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New World Possibilities™

Sekunjalo Technology Solutions Limited
(Registration number 1996/014461/06)
Annual Financial Statements
for the year ended 31 August 2015

These annual financial statements were prepared by:
Dhilshaad Mohamed
Financial Controller

Audited Annual Financial Statements
Published 29 August 2016

Sekunjalo Technology Solutions Limited
(Registration number 1996/014461/06)
Annual Financial Statements for the year ended 31 August 2015

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 hygiene and sanitation products and information technology and telecommunications
Directors	A B Amod A Wolmarans C Ah Sing C F Hendricks K Abdulla 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
Holding company	African Equity Empowerment Investments Limited incorporated in South Africa, a company listed on the JSE.
Bankers	ABSA Bank Limited
Auditors	Grant Thornton Cape Inc. Chartered Accountants (S.A.) Registered Auditors Registration number: 2000/016512/21 Grant Thornton South Africa is a member firm of Grant Thornton International Limited
Secretary	C F Hendricks
Company registration number	1996/014461/06
Published Date	29 August 2016
Preparer	The annual financial statements were internally prepared by Dhilshaad Mohamed

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

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, .

Preparer

Dhilshaad Mohamed
Financial Controller

Published

29 August 2016

Grant Thornton

An instinct for growth™

Chartered Accountants (SA)

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Independent Auditors' Report
To the shareholder of
Sekunjalo Technology Solutions Limited

We have audited the financial statements of Sekunjalo Technology Solutions Limited set out on pages 18 to 65, which comprise the consolidated and separate statements of financial position as at 31 August 2015, and the consolidated and separate statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonable of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sekunjalo Technology Solutions Limited and its subsidiaries as at 31 August 2015, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Emphasis of matter
Without qualifying our opinion, we draw attention to the consolidated financial statements which indicates that as at 31 August 2015, the group's total liabilities exceeded its total assets by R14 092 071. This indicates the existence of a material uncertainty which may cast significant doubt on the group's ability to continue as a going concern.

Other reports required by the Companies Act
As part of our audit of the financial statements for the year ended 31 August 2015, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated and separate financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Supplementary information
We draw your attention to the fact that the supplementary information set out on pages 57 to 58 does not form part of the consolidated and separate financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon..

Grant Thornton Cape Inc

GRANT THORNTON CAPE INC.
Chartered Accountants (SA)
Registered Auditors

Per: I Hashim
Chartered Accountant (SA)
Registered Auditor

29 August 2016

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa, 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 2016 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.

The external auditors are responsible for independantly auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The financial statements set out on pages 8 to 59, which have been prepared on the going concern basis, were approved by the board of directors on 29 August 2016 and were signed on its behalf by:

K Abdulla
29 August 2016

N Gamieldien

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Sekunjalo Technology Solutions Limited and the group for the year ended 31 August 2015.

1. Nature of business

Sekunjalo Technology Solutions 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 of South Africa. 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. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the group to conserve cash and maintain adequate debt headroom to ensure that the group is best placed to withstand any prolonged adverse economic conditions. Therefore the board of directors has resolved not to declare a dividend for the financial year ended 31 August 2015.

5. Directorate

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

Directors	Designation
A Wolmarans	Executive
C Ah Sing	Non-executive
K Abdulla	Non-executive
C F Hendricks	Non-executive
T Hove	Non-executive
A B Amod	Non-executive
N Gamieldien	Executive

6. Interests in subsidiaries, associates and joint arrangements

Details of material interests in subsidiary companies, associates and joint arrangements are presented in the consolidated annual financial statements in notes 6, 7 and 8.

7. Holding company

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

Directors' Report

8. Events after the reporting period

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

9. 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.

10. Auditors

Grant Thornton Cape Inc. continued in office as auditors for the company and its subsidiaries for 2015.

11. Secretary

The company secretary is Ms. 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 2015

		Group		Company	
Figures in Rand	Note(s)	2015	2014	2015	2014
Assets					
Non-Current Assets					
Property, plant and equipment	3	3,179,883	2,427,578	9,034	11,171
Goodwill	4	17,302,179	17,302,179	-	-
Intangible assets	5	2,067,549	70,977	-	-
Investments in subsidiaries	6	-	-	78,942,379	74,797,060
Investment in joint venture	7	32,669	-	-	-
Investments in associate	8	8,797	30	30	30
Loans to group companies	9	3,765,465	3,433,051	2,090,779	391,199
Loans to shareholders		36,427	-	-	-
Other financial assets	10	3,484,996	-	2,499,996	-
Deferred tax	11	4,537,291	5,322,424	10,620,156	9,252,572
		34,415,256	**28,556,239**	**94,162,374**	**84,452,032**
Current Assets					
Inventories	12	3,084,506	2,352,695	-	-
Loans to group companies	9	-	43,439	-	-
Trade and other receivables	13	58,817,065	50,902,454	3,681,291	2,329,343
Other financial assets	10	-	31,948	-	-
Current tax receivable		179,788	291,068	-	-
Cash and cash equivalents	14	22,185,700	27,181,858	633,491	813,491
		84,267,059	**80,803,462**	**4,314,782**	**3,142,834**
Non-current assets held for sale	15	-	1,852,083	-	1,852,083
Total Assets		**118,682,315**	**111,211,784**	**98,477,156**	**89,446,949**
Equity and Liabilities					
Equity					
Attributable to Holders of Parent					
Share capital	16	168,828,087	168,828,087	168,828,087	168,828,087
Accumulated loss		(198,887,324)	(206,426,587)	(160,688,894)	(165,728,287)
		(30,059,237)	(37,598,500)	8,139,193	3,099,800
Non-controlling interest		15,967,166	13,798,447	-	-
		(14,092,071)	**(23,800,053)**	**8,139,193**	**3,099,800**
Liabilities					
Non-Current Liabilities					
Loans from group companies	9	77,055,454	74,829,325	77,318,094	74,270,136
Loans from shareholders		-	3,733	-	-
Other financial liabilities	17	281,760	463,116	-	-
Operating lease liability		519,514	6,754	-	-
Deferred tax	11	833,692	943,492	12,827,786	11,942,586
		78,690,420	**76,246,420**	**90,145,880**	**86,212,722**

Statement of Financial Position as at 31 August 2015

		Group		Company	
Figures in Rand	Note(s)	2015	2014	2015	2014
Current Liabilities					
Trade and other payables	18	34,610,878	28,780,523	128,752	91,861
Loans from group companies	9	6,650	-	-	-
Deferred income		9,150,381	15,192,450	-	-
Current tax payable		884,601	1,801,823	-	-
Provisions	19	9,431,456	12,990,621	63,331	42,566
		54,083,966	**58,765,417**	**192,083**	**134,427**
Total Liabilities		**132,774,386**	**135,011,837**	**90,337,963**	**86,347,149**
Total Equity and Liabilities		**118,682,315**	**111,211,784**	**98,477,156**	**89,446,949**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	2015	2014	2015	2014
Revenue	20	222,316,869	191,035,733	7,028,499	5,754,115
Cost of sales		(153,337,317)	(135,577,957)	-	-
Gross profit		**68,979,552**	**55,457,776**	**7,028,499**	**5,754,115**
Other income		3,128,762	2,296,068	978,197	32,068,236
Operating expenses		(47,301,315)	(39,499,511)	(5,334,296)	(4,008,993)
Operating profit (loss)	21	**24,806,999**	**18,254,333**	**2,672,400**	**33,813,358**
Investment revenue	22	1,812,486	1,431,531	5,366,260	900,132
Fair value adjustments		28,203	(1,598,549)	4,145,318	(18,766,908)
Income from equity accounted investments		8,767	-	-	-
Finance costs	23	(8,032,071)	(2,118,243)	(7,626,969)	(1,973,820)
Profit before taxation		**18,624,384**	**15,969,072**	**4,557,009**	**13,972,762**
Taxation	24	(6,667,651)	(5,034,797)	482,384	(2,690,014)
Profit (loss) for the year		**11,956,733**	**10,934,275**	**5,039,393**	**11,282,748**
Other comprehensive income		-	-	-	-
Total comprehensive income (loss) for the year		**11,956,733**	**10,934,275**	**5,039,393**	**11,282,748**
Total comprehensive income (loss) attributable to:					
Owners of the parent		7,539,263	6,130,542	5,039,393	11,282,748
Non-controlling interest		4,417,470	4,803,733	-	-
		11,956,733	**10,934,275**	**5,039,393**	**11,282,748**
Total comprehensive income (loss) attributable to:					
Owners of the parent		7,539,263	6,130,542	5,039,393	11,282,748
Non-controlling interest		4,417,470	4,803,733	-	-
		11,956,733	**10,934,275**	**5,039,393**	**11,282,748**
Basic earnings per share		3.77	3.03c	-	-
Headline earnings per share		3.76	3.02c	-	-
Weighted average number of shares		202,151,960	202,151,960	-	-

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							
Balance at 01 September 2013	**808,607**	**168,019,480**	**168,828,087**	**(212,557,129)**	**(43,729,042)**	**10,160,667**	**(33,568,375)**
Profit for the year	-	-	-	6,130,542	6,130,542	4,803,733	10,934,275
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**6,130,542**	**6,130,542**	**4,803,733**	**10,934,275**
Dividends	-	-	-	-	-	(1,148,200)	(1,148,200)
Business combinations	-	-	-	-	-	(17,753)	(17,753)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(1,165,953)**	**(1,165,953)**
Balance at 01 September 2014	**808,607**	**168,019,480**	**168,828,087**	**(206,426,587)**	**(37,598,500)**	**13,798,447**	**(23,800,053)**
Profit for the year	-	-	-	7,539,263	7,539,263	4,417,470	11,956,733
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**7,539,263**	**7,539,263**	**4,417,470**	**11,956,733**
Dividends	-	-	-	-	-	(2,248,751)	(2,248,751)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**(2,248,751)**	**(2,248,751)**
Balance at 31 August 2015	**808,607**	**168,019,480**	**168,828,087**	**(198,887,324)**	**(30,059,237)**	**15,967,166**	**(14,092,071)**
Note(s)	16	16	16				

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 2013	**808,607**	**168,019,480**	**168,828,087**	**(177,011,035)**	**(8,182,948)**	**-**	**(8,182,948)**
Profit for the year	-	-	-	11,282,748	11,282,748	-	11,282,748
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**11,282,748**	**11,282,748**	**-**	**11,282,748**
Balance at 01 September 2014	**808,607**	**168,019,480**	**168,828,087**	**(165,728,287)**	**3,099,800**	**-**	**3,099,800**
Profit for the year	-	-	-	5,039,393	5,039,393	-	5,039,393
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**5,039,393**	**5,039,393**	**-**	**5,039,393**
Balance at 31 August 2015	**808,607**	**168,019,480**	**168,828,087**	**(160,688,894)**	**8,139,193**	**-**	**8,139,193**
Note(s)	16	16	16				

Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	2015	2014	2015	2014
Cash flows from operating activities					
Cash receipts		215,433,458	179,968,418	8,012,208	4,073,907
Cash paid		(201,404,960)	(163,201,515)	(6,366,893)	(3,564,490)
Cash generated from operations	26	14,028,498	16,766,903	1,645,315	509,417
Interest income		1,812,486	1,431,531	195,011	48,315
Dividends received		-	-	5,171,249	851,817
Finance costs		(8,032,071)	(2,118,243)	(7,626,969)	(1,973,820)
Tax payment	33	(6,700,378)	(6,292,452)	-	-
Net cash from (used in) operating activities		**1,108,535**	**9,787,739**	**(615,394)**	**(564,271)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(2,145,781)	(1,720,488)	-	-
Sale of property, plant and equipment	3	608,938	43,382	541,888	-
Surplus funds invested with holding company		-	-	(647,914)	-
Expenditure on product development	5	(1,996,572)	-	-	-
Cash from aquisition in associate	35	-	341,810	-	-
Loans to group companies repaid/(advanced)		(665,717)	(1,683,435)	(2,506,538)	(2,910,208)
Proceeds from loans from group companies		2,399,233	2,298,618	3,047,958	4,153,955
(Purchase)/Sale of financial assets		(3,424,845)	(766)	-	-
Net cash from investing activities		**(5,224,744)**	**(720,879)**	**435,394**	**1,243,747**
Cash flows from financing activities					
Repayment of other financial liabilities		(185,089)	(346,934)	-	(2,105)
Repayment of shareholders loan		(40,160)	3,733	-	-
Finance lease payments		(622,031)	-	-	-
Acquisition of additional shares in joint venture		(32,669)	-	-	-
Net cash from financing activities		**(879,949)**	**(343,201)**	**-**	**(2,105)**
Total cash movement for the year		**(4,996,158)**	**8,723,659**	**(180,000)**	**677,371**
Cash at the beginning of the year		27,181,858	18,458,199	813,491	136,120
Total cash at end of the year	14	**22,185,700**	**27,181,858**	**633,491**	**813,491**

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 of South Africa. 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 in the range of 7.5% and 9.5%.

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 in the range of 1.1 and 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 19 - 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

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 identifiable 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 occurring 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 60 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 uncollected, 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.

Accounting Policies

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.

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.

Accounting Policies

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 31.

Accounting Policies

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.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

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.

Accounting Policies

1.15 Translation of foreign currencies (continued)

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.

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	
	2015	2014	2015	2014

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 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.

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.

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

Standard	Details of Amendment	Annual periods beginning on or after
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 to IFRS 9's financial asset classification model to address application issues.	1 January 2018

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

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	• Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset. • Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. •Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16.	1 January 2016

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.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

3. Property, plant and equipment

Group	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	921,028	(697,952)	223,076	931,985	(608,347)	323,638
Office equipment	409,149	(328,942)	80,207	415,857	(288,210)	127,647
IT equipment	5,862,040	(4,913,842)	948,198	5,464,555	(4,501,698)	962,857
Computer software	1,521,255	(365,012)	1,156,243	385,565	(222,859)	162,706
Leasehold improvements	1,673,466	(901,307)	772,159	1,372,773	(522,043)	850,730
Total	**10,386,938**	**(7,207,055)**	**3,179,883**	**8,570,735**	**(6,143,157)**	**2,427,578**

Company	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	162,694	(153,660)	9,034	162,694	(151,541)	11,153
Office equipment	6,489	(6,489)	-	6,489	(6,489)	-
IT equipment	263,482	(263,482)	-	263,482	(263,464)	18
Total	**432,665**	**(423,631)**	**9,034**	**432,665**	**(421,494)**	**11,171**

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	323,638	77,491	(4,375)	(173,678)	223,076
Office equipment	127,647	-	-	(47,440)	80,207
IT equipment	962,857	631,908	(53,845)	(592,722)	948,198
Computer software	162,706	1,135,690	-	(142,153)	1,156,243
Leasehold improvements	850,730	300,692	-	(379,263)	772,159
	2,427,578	**2,145,781**	**(58,220)**	**(1,335,256)**	**3,179,883**

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**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2015

	Opening balance	Depreciation	Total
Furniture and fixtures	11,153	(2,119)	9,034
IT equipment	18	(18)	-
	11,171	**(2,137)**	**9,034**

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**

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	2015			2014		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	17,682,873	(380,694)	17,302,179	17,682,873	(380,694)	17,302,179

Reconciliation of goodwill - Group - 2015

	Opening balance	Total
Goodwill	17,302,179	17,302,179

Reconciliation of goodwill - Group - 2014

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

	Group		Company	
Figures in Rand	2015	2014	2015	2014

4. Goodwill (continued)

Other information

Goodwill relates to the group's interest in Health System Technologies Proprietary Limited 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 Proprietary Limited and the Saratoga Software Proprietary Limited 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	1.1 - 1.5
Specific risk premium (in %):	1 - 4%

5. Intangible assets

Group	2015			2014		
	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)	-
Billing system	8,818,908	(8,747,931)	70,977	8,818,908	(8,747,931)	70,977
eCCR System	1,996,572	-	1,996,572	-	-	-
Total	**14,304,421**	**(12,236,872)**	**2,067,549**	**12,307,849**	**(12,236,872)**	**70,977**

Reconciliation of intangible assets - Group - 2015

	Opening balance	Internally generated	Total
Billing system	70,977	-	70,977
eCCR System	-	1,996,572	1,996,572
	70,977	**1,996,572**	**2,067,549**

Reconciliation of intangible assets - Group - 2014

	Opening balance	Total
Billing system	70,977	70,977

Other information

The useful life of the computer software 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.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

6. Investments in subsidiaries

Company

Name of company	Held by	% holding 2015	% holding 2014	Carrying amount 2015	Carrying amount 2014
Sekunjalo Medical Services Proprietary Limited	Sekunjalo Technology Solutions Limited	100.00 %	100.00 %	59,847,525	56,978,980
Saratoga Software Proprietary Limited	Sekunjalo Technology Solutions Limited	42.59 %	42.59 %	10,240,023	10,818,080
Wynberg Pharmaceuticals Proprietary Limited	Sekunjalo Technology Solutions Limited	100.00 %	100.00 %	8,854,831	7,000,000
Sekunjalo Health and Medical Commodities Proprietary Limited	Sekunjalo Technology Solutions Limited	100.00 %	100.00 %	-	-
				78,942,379	74,797,060

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 2015	2014
Saratoga Software Proprietary Limited Group	South Africa	43 %	43 %

Summarised statement of financial position

	Saratoga Software Proprietary Limited Group 2015	2014
Assets		
Non-current assets	14,196,727	14,313,537
Current assets	26,835,657	25,133,193
	41,032,384	39,446,730
Liabilities		
Non-current liabilities	801,274	473,603
Current liabilities	14,208,376	16,460,851
	15,009,650	16,934,454
Total net assets	26,022,734	22,512,276
Carrying amount of non-controlling interest	15,967,166	13,798,447

6. Investments in subsidiaries (continued)

Summarised statement of comprehensive income

	Saratoga Software Proprietary Limited Group	
	2015	2014
Revenue	112,203,208	100,706,708
Other income and expenses	-	(93,371,097)
Operating profit/(loss)	112,203,208	7,335,611
Profit (loss)	112,203,208	7,335,611
Total comprehensive income	112,203,208	7,335,611

Summarised statement of cash flows

	Saratoga Software Proprietary Limited Group	
	2015	2014
Cash flows from operating activities	419,720	11,749,286
Cash flows from investing activities	(966,396)	(982,762)
Cash flows from financing activities	(2,843,547)	(5,021,581)
Net increase(decrease) in cash and cash equivalents	(3,390,223)	5,744,943

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

7. Joint arrangements

Joint ventures

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

Group

Name of company	Held by	% ownership interest 2015	% ownership interest 2014	Carrying amount 2015	Carrying amount 2014
Exaro HST Proprietary Limited	Health System Technologies Proprietary Limited	50.00 %	50.00 %	32,669	-

Company

Name of company	Held by	% ownership interest 2015	% ownership interest 2014	Carrying amount 2015	Carrying amount 2014
AMEtHST Proprietary Limited	Sekunjalo Technology Solutions Limited	- %	50.00 %	-	50,000
				-	50,000
Impairment of investments in JV's				-	(50,000)
				-	-

Exaro HST Limited is a jointly controlled entity and is incorporated and operates principally in West Africa. The investment in
the joint venture is measured using the equity method. No active market exists for this investment.

AMEtHST is a jointly controlled entity and is incorporated and operates in South Africa. The investment in the joint venture is measured using the equity method. No active market exists for this investment.

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. The investment has therefore been fully impaired.

	Group		Company	
Figures in Rand	2015	2014	2015	2014

7. Joint arrangements (continued)

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income	Exaro HST Limited	
	2015	2014
Depreciation and amortisation	(62,535)	-
Other income and expenses	(921,930)	(1,931,731)
Profit before tax	(984,465)	(1,931,731)
Profit (loss) from continuing operations	(984,465)	(1,931,731)
Total comprehensive income	(984,465)	(1,931,731)

Summarised Statement of Financial Position	Exaro HST Limited	
	2015	2014
Assets		
Non current	310,659	394,341
Current		
Cash and cash equivalents	33,333	-
Total current assets	33,333	-
Liabilities		
Current		
Current financial liabilities (excluding trade payables and provisions)	923,929	3,196,855
Total current liabilities	923,929	3,196,855
Total net assets	(579,937)	(2,802,514)
Reconciliation of net assets to equity accounted investments in joint ventures		
Interest in joint venture at percentage ownership	32,669	-
Carrying value of investment in joint venture	32,669	-

Acquisitions	32,669
Investment at end of period	32,669

Restictions relating to joint ventures

There are currently no restrictions relating to the joint ventures.

Unrecognised losses

The company has not recognised its share of the losses of Exaro HST Limited as the company has no obligation for any losses of the joint venture.
The total unrecognised losses for the current year amount to R (984,465). The accumulated unrecognised losses for the current period amount to R (579,937)

	Group		Company	
Figures in Rand	2015	2014	2015	2014

8. Investments in associate

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

Group

Name of company	Held by	% ownership interest 2015	% ownership interest 2014	Carrying amount 2015	Carrying amount 2014
Emergent Energy (Proprietary) Limited		- %	- %	8,797	30

Company

Name of company	Held by	% ownership interest 2015	% ownership interest 2014	Carrying amount 2015	Carrying amount 2014
Emergent Energy Proprietary Limited	Sekunjalo Technology Solutions Limited	33.00 %	33.00 %	30	30

Summarised financial information of material associates

Summarised Statement of Comprehensive Income	Emergent Energy Proprietary Limited	
	2015	2014
Revenue	18,959,801	9,602,887
Other income and expenses	(17,787,519)	(10,462,748)
Profit (loss) from continuing operations	1,172,282	(859,861)
Total comprehensive income	1,172,282	(859,861)

Summarised Statement of Financial Position	Emergent Energy Proprietary Limited	
	2015	2014
Assets		
Non current	1,329,389	578,131
Current	10,559,531	2,434,750
Total assets	11,888,920	3,012,881
Liabilities		
Non current	970,837	1,752,185
Current	9,569,213	2,409,685
Total liabilities	10,540,050	4,161,870
Total net assets (liabilities)	1,348,870	(1,148,989)

Emergent Energy Proprietary Limited is a company incorporated and operates principally in South Africa. The investment in the associate is measured using the equity method. No active market exists for this investment. The summarised information presented above reflects the financial statements of the associates.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

8. Investments in associate (continued)

Restrictions relating to associates

There are currently no restrictions relating to the associate.

9. Loans to (from) group companies

Subsidiaries

Wynberg Pharmaceuticals Proprietary Limited	-	-	(334,451)	-
Sekunjalo Medical Services Proprietary Limited	-	-	23,698	-
Sekunjalo Health and Medical Commodities Proprietary Limited	-	-	74,001	70,824
Sekunjalo Health and Medical Commodities Proprietary Limited	-	-	(23,276)	-
Sekunjalo Medical Services Proprietary Limited	-	-	-	21,021
Wynberg Pharmaceuticals Proprietary Limited	-	-	2,067,081	370,178
	-	-	1,807,053	462,023
Impairment of loans to subsidiaries	-	-	(408,452)	(70,824)
	-	**-**	**1,398,601**	**391,199**

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

The subordinations are as follows:

Wynberg Pharmaceuticals Proprietary Limited	-	-	2,067,081	370,178
Sekunjalo Health and Medical Commodities Proprietary Limited	-	-	74,001	70,824
Sekpharma Proprietary Limited	15,111,248	15,078,226	15,111,248	15,078,226
Sekunjalo Medical Services Proprietary Limited	-	-	23,698	21,021
	15,111,248	**15,078,226**	**17,276,028**	**15,540,249**

Figures in Rand	Group 2015	Group 2014	Company 2015	Company 2014

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

Associates

Emergent Energy Proprietary Limited The above loan was unsecured and interest was charged at varying rates linked to the prime interest rate. There were no fixed terms of repayment however the borrower had been granted an unconditional right to defer payment for 12 months.	-	436,309	-	436,309
	-	436,309	-	436,309
Impairment of loans to associates	-	(436,309)	-	(436,309)
	-	-	-	-

Holding company

African Equity Empowerment Investments Limited The loan is unsecured with no fixed terms of repayment. No interest is charged on R 61,122,786 and on the balance interest is charged at prime plus 3%. There are no fixed terms of repayment.	(76,960,783)	(74,735,516)	(76,960,367)	(74,270,136)
African Equity Empowerment Investments Limited The loan is unsecured and interest is charged at prime overdraft rate. There are no fixed terms of repayment.	3,765,465	3,433,051	-	-
	(73,195,318)	**(71,302,465)**	**(76,960,367)**	**(74,270,136)**

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.

Fellow subsidiaries

Sekpharma Proprietary Limited The loan is unsecured and has no fixed term of repayment. Interest is charged at prime rate plus 3%.	15,111,248	15,078,226	15,111,248	15,078,226
Sekpharma Proprietary Limited The loan is unsecured, bears no interest and has no fixed terms of repayment.	(93,809)	(93,809)	-	-
Saratoga Private Equity Proprietary Limited The loan is unsecured, bears no interest and repayable on demand.	(7,512)	43,439	-	-
	15,009,927	15,027,856	15,111,248	15,078,226
Impairment of loans to fellow subsidiaries	(15,111,248)	(15,078,226)	(15,111,248)	(15,078,226)
	(101,321)	**(50,370)**	-	-

Non-current assets	3,765,465	3,433,051	2,090,779	391,199
Current assets	-	43,439	-	-
Non-current liabilities	(77,055,454)	(74,829,325)	(77,318,094)	(74,270,136)
Current liabilities	(6,650)	-	-	-
	(73,296,639)	**(71,352,835)**	**(75,227,315)**	**(73,878,937)**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

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

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 historical information about counterparty default rates.

Reconciliation of provision for impairment of loans to group companies

Opening balance	15,514,535	16,717,545	15,514,535	47,193,901
Wynberg Pharmaceuticals Proprietary Limited	-	-	334,451	(30,476,356)
Sekpharma Proprietary Limited	33,022	(1,639,319)	33,022	(1,639,319)
Emergent Energy Proprietary Limited	-	436,309	(436,309)	436,309
Sekunjalo Health and Medical Care Proprietary Limited	-	-	74,000	-
	15,547,557	**15,514,535**	**15,519,699**	**15,514,535**

10. Other financial assets

At fair value through profit or loss - designated				
Cadiz Life Investment Enterprise Development Fund The fund is an innovative new investment whereby corporate clients can now earn the required Enterprise Development points in terms of the DTI scorecard, and at the same time earn real returns from a once-off investment.	985,000	-	-	-
Held to maturity				
Forward exchange contract A two month forward exchange contracts was entered into which expired on the 26 September 2014 to purchase GBP32,369 at an exchange rate of 18.2375.	-	17,369	-	-
Forward exchange contract A two month forward exchange contracts was entered into which expired on the 31 October 2014 to purchase USD87,559.34 at an exchange rate of 10.9043.	-	14,579	-	-
	-	**31,948**	**-**	**-**
Loans and receivables				
SA Components Close Corporation The receivable is for plant and equipment sold to SA Components and is payable in October 2016.	2,499,996	-	2,499,996	-
Total other financial assets	**3,484,996**	**31,948**	**2,499,996**	**-**
Non-current assets				
At fair value through profit or loss - designated	985,000	-	-	-
Loans and receivables	2,499,996	-	2,499,996	-
	3,484,996	**-**	**2,499,996**	**-**
Current assets				
Held to maturity	-	31,948	-	-
	3,484,996	**31,948**	**2,499,996**	**-**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

10. Other financial assets (continued)

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

Fair values are determined annually at balance sheet date.

For debt securities classified as at fair value through profit or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2015 and 2014, as all the financial assets were disposed of at their redemption date.

11. Deferred tax

Deferred tax asset/(liability)

	Group 2015	Group 2014	Company 2015	Company 2014
Provision for doubtful debts	578,006	-	-	-
Provisions	2,295,765	2,679,146	13,994	-
Tax losses available for set off against future taxable income	-	17,128	10,498,258	9,252,572
Intangibles	80,906	639,946	-	-
Prepaid expenses	(833,691)	(943,492)	(3,384)	-
Income received in advance	1,582,613	1,986,204	-	-
Investment in subsidiaries	-	-	(12,716,498)	(11,942,586)
Total deferred tax liability	**3,703,599**	**4,378,932**	**(2,207,630)**	**(2,690,014)**
Deferred tax liability	(833,692)	(943,492)	(12,827,786)	(11,942,586)
Deferred tax asset	4,537,291	5,322,424	10,620,156	9,252,572
Total net deferred tax asset (liability)	**3,703,599**	**4,378,932**	**(2,207,630)**	**(2,690,014)**

Reconciliation of deferred tax asset / (liability)

	Group 2015	Group 2014	Company 2015	Company 2014
At beginning of year	4,378,932	4,151,031	(2,690,014)	-
Increase/(Decrease) in tax losses available for set off against future taxable income	(17,128)	(1,155,818)	1,257,485	1,583,985
Fixed assets	-	(952)	-	-
Reversing temporary difference on intangibles	(559,040)	659,819	-	-
Originating temporary difference on provisions	(383,380)	737,532	2,076	-
Fair value of subsidiary	-	-	(773,793)	(4,273,999)
Income received in advance	(403,591)	167,142	-	-
Prepayments	109,801	(153,089)	(3,384)	-
Provision for bad debts	578,006	(26,733)	-	-
	3,703,600	**4,378,932**	**(2,207,630)**	**(2,690,014)**

12. Inventories

	Group 2015	Group 2014	Company 2015	Company 2014
Raw materials, components	2,572,962	1,837,917	-	-
Work in progress	78,650	-	-	-
Finished goods	432,894	514,778	-	-
	3,084,506	**2,352,695**	**-**	**-**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

13. Trade and other receivables

Trade receivables	52,086,806	45,728,337	3,674,978	2,329,343
Employee costs in advance	-	9,747	-	-
Prepayments	3,895,028	3,592,949	-	-
Deposits	504,678	607,978	-	-
VAT	6,694	256	6,313	-
Other receivables	1,662,290	650,995	-	-
Staff loans	661,569	312,192	-	-
	58,817,065	**50,902,454**	**3,681,291**	**2,329,343**

Of the trade receivables balance at the end of the year, R 33,001,039 (2014: R 38,410,208) is due from three 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 2015, R 19,782,055 (2014: R 6,107,419) 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				
3 months past due	973,213	982,879	-	-
Information Technology Segment				
1 month past due	9,908,179	2,657,378	-	-
2 months past due	7,972,617	1,725,585	-	-
3 months past due	928,046	741,577	-	-
	19,782,055	**6,107,419**	**-**	**-**

Trade and other receivables impaired

As of 31 August 2015, trade and other receivables of the group of R 3,688,788 (2014: R 1,294,522) 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	1,294,522	127,302	-	-
Provision for impairment	2,394,266	1,167,220	-	-
	3,688,788	**1,294,522**	**-**	**-**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12,487	11,317	-	-
Bank balances	22,162,213	27,170,541	633,491	813,491
Other cash and cash equivalents	11,000	-	-	-
	22,185,700	**27,181,858**	**633,491**	**813,491**

The bank overdraft is with ABSA Bank Limited and is secured with unlimited cross suretyship between African Equity Empowerment Investments 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 and was called on by the bank on 01 September 2014. This pledge was 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.

15. Non Current Assets held for sale

The Group decided to dispose of assets that are no longer in use in the Health Care Division, as the operations utilising these assets were discontinued in 2008.

During the initial one-year period, circumstances arose that were previously considered unlikely and, as a result, the non-current assets previously classified as held for sale were not sold by the end of that period.

The assets were subsequently disposed of in the current financial year.

No impairments were recognised in respect of the items listed below:

Profit and loss

Assets and liabilities

Non-current assets held for sale				
Property, plant and equipment	-	1,352,083	-	1,352,083
Patent	-	500,000	-	500,000
	-	**1,852,083**	**-**	**1,852,083**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

16. Share capital

Authorised				
500 000 Ordinary shares of no par value	2,000	2,000	2,000	2,000
300 000 000 "N" Ordinary shares of no par value	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 no par value	1,991	1,991	1,991	1,991
201 654 147 "N" Ordinary shares of no par value	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**

17. Other financial liabilities

Held at amortised cost				
Afrotech Professional Services Proprietary Limited The loan is unsecured and interest free	-	463,116	-	-
Trilogy One Limited The loan is unsecured, bears no interest and is repayable within 54 months.	96,000	-	-	-
Loans from directors of subsidiary The loans are unsecured, bear interest at prime and have no fixed repayment terms.	185,760	-	-	-
	281,760	**463,116**	**-**	**-**

Non-current liabilities				
At amortised cost	281,760	463,116	-	-

18. Trade and other payables

Trade payables	18,388,564	15,407,492	128,752	-
Amounts received in advance	1,860,758	194,510	-	-
VAT	3,190,524	2,281,876	-	3,116
Other payables	302,455	788,559	-	-
Accrual for AMEtHST guarantee	260,139	5,343,878	-	-
Lease smoothing	140,776	96,549	-	-
Accrued expenses	10,420,132	4,573,810	-	88,745
Operating lease payables (if immaterial)	47,530	53,849	-	-
Deposits received	-	40,000	-	-
	34,610,878	**28,780,523**	**128,752**	**91,861**

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.

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 and was called on by the bank on 01 September 2014. This pledge is against an overdraft facility provided to Amethst Proprietary Limited. At year end the liability is estimated at the amount accrued for.

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

18. Trade and other payables (continued)

The fair value of trade and other payables approximates its carrying value due to its short term nature.

19. Provisions

Reconciliation of provisions - Group - 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for warranties	4,856,915	-	(1,534,862)	3,322,053
Provision for leave pay	3,286,885	3,203,863	(3,286,885)	3,203,863
Provision for bonuses	4,846,821	2,905,540	(4,846,821)	2,905,540
	12,990,621	**6,109,403**	**(9,668,568)**	**9,431,456**

Reconciliation of provisions - Group - 2014

	Opening balance	Additions	Additions via business combinations	Total
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	**9,096,896**	**(5,203,823)**	**12,990,621**

Reconciliation of provisions - Company - 2015

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	42,566	63,331	(42,566)	63,331

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

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 five. 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.

20. Revenue

	Group 2015	Group 2014	Company 2015	Company 2014
Sale of goods	45,484,004	34,122,202	-	-
Rendering of services	176,832,865	156,913,531	7,028,499	5,754,115
	222,316,869	**191,035,733**	**7,028,499**	**5,754,115**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

21. Operating profit (loss)

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

Operating lease charges				
Premises				
• Straight line	4,117,112	2,979,888	-	-
Profit on sale of asset	550,718	21,338	541,888	-
Fair value adjustment on subsidiary	-	50,000	-	50,000
Impairment on loans to group companies	469,330	436,309	806,958	459,696
Loss on exchange difference	1,924,285	484,059	-	-
Depreciation on property, plant and equipment	1,216,178	1,289,037	2,137	278,031
Employee costs	74,755,720	82,000,254	843,230	757,672

22. Investment revenue

Dividend revenue				
Subsidiaries - Local	-	-	5,171,249	851,817
Interest revenue				
Loans to group companies	563,615	336,618	182,760	47,368
Bank	653,813	471,770	12,251	947
Other interest	595,058	623,143	-	-
	1,812,486	**1,431,531**	**195,011**	**48,315**
	1,812,486	**1,431,531**	**5,366,260**	**900,132**

23. Finance costs

Ultimate Shareholder	7,626,969	1,973,820	7,626,969	1,973,820
Bank	91,054	64,151	-	-
Other interest paid	314,048	80,272	-	-
	8,032,071	**2,118,243**	**7,626,969**	**1,973,820**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

24. Taxation

Major components of the tax expense (income)

Current				
SA Normal tax - current period	5,354,220	5,293,558	-	-
SA Normal tax - prior period	540,216	393,802	-	-
	5,894,436	**5,687,360**	**-**	**-**
Deferred				
Current year	(1,197,655)	-	(482,384)	2,690,014
Current year	1,970,870	(652,563)	-	-
	773,215	**(652,563)**	**(482,384)**	**2,690,014**
	6,667,651	**5,034,797**	**(482,384)**	**2,690,014**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	18,624,384	15,969,072	4,557,009	13,972,762
Tax at the applicable tax rate of 28% (2014: 28%)	5,214,828	4,471,340	1,275,963	3,912,373
Tax effect of adjustments on taxable income				
Permanent differences	1,452,823	(1,204,778)	(526,660)	(769,452)
Tax losses utilised	-	1,768,235	(1,231,687)	(452,907)
	6,667,651	**5,034,797**	**(482,384)**	**2,690,014**

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.	(103,402,933)	(100,434,153)	-	-

25. Auditors' remuneration

Fees	656,777	595,231	157,994	126,345
Adjustment for previous year	-	(37,459)	-	-
	656,777	**557,772**	**157,994**	**126,345**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

26. Cash generated from operations

Profit before taxation	18,624,384	15,969,072	4,557,009	13,972,762
Adjustments for:				
Depreciation and amortisation	1,216,178	1,289,037	2,137	278,031
Profit on sale of assets	(550,718)	(21,338)	(541,888)	-
Profit on foreign exchange	(8,750)	(13,787)	-	-
Income from equity accounted investments	(8,767)	-	-	-
Dividends received	-	-	(5,171,249)	(851,817)
Interest received - investment	(1,812,486)	(1,431,531)	(195,011)	(48,315)
Finance costs	8,032,071	2,118,243	7,626,969	1,973,820
Fair value adjustments	(28,203)	1,598,549	(4,145,318)	18,766,908
Impairment loss	469,330	486,309	806,958	509,696
Movements in operating lease assets and accruals	512,760	6,754	-	-
Movements in provisions	(3,559,165)	2,226,896	20,765	15,104
Reversal of loan impairments	-	(1,639,320)	-	(32,068,237)
Changes in working capital:				
Inventories	(731,811)	(1,386,552)	-	-
Trade and other receivables	(5,604,538)	(10,174,620)	977,396	(1,955,355)
Trade and other payables	3,520,282	9,117,724	(2,292,453)	(83,180)
Deferred income	(6,042,069)	(1,378,533)	-	-
	14,028,498	**16,766,903**	**1,645,315**	**509,417**

27. Related parties

Relationships	
Ultimate holding company	African Equity Empowerment Investments Limited
Subsidiary of ultimate holding company	Sekunjalo Properties Proprietary Limited Sekunjalo Technology Solutions Limited Sekpharma Proprietary Limited
Subsidiaries	Wynberg Pharmaceuticals Proprietary Limited Sekunjalo Medical Services Proprietary Limited Health System Technologies Proprietary Limited Sekunjalo Health and Medical Care Proprietary Limited Saratoga Software Proprietary Limited Digital Matter Proprietary Limited World Wide Creative Proprietary Limited Afrozaar Consulting Proprietary Limited
Joint venture	Exaro HST Proprietary Limited
Fellow subsidiaries	Premier Fishing SA Proprietary Limited Espafrika Proprietary Limited
Associate	Emergent Energy Proprietary Limited

Related party balances

Loan accounts - Owing (to) by related parties				
African Equity Empowerment Investments Limited	(76,960,783)	(74,735,516)	(76,960,367)	(74,270,136)
Health System Technologies Proprietary Limited	-	-	(23,276)	-
Sekpharma Proprietary Limited	-	-	15,111,248	15,078,226
Sekunjalo Health and Medical Commodities Proprietary Limited	-	-	74,001	70,824
Sekpharma Proprietary Limited	15,017,439	14,984,417	-	15,078,226
Wynberg Pharmaceuticals Proprietary Limited	-	-	2,067,081	370,178
Sekunjalo Medical Services (Pty) Ltd	-	-	23,698	21,021
Emergent Energy Proprietary Limited	-	-	-	436,309

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014
27. Related parties (continued)				
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Sekpharma Proprietary Limited	29,845	6,270	-	-
African Equity Empowerment Investments Limited	-	157	(56,060)	-
Health System Technologies (Pty) Ltd	-	-	3,527,651	2,382,235
Premier Fishing SA Proprietary Limited	(730,438)	19,311	-	-
Amethst Proprietary Limited	-	13,655	-	-
Surplus funds invested with holding company				
African Equity Empowerment Investments Limited	-	-	616,305	-
Related party transactions				
Interest paid to (received from) related parties				
African Equity Empowerment Investments Limited	1,928,720	1,599,539	7,626,969	1,973,820
African Equity Empowerment Investments Limited	-	-	(16,305)	(47,368)
Wynberg Pharmaceuticals Proprietary Limited	-	-	(166,454)	-
Premier Fishing SA Proprietary Limited	-	257,051	-	-
Administration fees paid to (received from) related parties				
African Equity Empowerment Investments Limited	-	-	3,323,318	2,212,009
Health Systems Technology Proprietary Limited	-	-	(6,407,446)	(5,137,115)
African Equity Empowerment Investments Limited	(621,053)	1,612,009	(621,053)	(600,000)
Sekpharma Proprietary Limited	-	(17,000)	-	(17,000)
Commission paid to (received from) related parties				
African Equity Empowerment Investments Limited	4,722,114	-	-	-
Sales				
African Equity Empowerment Investments Limited	-	(10,690)	-	-
Premier Fishing SA Proprietary Limited	(56,308)	(93,721)	-	-
Purchases				
Premier Fishing SA Proprietary Limited	10,067,023	170,878	-	13,735
African Equity Empowerment Investments Limited	70,536	107,680	-	12,480
Compensation to prescribed officers				
Andre Wolmarans	-	-	842,230	721,318
Dividends received				
Sekunjalo Medical Services Proprietary Limited	-	-	(4,000,000)	-
Saratoga Software Proprietary Limited	-	-	(1,171,249)	(851,817)

	Group		Company	
Figures in Rand	2015	2014	2015	2014

28. Risk management

Financial risk management

The group holds 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 liquidity risk 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 2015	Less than 1 year
Other financial liabilities	281,760
Trade and other payables	31,420,354
Loans from group companies	77,055,454

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

Company

At 31 August 2015	Less than 1 year
Trade and other payables	128,752
Loans from group companies	77,318,094

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

28. 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.

As at 31 August 2015, if interest rate on Rand-denominated interest bearing assets had been 0.1% lower with all other variables held constant, post-tax profit for the year would have been R 8,437 (2014: R 9,504) lower, mainly as a result of lower interest income on floating rate interest bearing assets; other components of equity would have been R 8,437 (2014: R 9,504) lower mainly as a result of a decrease in the fair value of fixed rate financial assets.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Trade and other receivables - normal credit terms	- %	54,915,343
Tax payable	9.00 %	884,601
Cash in current banking institutions - tiered	5.00 %	22,162,213
Loans to group companies	9.00 %	3,765,465
Other financial liabilities	9.00 %	281,760

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	2015	2014	2015	2014

29. Financial assets by category

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

Group - 2015

	Loans and receivables	Fair value through profit or loss - designated	Total
Loans to group companies	3,765,465	-	3,765,465
Loans to shareholders	36,427	-	36,427
Other financial assets	3,484,996	-	3,484,996
Trade and other receivables	54,915,343	-	54,915,343
Cash and cash equivalents	22,185,700	-	22,185,700
	84,387,931	**-**	**84,387,931**

Group - 2014

	Loans and receivables	Fair value through profit or loss - designated	Total
Loans to group companies	3,476,490	-	3,476,490
Trade and other receivables	50,902,454	-	50,902,454
Cash and cash equivalents	27,181,858	-	27,181,858
	81,560,802	**-**	**81,560,802**

Company - 2015

	Loans and receivables	Fair value through profit or loss - designated	Total
Loans to group companies	2,090,779	-	2,090,779
Investments in subsidiaries	-	76,248,382	76,248,382
Trade and other receivables	3,681,291	-	3,681,291
Cash and cash equivalents	633,491	-	633,491
	6,405,561	**76,248,382**	**82,653,943**

Company - 2014

	Loans and receivables	Fair value through profit or loss - designated	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**

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

30. Financial liabilities by category

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

Group - 2015

	Financial liabilities at amortised cost	Total
Loans from group companies	77,055,454	77,055,454
Other financial liabilities	281,760	281,760
Trade and other payables	29,512,066	29,512,066
	106,849,280	**106,849,280**

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**

Company - 2015

	Financial liabilities at amortised cost	Total
Loans from group companies	77,446,845	77,446,845

Company - 2014

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

31. Contingencies

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	2015	2014	2015	2014

32. Segmental report

2015	Health Care	Information Technology	Total
Revenue			
External sales	5,602,801	216,714,067	222,316,869
Segment results			
Operating profit / (loss)	2,165,982	24,490,473	26,656,455
Included in segment results :			
Depreciation and amortisation	(210,293)	(1,205,342)	(1,415,635)
Administration fee paid	(3,323,318)	(465,978)	(3,789,296)
	(3,533,611)	**(1,671,320)**	**(5,204,931)**
Carrying value of assets	18,218,895	100,542,079	118,760,974
Carrying value of liabilities	(84,215,276)	(48,559,110)	(132,774,386)
Capital expenditure	22,487	2,123,294	2,145,781

2014	Health Care	Information Technology	Total
Revenue			
External sales	8,121,556	182,914,178	191,035,734
Segment results			
Operating profit / (loss)	(315,071)	11,299,348	10,984,277
Included in segment results :			
Depreciation and amortisation	(922,170)	1,008,197	86,027
Administration fee paid	-	2,489,199	2,489,199
	(922,170)	**3,497,396**	**2,575,226**
Carrying value of assets	15,011,526	96,250,258	111,261,784
Carrying value of liabilities	78,129,623	56,882,206	135,011,829
Capital expenditure	16,743	1,703,745	1,720,488

33. Tax paid

Balance at beginning of the year	(1,510,755)	(2,251,282)	-	-
Current tax for the year recognised in profit or loss	(5,894,436)	(5,687,360)	-	-
Adjustment for business combinations	-	135,435	-	-
Balance at end of the year	704,813	1,510,755	-	-
	(6,700,378)	**(6,292,452)**	**-**	**-**

Notes to the Annual Financial Statements

		Group		Company	
Figures in Rand		2015	2014	2015	2014

34. 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	Notes				
Investments in subsidiaries at fair value	6				
Investments in unlisted subsidiaries		-	-	78,942,379	74,797,060
Financial assets designated at fair value through profit or loss	10				
Cadiz Life Investment Enterprise Development Fund		985,000	-	-	-
Total		**985,000**	**-**	**78,942,379**	**74,797,060**

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

Notes to the Annual Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Gains/losses recognised in profit or loss	Closing balance
Company - 2015				
Assets				
Investments in subsidiaries at fair value	6			
Investments in unlisted subsidiaries		74,797,060	4,145,318	78,942,378
Total		**74,797,060**	**4,145,318**	**78,942,378**
Company - 2014				
Assets				
Investments in subsidiaries at fair value	6			
Investments in unlisted subsidiaries		52,047,142	22,749,918	74,797,060
Total		**52,047,142**	**22,749,918**	**74,797,060**
Assets				
Investments in subsidiaries at fair value	6			
Investments in unlisted subsidiaries		52,047,142	-	52,047,142
Total		**52,047,142**	**-**	**52,047,142**

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 cash equivalents, loans receivables and other financial assets are categorised as loans and receivables. It has been concluded 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.

Notes to the Annual Financial Statements

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 capital 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: 18.63% - 35%

The potential effect of using reasonably possible aternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

	Profit after tax	
	1% increase	1% decrease
Beta	(2,079,777)	2,079,777
Weighted average cost of capital	(3,323,145)	3,323,145
Specific risk premium	(336,502)	336,502
Target P/E	6,298,296	(6,298,296)
Terminal growth rate	-	1,578,837

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 Board of Directors in accordance with the Group's reporting policies. and operations team, on a quarterly basis.

Notes to the Annual Financial Statements

35. Business combinations

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. All transactions for the 6 months from 01 March 2014 to 31 August 2014 were consolidated as well as for the 12 months ended 31 August 2015..

The purchase of Afrozaar Consulting Proprietary Limited will only be completed on the 01 September 2015.

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.

HST Exaro

On 26 August 2015, 1000 000 shares were purchased in a joint venture with Exaro.

Fair value of assets acquired and liabilities assumed

Property, plant and equipment	-	93,644	-	-
Loans to members	-	10,821	-	-
Loans to directors, managers and employees	-	(675,630)	-	-
Current tax receivable	-	135,435	-	-
Trade and other receivables	-	57,009	-	-
Cash and cash equivalents	(32,669)	341,810	-	-
Trade and other payables	-	(351,493)	-	-
Total identifiable net assets	(32,669)	(388,404)	-	-
Non-controlling interest	-	97,100	-	-
Goodwill	-	1,172,963	-	-
	(32,669)	**881,659**	-	-

Non-controlling interest

Non-controlling interest is measured at fair value.

Acquisition date fair value of consideration paid

Equity – 1000 000 ordinary shares	32,669	-	-	-
Warranty provision	-	(881,659)	-	-
	32,669	**(881,659)**	-	-

Contingent consideration arrangements

Afrozaar

The contingent consideration arrangement requires the group to pay the previous owners of Afrozaar Consulting CC an amount equal to R 1,000,000 if a minimum profit of R 1,000,000 is achieved within 24 months after acquisition. The contingent consideration arrangement is capped at R 1,000,000.

The fair value of the contingent consideration arrangement was determined by using the income approach. The discount rate applies in the estimate was 6.5% and profits, after adjusting for probabilities were R 881,659.

Detailed Statement of Comprehensive income

	Group		Company	
Figures in Rand	2015	2014	2015	2014
Revenue				
Sale of goods	45,484,004	34,122,202	-	-
Rendering of services	176,832,865	156,913,531	7,028,499	5,754,115
	222,316,869	**191,035,733**	**7,028,499**	**5,754,115**
Cost of sales				
Opening stock	(514,778)	(160,562)	-	-
Purchases	(151,953,196)	(135,656,440)	-	-
Cost of manufactured goods	(1,302,237)	(275,733)	-	-
Closing stock	432,894	514,778	-	-
	(153,337,317)	**(135,577,957)**	**-**	**-**
Gross profit	**68,979,552**	**55,457,776**	**7,028,499**	**5,754,115**
Other income				
Discount received	-	189	-	-
Recoveries	627,793	22,515	-	-
Sundry income	1,037,241	573,920	-	-
Reversal of impairments	(118,341)	-	-	-
Reversal of impairments on loan	6,425	24,802	-	-
Other income	1,014,404	1,639,319	436,309	32,068,236
Dividends received	-	-	5,171,249	851,817
Interest received	1,812,486	1,431,531	195,011	48,315
Gains on disposal of assets	550,718	21,536	541,888	-
Profit and loss on exchange differences	10,522	13,787	-	-
Fair value adjustments	28,203	-	4,145,318	-
Income from equity accounted investments	8,767	-	-	-
	4,978,218	**3,727,599**	**10,489,775**	**32,968,368**
Expenses (Refer to page 58)	**(47,301,315)**	**(39,499,511)**	**(5,334,296)**	**(4,008,993)**
Operating profit	**26,656,455**	**19,685,864**	**12,183,978**	**34,713,490**
Finance costs	(8,032,071)	(2,118,243)	(7,626,969)	(1,973,820)
Fair value adjustments	-	(1,598,549)	-	(18,766,908)
	(8,032,071)	**(3,716,792)**	**(7,626,969)**	**(20,740,728)**
Profit before taxation	**18,624,384**	**15,969,072**	**4,557,009**	**13,972,762**
Taxation	(6,667,651)	(5,034,797)	482,384	(2,690,014)
Profit (loss) for the year	**11,956,733**	**10,934,275**	**5,039,393**	**11,282,748**

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Statement of Comprehensive income

		Group		Company	
Figures in Rand	Note(s)	2015	2014	2015	2014
Operating expenses					
Accounting fees		256,193	76,142	-	-
Administration and management fees		3,789,295	2,489,199	3,323,317	2,212,009
Advertising		1,700,842	1,034,830	-	-
Auditors remuneration		656,777	557,772	157,994	126,345
Bad debts		2,449,564	1,119,796	-	-
Bank charges		183,898	130,233	2,730	11,417
Cleaning		42,257	38,090	-	-
Commission paid		4,192,222	226,794	-	-
Computer expenses		617,643	364,909	10,470	15,270
Conferences		966,699	16,075	-	-
Consulting and professional fees		1,266,128	1,334,374	20,250	-
Consumables		100,978	85,614	-	-
Depreciation, amortisation and impairments		1,685,508	1,775,346	809,095	787,727
Donations		443,730	407,587	-	-
Employee costs		13,375,993	12,647,438	843,230	757,672
Entertainment		417,270	377,350	-	-
Equipment under R 7,000		120,949	130,253	-	28,149
Fines and penalties		254,678	173,847	-	-
Gifts		35,663	36,991	-	-
Guarantee expense		216,404	5,343,878	-	-
Hire		4,635	4,990	-	-
IT expenses		376,817	374,317	-	-
Insurance		470,294	411,811	57,635	26,809
Lease rentals on operating lease		4,117,112	2,979,888	-	-
Legal expenses		686,506	207,594	5,135	-
Licence fees		58,434	-	-	-
Magazines, books and periodicals		1,268	13,103	-	-
Motor vehicle expenses		185,096	161,809	-	-
Municipal expenses		494,416	351,382	-	-
Office equipment		173,465	105,024	-	-
Petrol and oil		57,075	35,720	884	1,167
Placement fees		636,093	373,411	-	-
Postage		86,369	71,980	1,172	2,044
Printing and stationery		333,302	177,012	43,463	7,935
Profit and loss on exchange differences		1,954,078	484,059	-	-
Profit and loss on sale of assets and liabilities		-	198	-	-
Relocation expenses		5,242	9,797	-	-
Repairs and maintenance		210,828	196,861	-	-
Secretarial fees		34,684	19,752	13,324	-
Security		167,194	65,853	-	-
Staff welfare		381,010	475,306	-	1,015
Storage charges		293,303	364,456	-	-
Subscriptions		422,340	461,167	22,434	23,713
Telephone and fax		1,240,760	1,073,419	7,882	7,721
Tenders		-	8,910	-	-
Training		507,553	428,180	15,281	-
Travel - local		1,413,049	1,266,787	-	-
Travel - overseas		217,701	1,010,207	-	-
		47,301,315	**39,499,511**	**5,334,296**	**4,008,993**