96,250,258	221,191,336
Carrying value of liabilities	83,782,381	56,882,206	140,664,587
Capital expenditure	13,934	1,151,030	1,164,964

31. Tax paid

	Group 2014	Group 2013	Company 2014	Company 2013
Balance at beginning of the year	(2,251,282)	(1,161,109)	-	-
Current tax for the year recognised in profit or loss	(5,687,360)	(6,300,725)	-	-
Adjustment for business combinations	135,435	(469,674)	-	-
Balance at end of the year	1,510,755	2,251,282	-	-
	(6,292,452)	**(5,680,226)**	**-**	**-**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

32. Movement in investments (incl subs, JVs & Assoc)

Fair value of assets acquired				
Property, plant and equipment	93,644	517,138	-	-
Deferred tax assets / liabilities	-	1,414,602	-	-
Goodwill	-	7,810,904	-	-
Trade and other receivables	57,009	15,628,873	-	-
Trade and other payables	(351,493)	(10,915,445)	-	-
Tax assets / liabilities	135,435	(467,227)	-	-
Cash & cash equivalents	341,810	-	-	-
Borrowings	-	(545,071)	-	-
Cash	-	6,504,652	-	-
Dividend payable	-	(2,250,000)	-	-
Other	(664,809)	55,988	-	-
Total net assets acquired	(388,404)	17,754,414	-	-
Goodwill	1,172,963	(3,280,320)	-	-
Net assets acquired	784,559	14,474,094	-	-
Non-contolling interest	97,100	(10,160,666)	-	-
	881,659	**4,313,428**	**-**	**-**
Consideration paid				
Consideration paid through loan account	-	(10,818,080)	-	-
Warranty provision	(881,659)	-	-	-
Cash aquired from subsidiary	-	6,504,652	-	-
	(881,659)	**(4,313,428)**	**-**	**-**
Net cash outflow on acquisition				
Cash acquired	-	6,504,652	-	-

Saratoga Software Proprietary Limited Group

On 31 August 2014 the group aquired 42.59% of the voting equity interest of the Saratoga Software Proprietary Limited Group which resulted in the group obtaining control. The Saratoga Software Proprietary Limited group is principally involved in the technology industry.

Afrozaar Consulting Proprietary Limited

On 01 March 2014, the group acquired 75% control of Afrozaar Consulting Proprietary Limited via an agreement reached with all board members. However. the purchase of Afrozaar Consulting Proprietary Limited will only be completed on the 01 September 2014. All transactions for the 6 months from 01 March 2014 to 31 August 2014 have been consolidated.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

33. Sale of businesses

33.1 Sale of subsidiary

Carrying value of assets sold				
Property, plant and equipment	-	83,500	-	-
Intangible assets	-	13,600,000	-	-
Inventories	-	4,534,465	-	-
Trade and other receivables	-	1,784,298	-	-
Trade and other payables	-	(5,856,638)	-	-
Borrowings	-	(15,414,453)	-	-
Cash	-	692,248	-	-
Outside shareholders	-	203,979	-	-
Total net assets sold	-	(372,601)	-	-
Fair value adjustments and impairments of loans	-	(1,691,363)	-	-
Net assets sold	-	(2,063,964)	-	-
Profit on disposal	-	(3,436,036)	-	-
	-	**(5,500,000)**	**-**	**-**
Consideration received				
Proceeds paid through loan account	-	5,500,000	-	-
Net cash outflow on acquisition				
Cash sold	-	692,248	-	-

Sekpharma Proprietary Limited

Sekpharma Proprietary Limited the subsidiary which had ownership of the pharmaceutical dossiers was sold to Sekunjalo Investments Limited on 1 September 2012.

34. Discontinued operations

The group has decided to dispose of assets that are no longer in use, as the operations were discontinued.

Assets and liabilities

Non-current assets held for sale				
Property, plant and equipment	1,352,083	1,627,083	1,352,083	1,627,083
Other assets	500,000	500,000	500,000	500,000
	1,852,083	**2,127,083**	**1,852,083**	**2,127,083**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

35. Fair value information

Fair value hierarchy

Financial assets, financial liabilities and non-financial assets measured at fair value in the statement of financial position, are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The following table shows the carrying amounts and fair values of financial assets, financial liabilities and non-financial assets measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	Note(s)				
Investments in subsidiaries at fair value	6				
Investments in unlisted subsidiaries		-	-	65,094,190	52,047,142
Total		**-**	**-**	**65,094,190**	**52,047,142**

There were no transfers of assets and liabilities between Levels 1, 2 or 3 of the fair value hierarchy.

Buildings which are currently classified as non current assets held for sale have been recognised at fair value less costs to sell because the assets fair value less costs to sell is lower than its carrying amount.

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains/losses recognised in profit or loss	Closing balance
Company - 2013				
Assets				
Investments in subsidiaries at fair value	6			
Investments in unlisted subsidiaries		52,047,142	13,047,048	65,094,190
Total		**52,047,142**	**13,047,048**	**65,094,190**

Notes to the Annual Financial Statements

	Note(s)	Opening balance	Gains/losses recognised in profit or loss	Closing balance

Gains and losses recognised in profit or loss are included in fair value adjustments on the Statement of Comprehensive Income.

Financial Instruments measured at cost for which a fair value is disclosed
Financial assets that are not measured at fair value, namely trade and other receivables, cash and cashequivalents, loans receivables and other financial assets are categorised as loans and receivables. It has beenconcluded that the carrying amount of these assets approximate their fair value.

Financial liabilities that are not measured at fair value, namely loans, trade and other payables and other financial liabilities are categorised as other fiancial liabilities. It has been concluded that the carrying amount of these liabilities approximate fair value.

Information about valuation techniques and inputs used to derive level 3 fair values

Investments in subsidiaries

The value of investments in subsidiaries is determined using a discounted cash flow technique. A capiatal asset pricing model is used in which the present value of expected cash flows of the subsidiary are determined. The expected cash flows are determined by considering the current and planned operational activities of each subsidiary. The following rates were used in the valuation model:

Revenue growth rate: 5% - 10%
Terminal growth rate: 4% - 10%
Weighted average cost of capital: 15% - 20%

Valuation processes applied by the Group

The fair value calculations of Investments in subsidiaries are performed by the Group's finance department and operations team, on a yearly basis. The valuation reports are discussed with the Audit committee in accordance with the Group's reporting policies. and operations team, on a quarterly basis. The finance department reports to the Group's Chief Financial Officer (CFO). The valuation reports are discussed with the Audit committee in accordance with the Group's reporting policies.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

36. Business combinations

World Wide Creative Proprietary Limited

On 01 June 2013 the group acquired 75% of the voting equity interest of World Wide Creative Proprietary Limited which resulted in the group obtaining control over World Wide Creative Proprietary Limited. World Wide Creative Proprietary Limited is principally involved in the technology industry.

Goodwill of R 3,205,094 arising from the acquisition of World Wide Creative Proprietary Limited in the prior period consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Afrozaar Consulting Proprietary Limited

On 01 March 2014, the group acquired 75% control of Afrozaar Consulting Proprietary Limited via an agreement reached with all board members. However. the purchase of Afrozaar Consulting Proprietary Limited will only be completed on the 01 September 2014. All transactions for the 6 months from 01 March 2014 to 31 August 2014 have been consolidated.

Goodwill of R 1 172 962 arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

Fair value of assets acquired and liabilities assumed

Property, plant and equipment	93,644	134,794	-	-
Loans to members	10,821	-	-	-
Loans to directors, managers and employees	(675,630)	(563,776)	-	-
Current tax receivable	135,435	(13,968)	-	-
Trade and other receivables	57,009	1,950,388	-	-
Cash and cash equivalents	341,810	634,915	-	-
Deferred income	-	(930,694)	-	-
Deferred tax	-	145,742	-	-
Trade and other payables	(351,493)	(961,917)	-	-
Total identifiable net assets	(388,404)	395,484	-	-
Non-controlling interest	97,100	(98,871)	-	-
Goodwill	1,172,963	3,205,094	-	-
	881,659	**3,501,707**	**-**	**-**

Non-controlling interest

Non-controlling interest is measured at fair value.

Acquisition date fair value of consideration paid

Cash	-	(1,125,000)	-	-
Warranty provision	(881,659)	(2,376,707)	-	-
	(881,659)	**(3,501,707)**	**-**	**-**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2014	2013	2014	2013

37. Prior period errors

Deferred tax asset related to tax losses were not eliminated in prior periods.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position				
Opening retained earnings	-	2,573,593	5,094,994	-
Deferred tax	(1,583,985)	(2,573,593)	(5,094,994)	-
Profit or Loss				
Deferred tax expense	1,583,985	-	-	-

Detailed Statement of Financial Perfomance

Figures in Rand	Note(s)	Group 2014	Group 2013	Company 2014	Company 2013
Revenue					
Sale of goods		34,122,203	40,852,540	-	-
Rendering of services		156,913,531	79,364,118	5,754,115	535,694
	18	**191,035,734**	**120,216,658**	**5,754,115**	**535,694**
Cost of sales					
Opening stock		(160,562)	(4,675,707)	-	-
Purchases		(135,656,440)	(66,909,318)	-	-
Cost of manufactured goods		(275,733)	-	-	-
Closing stock		514,778	160,562	-	-
		(135,577,957)	**(71,424,463)**	**-**	**-**
Gross profit		**55,457,777**	**48,792,195**	**5,754,115**	**535,694**
Other income					
Discount received		189	3,733	-	-
Recoveries		(130,938)	-	-	-
Sundry income		573,920	210,257	-	-
Other income		24,802	1,333,798	-	9,742,615
Dividends received	20	-	-	851,817	7,165,285
Interest received	20	1,431,531	3,253,246	48,315	2,031,263
Gains on disposal of assets		21,536	3,436,036	-	-
Profit and loss on exchange differences		13,787	-	-	-
Fair value adjustments		-	-	-	13,836,523
		1,934,827	**8,237,070**	**900,132**	**32,775,686**
Expenses (Refer to page 61)		**(37,656,757)**	**(53,504,121)**	**28,109,243**	**(17,536,441)**
Operating profit	19	**19,735,847**	**3,525,144**	**34,763,490**	**15,774,939**
Finance costs	21	(2,118,243)	(1,531,286)	(1,973,820)	(1,398,808)
Fair value adjustments		(1,598,549)	-	(28,469,778)	-
		(3,716,792)	**(1,531,286)**	**(30,443,598)**	**(1,398,808)**
Profit (loss) before taxation		**16,019,055**	**1,993,858**	**4,319,892**	**14,376,131**
Taxation	22	5,034,796	6,106,437	878,830	-
Profit (loss) for the year		**10,984,259**	**(4,112,579)**	**3,441,062**	**14,376,131**

Sekunjalo Health Care Limited
(Registration number 1996/014461/06)
Annual Financial Statements for the year ended 31 August 2014

Detailed Statement of Financial Perfomance

		Group		Company	
Figures in Rand	Note(s)	2014	2013	2014	2013
Operating expenses					
Accounting fees		76,142	8,000	-	-
Administration and management fees		2,489,199	7,604,545	2,212,009	-
Advertising		1,034,830	229,657	-	-
Auditors remuneration	23	557,772	384,220	126,345	108,000
Bad debts		966,343	(20,084)	-	-
Bank charges		130,251	77,286	11,417	6,933
Cleaning		38,090	7,276	-	1,001
Commission paid		226,794	8,012,206	-	-
Computer expenses		364,909	590,613	15,270	1,995
Conferences		16,075	137,673	-	-
Consulting and professional fees		1,334,374	3,251,235	-	-
Consumables		85,614	-	-	-
Depreciation, amortisation and impairments		86,027	17,148,749	(31,330,509)	16,432,559
Donations		407,587	2,239,051	-	-
Employee costs		12,647,438	4,555,301	757,672	739,957
Entertainment		377,350	1,339,002	-	-
Equipment under R 7,000		130,253	6,863	28,149	4,465
Fines and penalties		173,847	2,447	-	-
Gifts		36,991	-	-	-
Guarantee expense		5,343,878	-	-	-
Hire		4,990	57,456	-	-
IT expenses		374,317	63,383	-	-
Insurance		411,811	220,979	26,809	45,145
Lease rentals on operating lease		2,979,888	1,155,006	-	56,925
Legal expenses		207,594	2,077,985	-	-
Licence fees		-	12,545	-	12,545
Magazines, books and periodicals		13,103	-	-	-
Motor vehicle expenses		161,809	33,164	-	-
Municipal expenses		351,382	155,486	-	6,746
Office equipment		105,024	36,201	-	-
Petrol and oil		35,720	48,571	1,167	2,629
Placement fees		373,411	100	-	-
Postage		71,980	66,271	2,044	4,328
Printing and stationery		177,012	274,432	7,935	20,877
Profit and loss on exchange differences		484,059	767,006	-	-
Profit and loss on sale of assets and liabilities		198	-	-	-
Relocation expenses		9,797	90,156	-	-
Repairs and maintenance		196,861	276,816	-	-
Secretarial fees		19,752	12,022	-	-
Security		65,853	22,942	-	1,303
Staff welfare		475,306	36,150	1,015	393
Storage charges		364,456	283,518	-	-
Subscriptions		461,167	51,394	23,713	29,830
Telephone and fax		1,073,419	676,016	7,721	60,810
Tenders		8,910	-	-	-
Training		428,180	286,712	-	-
Travel - local		1,266,787	841,478	-	-
Travel - overseas		1,010,207	384,292	-	-
		37,656,757	**53,504,121**	**(28,109,243)**	**17,536,441**