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Netcare Limited 2014

ANNUAL FINANCIAL STATEMENTS

NETCARE

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financials

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HIGHLIGHTS

- **16.1%** increase in Group revenue
- **19.5%** increase in Group adjusted HEPS
- **15.6%** increase in Group cash flow from operations
- **18.5%** increase in final dividend per share

Directors' responsibility and approval

The directors of Netcare Limited are responsible for the preparation and integrity of the annual financial statements of the Company and the Group. The Group's external auditors are engaged to express an independent opinion on these annual financial statements.

In order to fulfil this responsibility, the Group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the Group's policies and procedures.

The directors are satisfied that such accounting and administrative control systems have been maintained during the year.

The annual financial statements are prepared on a going concern basis and in accordance with International Financial Reporting Standards. These financial statements are examined by our auditors in conformity with International Standards on Auditing.

The annual financial statements were approved by the Board of directors on 20 November 2014 and are signed on its behalf by:

SJ Vilakazi
Chairman

RH Friedland
Chief Executive Officer

KN Gibson
Chief Financial Officer

Sandton

Certificate by the Company Secretary

I hereby certify that, in respect of the year under review, the Company has lodged with the Companies and Intellectual Property Commission all returns and notices required of a public company in terms of the South African Companies Act No 71 of 2008, and that all such returns appear to be true, correct and up to date.

L Bagwandeen
Company Secretary

Sandton

20 November 2014

Report of the Independent Auditors

To the shareholders of Netcare Limited

We have audited the consolidated and separate financial statements of Netcare Limited set out on pages 10 to 123, which comprise the statements of financial position as at 30 September 2014, the income statement and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, a summary of significant accounting polices, the notes and other explanatory information.

Directors' responsibility for the annual financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Netcare Limited as at 30 September 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2014, we have read the Directors' Report, Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Grant Thornton

Grant Thornton
Chartered Accountants (SA)
Registered Auditors

EFG Dreyer
Partner
Chartered Accountant (SA)
Registered Auditor

20 November 2014

42 Wierda Road West
Wierda Valley
2196

Audit Committee report
for the year ended 30 September 2014

Introduction

The Audit Committee (the Committee) endeavours to review the principles, policies and practices adopted in the preparation of the annual financial statements. The Committee also endeavours to ensure that the interim and annual financial statements and any other formal announcements relating to the Group's financial performance and position comply with all statutory and JSE Listings Requirements.

This report is presented to shareholders in compliance with the requirements of the South African Companies Act No 71 of 2008 (Companies Act).

Role of the Audit Committee

The objectives and functions of the Committee are contained in the terms of reference which are reviewed on a regular basis and approved by the Board. In summary, during the year under review, the Committee performed the following roles:

- Reviewed and recommended for approval the interim and annual financial statements and related SENS and press announcements;
- Monitored and reviewed the effectiveness of internal control systems, including IT financial auditing;
- Monitored and reviewed the staffing, work plan, resources and activities of the Internal Audit function;
- Reviewed and evaluated the effectiveness of the Internal Audit, financial risk management and compliance functions;
- Reviewed the Internal Audit charter;
- Considered the progress pertaining to the implementation of a combined assurance model;
- Reviewed and evaluated reports relating to findings of Internal Audit investigations and whistle-blowing arrangements;
- Reviewed developments in the Companies Act and corporate governance in relation to the Audit Committee's functions;
- Reviewed and, where appropriate, updated the Audit Committee's own terms of reference;
- Assessed the effectiveness of the external audit process following the end of the annual audit cycle;
- Reviewed the integrated reporting process so as to consider factors and risks that may impact the integrity of the annual integrated report; and
- Endeavoured to recommend the annual integrated report to the Board for approval.

Structure of the Audit Committee

The Committee was appointed by the Board of directors to hold office in respect of the financial year under review. The Committee also performs statutory duties on behalf of all relevant subsidiary companies of Netcare. The Committee members are all non-executive directors with adequate knowledge and experience to equip the Committee to perform its functions. The Committee satisfies the requirements as stipulated in the Companies Act.

Details of the Committee members and their attendance can be found online in the Corporate governance report. The fees paid to the Committee members for the year ended 30 September 2014 were approved by the shareholders at the annual general meeting held on 7 February 2014.

The head of Netcare Group Internal Audit as well as Grant Thornton, in their capacity as auditors to Netcare and its South African subsidiaries, attended and reported at all the Audit Committee meetings. Divisional Internal Audit Committee meetings are also held twice a year and Grant Thornton in their capacity as auditors of Netcare also attend these meetings. The Chief Financial Officer and the Chief Executive Officer attend by invitation. The Group risk management function is also represented at the meetings and relevant senior managers attend by invitation. To ensure an integrated and coordinated approach to the risk management process, a member of the Audit Committee is also a member of the Risk Committee.

In the United Kingdom (UK), General Healthcare Group (GHG) operates an independent Audit Committee that reports through the Group Audit Committee. The GHG Audit Committee is chaired by B Cole and its members are all non-executive directors of GHG.

External auditors

Grant Thornton is the appointed auditor for the Group and Company, with the audit partner, EFG Dreyer, appointed as the designated registered auditor in terms of the Companies Act. The Committee satisfied itself that both the audit firm and audit partner are independent of the Group and the Company.

The Committee approved the terms of engagement, the audit plan and the audit fees payable, as well as the nature and extent of non-audit services which Grant Thornton are permitted to provide to Netcare. The Committee also pre-approved, where relevant, proposed contracts with Grant Thornton for the provision of non-audit services to the Group. The fees paid to Grant Thornton for the financial year ended 30 September 2014 amounted to R12 million for audit services and RNil million for other services.

Deloitte LLP is the appointed auditor for GHG in the UK. The fees paid to Deloitte for the financial year ended 30 September 2014 amounted to £0.5 million for audit services and £0.1 million for other services.

Internal Audit

The Committee monitors and reviews the effectiveness of the Internal Audit function and endeavours to ensure that it is adequately resourced to provide assurance on the effectiveness of the Group's internal controls and risk management. Internal Audit has the appropriate authority within the Group to perform and discharge its duties in terms of the Internal Audit charter approved by the Committee. There is an annual audit plan, approved by the Committee, which includes an IT component to provide assurance over the IT internal control framework. Internal Audit works closely with the Audit Committee and is able to meet with the Audit Committee independent of management if and when required.

Chief Financial Officer

In terms of the JSE Listings Requirements, the Committee is satisfied that the Chief Financial Officer, KN Gibson, has the appropriate experience and expertise to meet the responsibility to fulfil the duties of a financial director.

Annual financial statements

The Committee reviewed the accounting policies and annual financial statements (of which this report forms part) and endeavoured to ensure that the annual financial statements comply with International Financial Reporting Standards and are appropriate for recommendation to the Board of directors for approval.

Approval of Audit Committee report

The Committee hereby confirms that it has functioned in terms of its charter and discharged all its duties for the financial year under review.

T Brewer
Audit Committee Chair

Sandton

12 November 2014

Directors' report
for the year ended 30 September 2014

Your directors have pleasure in presenting their report on the activities of the Group and of the Company for the year ended 30 September 2014.

Nature of business

Netcare Limited is an investment holding company and through its subsidiaries, joint ventures and associates in Southern Africa (SA) and in the United Kingdom (UK) carries on business as a private hospital group, providing an extensive range of general, emergency and specialised medical care services. Ancillary healthcare businesses include primary, administration and logistical services.

Financial results and review

The financial results of the Group are set out on page 28 of this report and a segment report is included in note 1 to the Group annual financial statements. The Company annual financial statements are presented on pages 108 to 114.

Subsidiaries, associates and joint ventures

Details of interests in subsidiaries, associates and joint ventures are shown on pages 116 to 123, respectively.

Impact of 2013 deconsolidation of GHG Property Businesses

The Group results and those of the UK reporting segment are structurally different after the deconsolidation of the GHG Property Businesses from 16 November 2012. The rent paid by BMI OpCo to the GHG Property Business is no longer eliminated on consolidation and is therefore reflected as a charge in the income statement. This has reduced EBITDA and related margin from previously reported levels prior to 2013. However, the effect of the rent charge is largely offset by the reduction in depreciation on the property portfolio and interest charges associated with the debt of the GHG Property Businesses.

A direct comparison of the 2014 financial performance against the comparative period result is not meaningful on certain lines of the income statement. The 2014 results, in which the GHG Property Businesses have been equity accounted for the full year, reflect a full 12 months of rent paid. The 2013 results, in which the GHG Property Businesses were consolidated until 16 November 2012 and equity accounted thereafter, reflect only 10 ½ months of rental expense, but also include one-and-a-half month's of the GHG Property Businesses' depreciation and interest charges. Further detail on the effects of the deconsolidation of the GHG Property Businesses and analysis of its impact on the results is provided in the Chief Financial Officer's report.

Acquisitions, disposals and changes in holdings

Acquisitions

The Group acquired the following new subsidiaries, associates and joint ventures during the year:

- With effect from 1 October 2013:
  The Group acquired 70% of the shares in Vengamark Proprietary Limited.
- With effect from 1 November 2013:
  The Group acquired 100% of the shares in Elskapax Proprietary Limited.
- With effect from 1 November 2013:
  The Group acquired 100% of the shares in Setetype Proprietary Limited.
- With effect from 1 July 2014:
  The Group acquired 100% of the shares in Kiratrim Proprietary Limited.
- With effect from 15 July 2014:
  The Group acquired 100% of the shares in Black Ginger 488 Proprietary Limited.

Disposals

Group

- With effect from 10 September 2014:
  The Group disposed of its 45% in KOPM Investment Holdings Proprietary Limited, which was accounted for as an associate.

Company

- With effect from 30 April 2014:
  The Company disposed of its 100% in Netcare 911 Proprietary Limited to Netcare Hospital Group Proprietary Limited. Netcare Hospital Group Proprietary Limited is a wholly owned subsidiary of Netcare Limited.

Changes in holdings

The Group changed its shareholding in the following subsidiaries, associates and joint ventures during the year:

- With effect from 1 November 2013:
  The Group disposed of 48% in Setetype Proprietary Limited, decreasing its holding to 52%. This did not result in a loss of control, and Setetype is still consolidated as a subsidiary.
- With effect from 1 April 2014:
  The Group disposed of 12% in Netcare Unitas Linac Joint Venture Proprietary Limited, decreasing its holding to 50% and resulting in a loss of control. The entity is now equity accounted as a joint venture.
- With effect from 29 May 2014:
  The Group acquired the remaining 10% in SOS - Serviços de Assistência, Limitada.
- With effect from 1 August 2014:
  The Group acquired the remaining 1% in Bougainville Private Hospital Proprietary Limited.

The above excludes acquisitions, disposals and changes in holdings of dormant companies.

There were no other material changes to holdings in subsidiaries, associates or joint ventures during the year ended 30 September 2014.

The complete list of acquisitions, disposals, deregistrations and changes in holdings is available to shareholders on request.

There were no changes to companies incorporated in the United Kingdom during the year.

Property, plant and equipment

Capital expenditure incurred during the year amounted to R1 902 million (2013 Restated: R1 350 million).

Details of capital commitments are provided in note 33 to the Group annual financial statements.

Share capital

Authorised and issued

The Company's authorised share capital remained unchanged during the year. The Company issued 3 million shares during the year in terms of the Netcare Share Incentive Scheme.

Further details of the authorised and issued share capital of the Company are given in note 13 to the Group annual financial statements.

Share incentive schemes

Particulars relating to the Netcare Share Incentive Scheme and the Forfeitable Share Plan are given in note 37 to the Group annual financial statements.

Ordinary dividends paid

Details of the ordinary shares are provided in note 13 to the Group annual financial statements. Details of the ordinary dividends paid for the year are:

Rm	2014	2013
Final distribution paid		
Final dividend paid on 3 February 2014 of 40.5 cents per share (2013: 34.0 cents per share)	**598**	499
Interim distribution paid		
Interim dividend paid on 21 July 2014 of 32.0 cents per share (2013: 27.0 cents per share)	**472**	398
	1 070	897
Dividends attributable to treasury shares	**(97)**	(84)
Paid to Netcare Limited shareholders	**973**	813

Dividends paid are accounted for on the date of declaration. As a result, the final dividend of 48.0 cents per share, declared on 20 November 2014, is not reflected in the financial statements for the year ended 30 September 2014.

In accordance with the provisions of STRATE, the electronic settlement and custody system used by the JSE Limited, the relevant dates for the dividend are as follows:

Last day to trade cum dividend	Friday, 23 January 2015
Trading ex dividend commences	Monday, 26 January 2015
Record date	Friday, 30 January 2015
Payment date	Monday, 2 February 2015

Ordinary dividends declared in respect of the current year's earnings are:

Cents	2014	2013
Interim dividend	**32.0**	27.0
Final dividend	**48.0**	40.5
	80.0	67.5

The estimated total cash flow of the final dividend of 48.0 cents per share payable on 2 February 2015, is R643 million.

This amount excludes R66 million attributable to treasury shares.

Preference dividends

Details of the preference shares are provided in note 14 to the Group annual financial statements. The preference dividends paid for the year are:

Rm	2014	2013
Interim dividend	**23**	24
Final dividend	**23**	23
	46	47

Directors

The composition of the Board of directors for the year and to the date of this report are as follows:

T Brewer	HR Levin – Resigned as a non-executive director with effect from 28 February 2014
RH Friedland	MJ Kuscus
KN Gibson	KD Moroko
APH Jammine	SJ Vilakazi
JM Kahn	J Watts – Appointed as an executive director with effect from 17 November 2014
	N Weltman

The directors standing for re-election at the annual general meeting are:

T Brewer
APH Jammine
J Watts
N Weltman

The interests of directors and remuneration paid to directors are disclosed in note 36 to the Group annual financial statements.

Company Secretary

The Company Secretary is L Bagwandeen.

The Company Secretary's business and postal addresses appear on page 124.

Auditors

Grant Thornton continued in office as auditors of Netcare Limited.

Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the Company and Group financial statements, which significantly affects the financial position at 30 September 2014 or the results of its operations or cash flows for the year then ended.

Going concern

The directors have reviewed the Group and Company's budget and cash flow forecasts and have satisfied themselves that the Group and Company are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements. In arriving at this conclusion, the directors have assessed the situation of the operating companies in both SA and the UK (BMI OpCo) as set out below.

The review of the budget and cash flow forecast for the SA operations indicate that these operations will continue to deliver positive cash flow and earnings and meet their obligations as they fall due for at least the next 12 months from the date of approval of this report.

The BMI OpCo directors have reviewed forecasts for the purpose of the going concern review. These forecasts show that the Group will comply with its financial covenants throughout the forecast period with significant headroom. The forecasts also show sufficient liquidity headroom through the review period.

On the basis of this review, the Netcare directors have concluded that there is a reasonable expectation that the Group will continue to meet its financial covenants and meet their obligations as they fall due for at least the next 12 months from the date of approval of these financial statements. The directors consider it appropriate to adopt the going concern basis in preparing the Group and Company's annual financial statements.

Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the Company are unlimited. Any borrowings by the Group, were they to be made, would be subject to the provisions of the Group’s treasury policy. The details of borrowings appear in note 16 and 23 to the Group annual financial statements.

Special resolutions

Netcare Limited

- Approval of non-executive directors remuneration for the period 1 October 2013 to 30 September 2014.
- Financial assistance to related or inter-related companies in terms of section 45 of the Companies Act.
- General authority to repurchase shares.

Subsidiaries

The following special resolutions were passed by subsidiary companies in South Africa:

- Special Resolutions by subsidiary companies for financial assistance in terms of section 45 of the Companies Act.
- Change of name for the following Company:
  - Prime Cure Management Services Proprietary Limited to Primary Care Management Services Proprietary Limited.

No special resolutions were passed by the General Healthcare Group of companies in the United Kingdom.

A register of special resolutions passed is available to shareholders on request.

There were no other special resolutions passed by subsidiary companies during the year under review that affect the understanding of the Company and its subsidiaries.

Accounting policies
for the year ended 30 September 2014

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

1. Basis of preparation

The Group and Company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including all interpretations applicable to companies reporting under IFRS, as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the South African Companies Act No 71 of 2008 and the JSE Listings Requirements.

The accounting policies adopted are consistent in all material respects with those applied for the year ended 30 September 2013, unless expressly stated otherwise as changes in accounting policy. No standards were adopted before the effective date during the financial reporting period ended 30 September 2014.

The preparation of the financial statements, in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in note 29 of the accounting policies.

The financial statements are presented in South African Rand (ZAR), the functional currency of the Group and Company and all amounts are rounded to the nearest million, except when otherwise indicated. They are prepared on the historical cost basis, except for the following material items included in the statement of financial position that are measured as described below:

- Derivative financial instruments and financial assets at fair value through profit or loss are measured at fair value; and
- Post-retirement benefit obligations are measured in terms of the projected unit credit method.

1.1 Accounting policy elections

The Group has made the following accounting policy elections permitted in terms of IFRS:

- Property, plant and equipment is accounted for using the cost model (accounting policy 7); and
- Inventories comprising medical consumables are valued on a first-in first-out basis and other inventories are valued at average cost and written down with regard to their age and condition (accounting policy 16).

The Company has made the following accounting policy election permitted in terms of IFRS:

- The Company's investments in associates, joint ventures and subsidiaries are accounted for at cost less impairment if necessary (accounting policy 3).

2. Changes in accounting policy

The following new, revised and amended standards have been applied for the first time in the current financial period and affect the Group's reported financial performance and/or position:

- **IFRS 10: Consolidated Financial Statements**

  IFRS 10 establishes a single control model that applies to all entities, including special purpose entities, by revising the definition of control. The new standard replaces SIC 12: *Consolidation – Special Purpose Entities* and the portion of IAS 27: *Consolidated and Separate Financial Statements* that addresses consolidated financial statements.

  The Group assessed its various investees and concluded that control does exist for all current subsidiaries with the exception of the Cell Captive investment. Accordingly, it continues to consolidate all current subsidiaries with the exception of the Cell Captive, which it accounts for as an investment and is measured in accordance with IAS 39: *Financial Instruments: Recognition and Measurement*.

  The impact of the application of IFRS 10 on the Group's financial results is disclosed in note 2, and the comparative period ended 30 September 2013 has been restated. No restatement was performed for earlier periods as the effect was not considered material to the Group, and management does not consider the ability of users of these financial statements to make decisions to be impaired in any way as a result of this exclusion.

2. Changes in accounting policy continued

- **IFRS 11: Joint Arrangements**

  IFRS 11 established that a joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Control is first assessed in accordance with the definition of control in IFRS 10.

  In accordance with IFRS 11, the Group reviewed and assessed its level of control over its joint venture investments and concluded that the Group has a right to the net assets of the arrangements, rather than rights to the assets and obligations for the liabilities. The investments have therefore been classified as joint ventures under IFRS 11 and require the application of the equity method of accounting for joint ventures. The Group previously proportionately consolidated its share of the assets, liabilities, income and expenses of joint ventures on a line-by-line basis in its financial statements.

  In order to transition to the equity method, the investments in joint ventures were recognised and measured using the carrying amounts of the assets and liabilities, including any attributable goodwill, which had previously been proportionately consolidated at 1 October 2012. The investment was thereafter adjusted for the Group's subsequent share of profit or loss and movements in other comprehensive income, less dividends, as well as changes in loans. The Group's share of the profit or loss of joint ventures is recognised as a single line item in profit or loss under the equity method.

  The change from proportionate consolidation to equity accounting resulted in a change in individual asset, liability, income, expense and cash flow line items with no impact on equity and profit attributable to owners of the parent.

  - The Group income statement recognises attributable earnings of joint ventures in attributable earnings of associates and joint ventures. The Group's proportionate share of the income and expenses of joint ventures has been removed from the individual line items. There has been no impact on other comprehensive income.
  - The Group statement of financial position now includes the investment in joint ventures in equity-accounted companies and loans and receivables, in accordance with the equity method. The Group's proportionate share of the assets and liabilities of joint ventures has been removed from the individual line items.
  - The Group statement of cash flows includes dividends received from joint ventures together with dividends received from associates reflected under investing activities. The loans advanced or repaid are also included in investing activities. The Group's proportionate share of the cash flows of joint ventures has been removed from the individual line items.
  - The Group segment report now includes attributable earnings of joint ventures together with earnings from associates. The Group's proportionate share of the income and expenses of joint ventures has been removed from the individual line items.

The impact of the application of IFRS 11 on the Group's financial results is disclosed in note 2, and the comparative period ended 30 September 2013 has been restated. No restatement was performed for earlier periods as the effect was not considered material to the Group, and management does not consider the ability of users of these financial statements to make decisions to be impaired in any way as a result of this exclusion.

- **IFRS 12: Disclosure of Interests in Other Entities**

  IFRS 12 requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The new standard requires disclosure of information to assist users of the financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effect of those interests on its financial position, financial performance and cash flows. The adoption of this standard has resulted in additional presentation and disclosure for the Group, shown in Annexures A, B and C.

- **IFRS 13: Fair Value Measurement**

  IFRS 13 defines fair value, establishes a single source framework for fair value measurement and sets out disclosure requirements for fair value measurements. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted by IFRS. The adoption of this standard has resulted in additional disclosure for the Group.

2. Changes in accounting policy continued

- **IAS 19: Employee Benefits (Amendments)**
  IAS 19 (Revised) impacts the measurement of the defined benefit pension plan in the United Kingdom and related disclosures. The most significant change is the requirement that all actuarial gains and losses are recognised immediately in other comprehensive income, thereby eliminating the corridor method. The Group is not affected by this change as actuarial gains and losses have previously been recognised in other comprehensive income.

  The Group is, however, impacted by the new requirement to calculate interest on the net defined benefit liability/asset. The Group has a defined benefit pension scheme with plan assets. Under the previous version of IAS 19, the financing cost recognised in profit or loss consisted of the interest cost on the defined benefit obligation and the expected return on plan assets. Following application of the amendments to IAS 19, the Group has calculated the interest based on the net liability and expected return on plan assets is now recognised in other comprehensive income.

  The impact of the application of IAS 19 (revised) on the Group's financial results is disclosed in note 2, and the comparative period ended 30 September 2013 has been restated. No restatement was performed for earlier periods as the effect was not considered material to the Group, and management does not consider the ability of users of these financial statements to make decisions to be impaired in any way as a result of this exclusion.

The following new, revised and amended standards implemented for the first time in the current year financial statements, mainly affect presentation and disclosure:

- **Amendment to IAS 27: Separate Financial Statements**
  The amended standard remains largely unchanged from the previous standard for the Company accounts. The amendments contain the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.
- **Amendment to IAS 28: Investments in Associates and Joint Ventures**
  The amended standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- **Amendment to IAS 36: Impairment of assets**
  The amended standard requires the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. In addition, if the recoverable amount was measured based on the present value technique, disclosure is required of the discount rates used in the current and previous measurements. The amended standard should be applied in conjunction with IFRS 13.
- **Amendment to IAS 39: Financial Instruments: Recognition and Measurement**
  The standard was amended in June 2013 to include guidance on novation of derivative financial instruments. Under the amendments hedge accounting will not be discontinued if a hedging derivative is novated, provided certain criteria are met.

3. Basis of consolidation of financial results

Subsidiaries

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 September 2014.

Control is determined where the Company has all of the following elements:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. These may relate to, inter alia, changes in shareholding due to a sale/acquisition of shares; a change in the rights of the Company due to the rights held by other shareholders becoming substantive; or a shift in fiduciary duties of directors to manage the business in the best interests of its creditors.

3. Basis of consolidation of financial results continued

Subsidiaries continued

Subsidiaries are consolidated from the date on which control elements are achieved by the Group and are no longer consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries in accordance with the Group's accounting policy for business combinations.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interests represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. Total comprehensive income or loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where the Group decreases its controlling interest in a subsidiary without losing control, the partial disposal is recognised as an equity transaction. The difference between the proceeds and the carrying value of the share of net assets disposed of is recognised directly in the statement of changes in equity and no adjustment is made to the carrying amount of goodwill.

When the Group loses control of a subsidiary, all the assets, liabilities and non-controlling interests are derecognised at their carrying values. Any equity interest retained in the former subsidiary is recognised at its fair value at the date control is lost, with the resulting gain or loss recognised in profit or loss.

In the Company's financial statements, investments in subsidiaries are stated at cost less any impairment losses.

Investment in associated companies and joint ventures

An associate is an entity over which the Group has significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint control involves the contractually agreed sharing of control, and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly).

The financial performance, assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5: *Non-Current Assets Held for Sale and Discontinued Operations*. Under the equity method of accounting, investments in associates and joint ventures are initially recognised at cost and adjusted for post-acquisition changes in the Group's share of net assets of the associate or joint venture, less any impairment in the value of individual investments. Losses of an associate or joint venture in excess of the Group's investment in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the fair value of the net identifiable assets and contingent liabilities of the entity acquired, over the cost of acquisition is recognised immediately in profit or loss.

Where the Group transacts with an associate or joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

When the Group loses significant influence over the associate or joint control of the joint venture, any retained investment is measured at fair value with any consequential gain or loss recognised in profit or loss.

4. Business combinations

Initial recognition and measurement

All business combinations are accounted for by applying the acquisition method. The cost of the business combination is the fair value at the date of exchange of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group, in exchange for control of the acquiree as defined by IFRS 10. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. Identifiable assets acquired and liabilities and contingent liabilities that meet the recognition conditions of IFRS 3: *Business Combinations* are measured initially at their fair values, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5: *Non-current Assets Held-for sale and Discontinued Operations*, which are recognised at fair value less costs to sell, at the acquisition date, irrespective of the extent of any non-controlling interest.

Contingent consideration is included in the cost of the business combination at fair value determined at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not effected against goodwill, unless they are valid measurement period adjustments.

The interest of non-controlling shareholders may be measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value on the date the Group attains control and the resulting gain or loss is recognised in profit or loss. Where the previously held interest was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously in other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets.

The excess of the fair value of the net identifiable assets and contingent liabilities of the entity acquired over the cost of acquisition results in a gain on bargain purchase which is recognised immediately in profit or loss.

Subsequent measurement

If the initial accounting for business combinations has been determined provisionally, then these provisional amounts are adjusted during the measurement period to reflect new information obtained about facts and circumstances that existed as of the date of acquisition that, if known, would have affected the amounts initially recognised.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, subject to a maximum period of one year.

5. Goodwill

Initial recognition and measurement

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See note 5 for information on how goodwill is initially determined.

Subsequent measurement

Goodwill is subsequently measured at cost less any accumulated impairment.

Derecognition

When goodwill forms part of a cash-generating unit and part of that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation in determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

5. Goodwill continued

Impairment

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill is allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Refer to note 5 to the Group annual financial statements for a description of impairment testing procedures.

6. Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell and are presented separately in the statement of financial position. Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

The conditions are regarded as met only when it is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are classified as held for sale from the date these conditions are met and are measured at the lower of their carrying amount and their fair value less costs to sell. However, some assets held for sale, such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Any resulting impairment is reported through profit or loss.

On classification as held for sale, the assets are no longer depreciated and comparative amounts are not adjusted.

Discontinued operations are classified as held for sale. Discontinued operations are either a separate major line of business or geographical area of operations that have been sold or are part of a single coordinated plan to be disposed of, or a subsidiary acquired exclusively with a view to sell. Once an operation has been identified as discontinued, or is reclassified as continuing, the comparative information is represented.

7. Property, plant and equipment

Property plant and equipment are recognised if it is probable that future economic benefits will flow to the entity from the assets and the costs of the assets can be reliably measured.

Property, plant and equipment are stated at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by management, less accumulated depreciation and any impairment losses. Land is not depreciated.

Where an item comprises major components with different useful lives, these components are accounted for as separate items.

Property, plant and equipment are depreciated to estimated residual value on a straight-line basis over their expected useful lives. The depreciation method, estimated remaining useful lives and residual values are reviewed annually.

The assumptions regarding estimated useful lives for the 2014 financial year were as follows:

Land	Indefinite
Buildings	4 – 75 years
Leasehold improvements	Shorter of the lease term and the building's useful life
Computer equipment	1 – 20 years
Furniture and equipment	1 – 16 years
Medical equipment	1 – 12 years
Motor vehicles	5 years
Aircraft	Useful life based on the number of hours used
Plant and machinery	1 – 20 years

Assets under construction are not depreciated.

7. Property, plant and equipment continued

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

8. Intangible assets

Intangible assets are recognised if it is probable that future economic benefits will flow to the entity from the assets and the costs of the assets can be reliably measured.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Amortisation has been included within operating profit.

The assumptions regarding estimated useful lives for the 2014 financial year were as follows:

Management contracts	Over contract period
Computer software – purchased	2 – 6 years
Computer software – other	20 years
Development expenditure	Over contract period
Other	4 years

Management contracts comprise the fair value of contracts with third parties to operate hospital facilities.

Computer software – other, is software that requires modification or further development and is amortised from the date that it is brought into use. Costs associated with maintaining computer software programmes or development expenditure that does not meet the recognition criteria are recognised as an expense.

Development expenditure comprises the capitalisation of bid costs incurred in mobilising management contracts which have gained preferred bidder status. All costs incurred in the preparation of bids are expensed in the income statement up to the point where the contract is virtually certain and the contract has then gained preferred bidder status. Bid costs incurred after this point are capitalised to the intangible asset.

The gain or loss arising on the disposal or retirement of intangible assets is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

9. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that take necessarily take a substantial period of time (longer than one year) to prepare for their intended use or sale, are capitalised to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost using the effective interest rate method.

All other borrowing costs are expensed in the period in which they are incurred.

10. Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequent to initial recognition, financial instruments are measured as set out below.

10. Financial instruments continued

Derecognition of financial assets and liabilities

Financial assets are derecognised where:

- The contractual rights to receive cash flows from the asset have expired; or
- The Group has transferred the financial asset and substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or it has expired.

Fair value

Fair value represents the current market value where a regulated market exists. Otherwise fair value is determined utilising appropriate valuation methodology including discounted cash flow models. If fair values cannot be measured reliably, the financial asset is valued at cost less accumulated impairment.

Amortised cost

Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the instrument. All fees, transaction costs and other premiums or discounts are included in the calculation.

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are subsequently measured at amortised cost less allowances for doubtful debts.

Individually significant receivables are considered for impairment when objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the type and region of counterparty and other available features of shared credit risk characteristics. The percentage of the write-down is then based on recent historical counterparty default rates for each identified group. Impairment of these assets is expensed in profit or loss. The carrying amount of the asset is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying value which is deemed to be fair value. In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangement entered into and the definitions of a financial liability and an equity instrument in IFRS.

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

Financial liabilities, other than derivative instruments, are subsequently recognised at amortised cost, comprising original debt less principal payments and amortisations.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is accounted for as a liability on an amortised cost basis until extinguished upon conversion or the maturity date of the instrument.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

10. Financial instruments continued

Trade payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

- **Level 1:** Fair value is derived from quoted prices (unadjusted) in active markets for identical instruments.
- **Level 2:** Fair value is derived through the use of valuation techniques based on observable inputs, either directly or indirectly.
- **Level 3:** Fair value is derived through the use of valuation techniques using inputs not based on observable market data.

11. Derivative financial instruments and hedge accounting

Derivative financial instruments are initially and subsequently recognised at fair value, with changes in fair value being included in profit or loss other than derivatives designated as cash flow hedges.

A derivative instrument needs to meet the following criteria to be designated as a hedging instrument:

- The hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured throughout the duration of the hedge;
- There is adequate documentation of the hedging relationship at the inception of the hedge; and
- For cash flow hedges, the forecast transaction that is the subject of the hedge must be highly probable.

The Group designates certain derivatives as cash flow hedges, which hedge the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction that could affect profit or loss. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. Further details of derivative financial instruments are disclosed in note 34 to the Group annual financial statements.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the gains or losses recognised in other comprehensive income are reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income in the same period in which the asset or liability affects profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gains or losses that had previously been recognised in other comprehensive income are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge is sold, terminated or exercised, when, for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in equity until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to profit or loss for the period.

12. Set-off

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

13. Impairment of tangible and intangible assets excluding goodwill

At each year-end reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset, or cash-generating unit, is estimated to be less than its carrying amount, the carrying amount of the asset, or cash-generating unit, is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

14. Insurance contracts

Contracts under which the Group accepts significant risk from other parties by indemnifying that party against uncertain future costs are classified as insurance contracts. The contracts issued compensate the other party for medical and emergency service expenses incurred.

Recognition and measurement

Capitation premiums

The Group receives premiums from medical aid schemes/members in return for underwriting the cost of providing medical or emergency services. These premiums are recognised as revenue before the deduction of any brokerage, commissions or similar costs.

Provision for outstanding claims

All claims assessed but not yet paid are accrued for in full.

Claims incurred but not reported (IBNR) liability

Claims arising from insured events that occurred within the accounting period, but which have not yet been received or reported to the Group within the period are provided for. The IBNR liability is estimated by independent actuarial consultants using statistical methods. The IBNR liability is based on assessed claim patterns as these patterns are more stable than claims paid patterns. Claims IBNR estimates are arrived at by using independent actuarial assessments of the claims based on the chain-ladder method of forecasting claims development patterns.

Re-insurance contracts held

Contracts entered into with re-insurers, under which compensation for specified losses meet the classification requirements for insurance contracts, are accounted for as re-insurance contracts. Re-insurance contracts are entered into for calendar years, coinciding with the term of the insurance contracts entered into with other parties. Re-insurance premiums and any associated recoveries are accounted for monthly in profit or loss. Amounts recoverable from or payable to the re-insurer are measured consistently in terms of each re-insurance contract and are classified as trade and other receivables or financial liabilities respectively.

15. Financial guarantee contracts

The Group regards financial guarantee contracts as insurance contracts and uses accounting applicable to insurance contracts. Details regarding financial guarantees issued are disclosed under contingent liabilities in note 32 to the Group annual financial statements.

16. Inventories

Inventories, comprising medical consumables are valued at the lower of cost and net realisable value on a first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

16. Inventories continued

Other consumables, including crockery, cutlery, linen and soft furnishings, are valued at average cost and written down with regard to their age and condition.

Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

17. Ordinary and preference share capital and premium

Issued ordinary and preference share capital and premium are stated as the amount of the proceeds received less directly attributable issue costs.

18. Treasury shares

Treasury shares held by subsidiary companies are deducted from share capital and premium on consolidation. These shares are not included in the number of shares in issue for purposes of calculating earnings per share and certain other performance ratios.

19. Provisions

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

Provisions are measured at the present value of expected future expenditure required to settle an obligation and discounted using a pre-tax market related rate which is adjusted for the risks associated with the obligation.

20. Foreign currency translation

Items included in the financial results of each entity are measured using the functional currency of that entity. The consolidated financial results are presented in South African Rands, which is Netcare's functional and presentation currency.

Foreign currency transactions

Income and expenditure transactions are translated into the functional currency of the entity at the exchange rate at the transaction date. Monetary assets and liabilities are translated into the functional currency of the entity at the exchange rate prevailing at the end of the reporting period. Foreign exchange gains and losses resulting from the translation and settlement of monetary assets and liabilities are charged to profit or loss, except when they relate to cash flow hedging activities in which case these gains and losses are recognised in other comprehensive income and included in the cash flow hedge accounting reserve in equity.

Non-monetary items are translated at year-end and are measured at historical cost, except for non-monetary items measured at fair value which are translated using the exchange rate at the date when fair value was determined.

Foreign operations

The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average exchange rate for the period. All assets and liabilities, including fair value adjustments arising on acquisition, are translated at the exchange rate prevailing at the reporting date. Differences arising on translation are recognised in other comprehensive income and included in the foreign currency translation reserve in equity.

On consolidation, differences arising from the translation of the net investment in a foreign operation are recognised in other comprehensive income and included in the foreign currency translation reserve in equity.

On disposal of part or all of the investment, the proportionate share of the related cumulative gains and losses previously recognised in the foreign currency translation reserve in equity are included in determining the profit or loss on disposal of that investment charged to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the end of the reporting period.

21. Taxation

The tax expense consists of current South African and foreign tax, deferred tax and secondary tax on companies (prior to 1 April 2012).

Current South African and foreign tax

The current tax charge is the expected tax payable on the taxable income for the period. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the Group's assets and liabilities.

Deferred tax is provided using the liability method, for all temporary differences at the reporting date between the tax bases of assets or liabilities and their respective carrying amounts.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except to the extent that both of the following conditions are satisfied: (i) the parent or investor is able to control the timing of the reversal of the temporary difference and (ii) it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liability is recognised on temporary differences caused by the initial recognition of goodwill.

A deferred tax asset is recognised where it is probable that, in the foreseeable future, taxable profits will be available against which the deferred tax asset can be realised. Neither a deferred tax asset nor liability is recognised where it arises from a transaction that is not part of a business combination, and, at the time of the transaction, has not impacted accounting or taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

Current and deferred tax relating to items recognised in other comprehensive income and equity are recognised in other comprehensive income and equity respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set-off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

22. Leasing

Finance leases

Leases of assets where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments and are depreciated at appropriate rates over the shorter of the estimated useful lives of the assets or the lease period. A corresponding amount is recognised as a finance lease liability. Finance lease payments are allocated using the effective interest rate method, between the finance charge and the capital repayment.

Operating leases

Leases of assets where the Group does not assume substantially all the benefits and risks of ownership are classified as operating leases. Payments made in respect of operating leases with a fixed escalation clause are charged to profit or loss on a straight-line basis over the lease term. All other lease payments are expensed as they occur. Minimum rentals due after year-end are reflected under commitments.

Accounting policies continued
for the year ended 30 September 2014

23. Revenue recognition

Revenue

Revenue is recognised at the fair value of the consideration received or receivable net of indirect taxes and trade discounts, when the significant risks and rewards of ownership have been transferred or services have been rendered. Revenue comprises the amount charged for accommodation, theatre fees and medical consumables. Revenue within the Group is eliminated on consolidation.

Revenue from charges to patients is recognised when the service giving rise to this revenue is rendered.

Revenue arising from administration fees is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Other income

Rental income from operating leases is recognised as it is earned over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Dividends are recognised when the shareholders' right to receive payment is established.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

24. Cost of sales

Cost of sales includes the costs of inventories, employee and other related costs that are directly attributable to the provision of services. Inventory write-downs are included in cost of sales when recognised. Trade discounts, settlement discounts and similar costs are deducted in determining cost of sales.

25. Employee benefits

Short-term employee benefits

Remuneration to employees is recognised in profit or loss as services are rendered and employees become entitled to the remuneration and the Group has an unavoidable obligation to make payment.

Post-employment benefits – Defined contribution pension plans

Contributions to defined contribution plans are recognised in profit or loss.

Post-employment benefits – Defined benefit pension plans

The Group's obligation in respect of defined benefit pension plans is actuarially calculated by deducting the fair value of the plan assets from the gross obligation for post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.

The future benefit is discounted using the discount rate to determine its present value. Independent actuaries perform this calculation anually using the projected unit credit method.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income, with the exception of gains or losses arising from changes in the benefits regarding past services, which are recognised in profit or loss.

Past services costs are recognised immediately in profit and loss.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the total of unrecognised net actuarial losses, unrecognised past service costs related to the improvements of the defined benefit pension plan and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Post-employment benefits – Medical funds

The Group provides post-retirement benefits to certain of its retirees in South Africa only. Employees who joined the employment of the Group prior to 1 November 2004 are entitled to a post-retirement medical aid subsidy. Due to previous employment benefits offered, the Group has honoured its contractual commitment in respect of post-retirement medical obligations before the change in policy.

The future benefit is discounted to determine its present value. Independent actuaries perform this calculation every two years for the Group, using the projected unit credit method.

Actuarial gains and losses are recognised in other comprehensive income.

25. Employee benefits continued

Equity compensation benefits – Netcare Share Incentive Scheme

The Group grants share options to certain employees under the Netcare Share Incentive Scheme. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined with reference to the fair value of the options granted on grant date and is expensed on a straight-line basis over the vesting period. The fair value is determined by using the Trinomial model and the assumptions used to determine the fair value are detailed in note 37 to the Group annual financial statements.

Equity compensation benefits – Health Partners for Life

The beneficiaries of the Health Partners for Life trusts hold trust units which entitle them to the economic benefits of a specified number of Netcare shares over a vesting period. The total amount to be expensed over the vesting period is determined with reference to the fair value of the units at grant date and is expensed on a straight-line basis over the vesting period. The fair value is determined by using the Trinomial model and the assumptions used to determine the fair value are detailed in note 37 to the Group annual financial statements.

Equity compensation benefits – Forfeitable Share Plan

The Group awards forfeitable shares to certain employees subject to performance (performance shares) and retention (retention shares) conditions. The total amount to be expensed over the vesting period is determined with reference to the fair value of the units at grant date and is expensed on a straight-line basis over the vesting period. The fair value is determined by using the weighted average traded share price on grant date and the assumptions to determine the fair value are detailed in note 37 to the Group annual financial statements. For the performance shares, the probability of achieving the performance condition is used to determine the expense in each reporting period. Vesting conditions, including performance conditions, are taken into account by adjusting the number of forfeitable shares so that, ultimately, the amount recognised for services received as consideration for the forfeitable shares granted shall be based on the number of forfeitable shares that eventually vest.

Cash-settled compensation benefits – Executive leveraged bonus scheme

The Group grants phantom share options to certain employees under the executive leveraged bonus scheme. The scheme allows certain employees to participate in the performance of the Netcare share price, in return for services provided, through the payment of cash incentives which are based on the market price of the Netcare share. The fair value is expensed over the vesting period with recognition of a corresponding liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss. The fair value is determined using the Black-Scholes option pricing model.

26. Segment information

The Group's identification of segments and the measurement of segment results is based on the Group's internal reporting to management. The segments have been identified according to the geographic regions in which the business operates and the nature of their respective products and services. Refer to note 1 to the Group annual financial statements for details on the Group's operating segments.

The accounting policies applied by the segments are the same as the Group's accounting policies, unless otherwise indicated in note 1 to the Group annual financial statements. Certain expenses, earnings from associates and joint ventures, financial income and expenses and income tax are not disclosed for all segments, consistent with the disclosure to management.

27. Employee benefit trust

Cash held on behalf of employees within the Group's employee benefit trusts is consolidated in accordance with IFRS 10: *Consolidated Financial Statements*. This is included within the Employee Share Trust Reserve in the statement of changes in equity.

28. Distributions paid to shareholders

Distributions are recorded in the period in which the distribution is declared and approved by the Company's Board. All transactions with owners of the parent are recorded separately within equity.

29. Significant judgements, accounting estimates and assumptions

The Group prepares its financial statements in accordance with IFRS which requires management to make judgements, accounting estimates and assumptions that affect the reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement and assumptions are inherent in the formation of estimates. The actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The following accounting policies have been identified as involving particularly complex or subjective judgements, assumptions or assessments during the year:

Impairment of non-financial assets

Goodwill is considered for impairment annually. Property, plant and equipment and intangible assets are considered for impairment if there is any reason to believe that impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger cash-generating unit, the viability of the unit.

The recoverable amounts are determined by projecting the future cash flows expected to be generated by the assets, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows is determined using an appropriate discount rate.

Where appropriate, the fair value of assets less cost to sell is used in the impairment assessment. For property assets, this is determined using an estimate of fair market value taking into account advice from an external professional valuator. Key judgements in determining the fair market value include the fair market rental amount and the effective yield.

The higher of fair value less costs to sell or value-in-use is compared to the carrying value of the asset (or related CGU) and, if lower, the assets are impaired to that value.

Refer to note 5 to the Group annual financial statements for more details on the assumptions applied in the annual impairment test for goodwill.

Estimation of useful lives and residual values

Property, plant and equipment are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining lives of the assets and projected disposal values. Refer to accounting policy 7 which sets out the estimated useful lives of property, plant and equipment.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and remaining useful lives are reviewed at least annually. The estimation of the useful lives of intangible assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement. Refer to accounting policy 8 which sets out the estimated useful lives of intangible assets.

Deferred taxation assets

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation rates, taxation rates and competitive forces.

Fair value of share-based payments

The fair value of options granted in terms of the Netcare Share Incentive Scheme and the trust units issued in terms of the Health Partners for Life initiative are determined using the Trinomial model. The fair value of forfeitable shares granted in terms of the Forfeitable Share Plan is determined by using the weighted average traded share price on grant date. The fair value of the phantom share options granted in terms of the executive leveraged bonus scheme is determined using the Black-Scholes option pricing model. Additional details regarding the assumptions used to value the share options and trust units are detailed in note 37 to the Group annual financial statements.

29. Significant judgements, accounting estimates and assumptions continued

Valuation of financial instruments

The valuation of derivative financial instruments is based on the market situation at the reporting date. The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the reporting date. The fair value of the inflation and interest rate swaps is calculated based on a discounted cash flow model using a number of key assumptions.

The valuation of the UK RPI swaps takes into account management's expectation of the future cash flows attributable to this swap. Refer to note 34 to the Group annual financial statements for further details of the judgements and assumptions applied.

The fair value of the European style call options is calculated using the Black-Scholes option pricing model.

Hedge accounting and reclassification of reserves

Hedge accounting is discontinued when the hedging relationship no longer qualifies for hedge accounting. One of the criteria which must be satisfied to qualify for hedge accounting is that the forecast hedged transaction must be considered highly probable. In assessing whether the interest rate swaps qualify for hedge accounting management must make a judgement on whether the hedged interest payments on the debt are considered highly probable for the duration of the swap.

If the hedge is no longer considered effective, then consideration must be given as to whether movements in the fair value of the swap previously taken to reserves through the statement of comprehensive income, must be reclassified to the income statement. To do this, management must make a judgement on whether the hedged interest payments on the debt are considered more likely than not to occur. To the extent that any of these underlying hedged cash flows are not considered more likely than not to occur, then a portion of the hedge reserve must be reclassified to the income statement.

The valuation of the UK interest rate and RPI swaps and the application of hedge accounting involves significant judgement as they are based on a view of likely future events, although there can be no certainty as to how the events will actually unfold.

Refer to note 34 to the Group annual financial statements for further details of the judgements and assumptions regarding hedge accounting.

Post-employment benefit obligations

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return on retirement plan assets, healthcare inflation cost and rates of increase in compensation costs. Additional details of the valuation method and assumptions used are provided in note 18 to the Group annual financial statements.

Incurred but not reported (IBNR) liability

Judgement is required in estimating the IBNR liability. The IBNR liability is calculated using the chain-ladder method which involves the selection of estimated claims development factors based on historical patterns in order to forecast future claims. Refer to note 22 to the Group annual financial statements for further details.

Control over an investee

Under IFRS 10, an investor is considered to control an investee if all of the factors below are satisfied. The application of judgement is typically required in making these assessments:

- The investor has power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities;
- The investor has exposure, or rights to variable returns from its involvement with the investee; and
- The investor has the ability to use its power over the investee to affect the amount of the investors returns.

The Group assesses its control of an investee at the time of its initial investment and again if changes in facts and circumstances affect one or more of the control factors listed above. In assessing whether the Group has control over an investee, consideration is given to many factors including shareholding; voting rights and their impact on the Group's ability to direct the management, operations and returns of the investee; contractual obligations; minority shareholder rights and whether these are protective or substantive in nature; and the financial position of the investee.

29. Significant judgements, accounting estimates and assumptions continued

Control over an investee continued

Accounting for GHG PropCo 1 as an associate:

The GHG PropCo 1 entities (collectively referred to as GHG PropCo 1) are classified as associates even though the Group owns an effective interest of 50%. An assessment was undertaken to determine if the Group has control over the entities, as defined in IFRS 10. GHG PropCo 1 has a debt facility of £1.5 billion with an original maturity date of 15 October 2013. Given the prevailing interest rate environment, the interest rate swap executed by GHG PropCo 1 in 2006 is materially out-of-the-money. As a result, GHG PropCo 1's liabilities exceed its assets and its board of directors is currently engaged in discussions with the lender group regarding a restructuring of the debt facility. The fiduciary duties of the GHG PropCo 1 directors have changed such that they are required to manage the business in the best interests of its creditors and Netcare is not able to materially impact the prospects of the business. Therefore, management has concluded that Netcare is not able to govern the financial and operating policies of GHG PropCo 1 and these entities are not consolidated in the Group financial statements. However, the Group does have representation on the GHG PropCo 1 board of directors, and is therefore considered to have significant influence over the GHG PropCo 1 entities.

Accounting for GHG PropCo 2 as an associate:

The GHG PropCo 2 entities (collectively referred to as GHG PropCo 2) are classified as associates even though the Group owns an effective interest of 56%. An assessment was undertaken to determine if the Group has control over the entities, as defined in IFRS 10. The cumulative effects of a number of factors led management to conclude that Netcare is not able to govern the financial and operating policies of GHG PropCo 2, including the rights of the lender and the statutory, contractual and legal rights of GHG PropCo 2's other shareholders. However, the Group does have representation on the GHG PropCo 2 board of directors, and is therefore considered to have significant influence over the GHG PropCo 2 entities.

Accounting for Netcare Unitas Linac Joint Venture Proprietary Limited (Unitas Linac) as a joint venture:

During the year, the Group disposed of 12% of its interest in Unitas Linac, reducing its interest to 50%. Unitas Linac was previously accounted for as a subsidiary as the Group had control over the entity. Subsequent to the disposal the Group examined its control position. Based on the updated shareholders' agreement and discussions with management, and given that Netcare no longer possesses a majority vote and that the remaining shareholders could be expected to exercise their votes collectively, the Group has concluded that it does not have power over the investee, but rather joint control. The investment is therefore accounted for as a joint venture, with effect from 1 April 2014.

Group statement of financial position

at 30 September

Rm	Notes	2014	Restated[1] 2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	**11 504**	10 401
Goodwill	5	**3 879**	3 466
Intangible assets	6	**437**	389
Investment in joint ventures	7	**76**	62
Investment in associates	7	**602**	628
Loans and receivables	8	**1 337**	956
Financial assets	9	**45**	72
Deferred taxation	20	**1 419**	1 218
Total non-current assets		**19 299**	17 192
Current assets			
Loans and receivables	8	**26**	34
Inventories	10	**987**	912
Trade and other receivables	11	**4 688**	4 033
Taxation receivable		**5**	17
Cash and cash equivalents	12	**1 712**	1 620
Total current assets		**7 418**	6 616
Total assets		**26 717**	23 808
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	13	**962**	934
Treasury shares	13	**(735)**	(766)
Other reserves		**2 560**	2 146
Retained earnings		**5 859**	4 846
Equity attributable to owners of the parent		**8 646**	7 160
Preference share capital and premium	14	**644**	644
Non-controlling interest	15	**2 882**	2 611
Total shareholders' equity		**12 172**	10 415
Non-current liabilities			
Long-term debt	16	**4 939**	5 290
Financial liabilities	17	**97**	8
Post-retirement benefit obligations	18	**260**	229
Deferred lease liability	19	**74**	70
Deferred taxation	20	**1 360**	1 129
Provisions	21	**138**	97
Total non-current liabilities		**6 868**	6 823
Current liabilities			
Trade and other payables	22	**5 726**	5 066
Short-term debt	23	**1 739**	1 140
Financial liabilities	17	**3**	–
Taxation payable		**203**	247
Bank overdrafts	12	**6**	117
Total current liabilities		**7 677**	6 570
Total equity and liabilities		**26 717**	23 808

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits.*

Group income statement
for the year ended 30 September

Rm	Notes	2014	Restated[1] 2013
Revenue	24	**31 783**	27 382
Cost of sales		**(18 227)**	(15 568)
Gross profit		**13 556**	11 814
Other income		**350**	306
Administrative and other expenses		**(10 653)**	(9 123)
Operating profit before items listed below		**3 253**	2 997
Profit on deconsolidation[2]	3	**–**	3 257
Operating profit	25	**3 253**	6 254
Investment income	26	**213**	288
Financial expenses	27	**(564)**	(754)
Other financial losses – net	28	**(80)**	(187)
Attributable earnings of associates		**39**	53
Attributable earnings of joint ventures		**36**	36
Profit before taxation		**2 897**	5 690
Taxation	29	**(801)**	(640)
Profit for the year		**2 096**	5 050
Attributable to:			
Owners of the parent		**2 107**	5 044
Preference shareholders		**46**	47
Profit attributable to shareholders		**2 153**	5 091
Non-controlling interest		**(57)**	(41)
		2 096	5 050
Earnings per share (cents)			
Basic	30	**157.5**	381.2
Diluted	30	**154.2**	372.2

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.
2. Profit on deconsolidation of the GHG Property Businesses. Refer to note 3 for more detail.

Group statement of comprehensive income
for the year ended 30 September

Rm	Notes	2014	Restated[1] 2013
Profit for the year		**2 096**	5 050
Items that may not subsequently be reclassified to profit or loss		**(13)**	239
Remeasurement of defined benefit obligation	18	**(18)**	(43)
Actuarial losses on defined benefit obligations		**(131)**	(73)
Actuarial gains relating to plan assets		**201**	103
Unrecognised pension surplus		**(97)**	(33)
Future defined benefit pension scheme provision		**9**	(40)
Effect of translation of foreign entities – Deconsolidation of GHG Property Businesses		**–**	274
Taxation on items that may not subsequently be reclassified to profit or loss	31	**5**	8
Items that may subsequently be reclassified to profit or loss		**694**	3 560
Effect of cash flow hedge accounting		**(39)**	3 108
Deconsolidation of GHG Property Businesses		**–**	2 473
Change in the fair value of cash flow hedges		**(39)**	177
Reclassification of the cash flow hedge accounting reserve		**–**	458
Effect of translation of foreign entities		**732**	521
Deconsolidation of GHG Property Businesses		**–**	310
Other		**732**	211
Taxation on items that may subsequently be reclassified to profit or loss	31	**1**	(69)
Other comprehensive income for the year		**681**	3 799
Total comprehensive income for the year		**2 777**	8 849
Attributable to:			
Owners of the parent		**2 469**	7 139
Preference shareholders		**46**	47
Non-controlling interest		**262**	1 663
		2 777	8 849

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits.*

Group statement of changes in equity

for the year ended 30 September

Rm	Ordinary share capital	Ordinary share premium	Treasury shares	Capital redemption reserve	Cash flow hedge accounting reserve
Balance at 1 October 2012 (as previously reported)	15	705	(654)	418	(1 635)
Restatement[1]	–	–	–	–	–
Balance at 1 October 2012 (restated)[1]	15	705	(654)	418	(1 635)
Shares issued during the year	–	214	(120)	–	–
Sale of treasury shares	–	–	8	–	–
Share-based payment reserve movements	–	–	–	–	–
Income tax recognised in equity	–	–	–	–	–
Deferred tax recognised in equity	–	–	–	–	–
Dividend witholding tax	–	–	–	–	–
Preference dividends paid	–	–	–	–	–
Dividends paid*	–	–	–	–	–
Distributions to beneficiaries of the HPFL Trusts	–	–	–	–	–
Other reserve movements	–	–	–	(418)	–
Increase in equity interest in subsidiaries	–	–	–	–	(6)
Deconsolidation of GHG Property Businesses	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	1 641
Deconsolidation of GHG Property Businesses	–	–	–	–	1 311
Other movements	–	–	–	–	330
Balance at 30 September 2013 (restated)	**15**	**919**	**(766)**	**–**	**–**
Shares issued during the year	**–**	**28**	**–**	**–**	**–**
Sale of treasury shares	**–**	**–**	**31**	**–**	**–**
Share-based payment reserve movements	**–**	**–**	**–**	**–**	**–**
Income tax recognised in equity	**–**	**–**	**–**	**–**	**–**
Deferred tax recognised in equity	**–**	**–**	**–**	**–**	**–**
Dividend witholding tax	**–**	**–**	**–**	**–**	**–**
Preference dividends paid	**–**	**–**	**–**	**–**	**–**
Dividends paid*	**–**	**–**	**–**	**–**	**–**
Distributions to beneficiaries of the HPFL Trusts	**–**	**–**	**–**	**–**	**–**
Change in shareholding of subsidiary	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(19)**
Balance at 30 September 2014	**15**	**947**	**(735)**	**–**	**(19)**

* Refer to page 7 of the Directors' report for detail of the ordinary dividends paid.
1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Employee share trust reserve	Foreign currency translation reserve	Investment fair value reserve	Net investment hedging reserve	Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interest	Total shareholders' equity
31	1 290	293	(98)	210	427	1 002	644	(2 666)	(1 020)
–	–	–	–	–	–	–	–	(12)	(12)
31	1 290	293	(98)	210	427	1 002	644	(2 678)	(1 032)
–	–	–	–	–	–	94	–	–	94
–	–	–	–	–	22	30	–	–	30
–	–	–	–	36	–	36	–	–	36
–	–	–	–	–	38	38	–	–	38
–	–	–	–	–	(9)	(9)	–	–	(9)
–	–	–	–	–	(8)	(8)	–	–	(8)
–	–	–	–	–	–	–	(47)	–	(47)
–	–	–	–	–	(813)	(813)	–	(3)	(816)
–	–	–	–	–	(66)	(66)	–	–	(66)
–	–	(203)	98	–	523	–	–	–	–
1	37	–	–	–	(41)	(9)	–	(168)	(177)
–	–	–	–	–	(274)	(274)	–	3 797	3 523
–	451	–	–	–	5 047	7 139	47	1 663	8 849
–	310	–	–	–	3 257	4 878	–	1 436	6 314
–	141	–	–	–	1 790	2 261	47	227	2 535
32	**1 778**	**90**	**–**	**246**	**4 846**	**7 160**	**644**	**2 611**	**10 415**
–	**–**	**–**	**–**	**–**	**–**	**28**	**–**	**–**	**28**
–	**–**	**–**	**–**	**–**	**69**	**100**	**–**	**–**	**100**
–	**–**	**–**	**–**	**37**	**–**	**37**	**–**	**–**	**37**
–	**–**	**–**	**–**	**2**	**17**	**19**	**–**	**–**	**19**
–	**–**	**–**	**–**	**–**	**(1)**	**(1)**	**–**	**–**	**(1)**
–	**–**	**–**	**–**	**–**	**(14)**	**(14)**	**–**	**–**	**(14)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**(46)**	**–**	**(46)**
–	**–**	**–**	**–**	**–**	**(973)**	**(973)**	**–**	**(3)**	**(976)**
–	**–**	**–**	**–**	**–**	**(154)**	**(154)**	**–**	**–**	**(154)**
–	**–**	**–**	**–**	**–**	**(25)**	**(25)**	**–**	**12**	**(13)**
–	**394**	**–**	**–**	**–**	**2 094**	**2 469**	**46**	**262**	**2 777**
32	**2 172**	**90**	**–**	**285**	**5 859**	**8 646**	**644**	**2 882**	**12 172**

Group statement of cash flows

for the year ended 30 September

Rm	Notes	2014	Restated[1] 2013
Cash flows from operating activities			
Cash received from customers		**31 456**	27 197
Cash paid to suppliers and employees		**(27 074)**	(23 407)
Cash generated from operations	A	**4 382**	3 790
Interest paid		**(545)**	(812)
Taxation paid	B	**(822)**	(725)
Ordinary dividends paid by subsidiaries		**(3)**	(3)
Ordinary dividends paid		**(973)**	(788)
Preference dividends paid		**(46)**	(47)
Distributions to beneficiaries of the HPFL trusts		**(154)**	(66)
Net cash from operating activities		**1 839**	1 349
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1 902)**	(1 350)
Proceeds on disposal of property, plant and equipment and intangible assets		**80**	15
Proceeds from financial assets		**–**	5
Additions to intangible assets		**(43)**	(37)
(Decrease)/increase in investments and loans		**(103)**	316
Interest received		**96**	244
Dividends received		**18**	24
Proceeds from disposal of businesses	C	**46**	–
Increase in equity interest in subsidiaries		**–**	(172)
Acquisition of business	D	**(19)**	–
Net cash from investing activities		**(1 827)**	(955)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**28**	94
Proceeds on disposal of treasury shares		**121**	36
Acquisition of non-controlling interests		**(4)**	–
Long-term debt repaid		**(614)**	(297)
Short-term debt raised/(repaid)		**535**	(1 065)
Settlement of derivatives		**–**	(120)
Net cash from financing activities		**66**	(1 352)
Net increase/(decrease) in cash and cash equivalents		**78**	(958)
Translation effects on cash and cash equivalents of foreign entities		**125**	148
Cash and cash equivalents at beginning of year		**1 503**	2 411
Cash and cash equivalents of businesses deconsolidated		**–**	(98)
Cash and cash equivalents at end of year	E	**1 706**	1 503

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Notes to the Group statement of cash flows

for the year ended 30 September

Rm	2014	Restated[1] 2013
A. Cash generated from operations		
Operating profit	**3 253**	6 254
Adjustments for:		
Amortisation of intangible assets	**105**	92
Depreciation	**1 046**	997
Loss on disposal of property, plant and equipment and intangible assets	**27**	10
Recognition/(reversal) of impairment of property, plant and equipment	**1**	(9)
Reversal of loan impairment	**(4)**	–
Profit on disposal of investments (net)	**(10)**	–
Profit on deconsolidation of GHG Property Businesses	**–**	(3 257)
Decrease in post-retirement benefit obligation	**(14)**	(10)
(Decrease)/increase in deferred lease liability	**(1)**	3
Share-based payment expense	**37**	37
Other non-cash flow items	**43**	(61)
Cash generated from operations before working capital changes	**4 483**	4 056
Increase in trade and other receivables	**(327)**	(192)
Increase in inventories	**(23)**	(30)
Increase in provisions	**26**	17
Increase/(decrease) in trade and other payables	**223**	(61)
	4 382	3 790
B. Taxation paid		
Amounts payable at beginning of year (net)	**230**	182
Charge per the income statement (excluding deferred taxation)	**771**	754
Other taxation movements through equity	**13**	(26)
Disposal of businesses	**–**	45
Translation of foreign entities	**6**	–
Amounts payable at end of year (net)	**(198)**	(230)
	822	725

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits.*

Notes to the Group statement of cash flows continued
for the year ended 30 September

C. Disposal of businesses

Rm	2014	2013*
Property, plant and equipment	**18**	18 935
Goodwill	**–**	2 252
Investments and loans	**32**	(83)
Intercompany loans	**7**	–
Current assets	**–**	77
Cash flow hedge accounting reserve	**–**	1 311
Foreign currency translation reserve	**–**	310
Debt	**(21)**	(22 607)
Financial liability – Derivative financial instruments	**–**	(7 606)
Deferred taxation	**–**	(901)
Current liabilities	**1**	36
Net assets disposed	**37**	(8 276)
Non-controlling interest	**(1)**	4 959
(Loss)/ profit on disposal	**10**	3 257
Cash and cash equivalents of businesses disposed	**–**	60
Proceeds from disposal of businesses	**46**	–

Comprising:

Disposal of 12% of the shareholding in Netcare Unitas Linac Joint Venture Proprietary Limited.

Disposal of the 45% shareholding in KOPM Investment Holdings Proprietary Limited (an associate).

* The 2013 disposal of business relates to the deconsolidation of the GHG Property Businesses (Refer to note 3).

D. Acquisition of business

Rm	2014	2013**
Net assets acquired	**–** ***	–
Consideration paid	**(19)**	–
Goodwill	**19**	–
	–	–

Comprising:

Vengamark Proprietary Limited

** No acquisitions occurred in the 2013 financial year.
*** Net assets acquired were less than R500 000.

E. Cash and cash equivalents and bank overdrafts

	2014	2013
Cash on hand and balances with banks	**1 712**	1 620
Short-term money market borrowings and bank overdrafts	**(6)**	(117)
	1 706	1 503

Notes to the Group annual financial statements

for the year ended 30 September

1. Segment report

Information reported to the chief operating decision maker is based on the two geographical divisions that the entity operates in, South Africa (SA) and the United Kingdom (UK).

SA and UK have two further segments which are separately reported on.

1.1 Operating activities

The activities of the Group's operating segments are described below:

South Africa

The SA segment includes the following operations:

Hospital and Emergency services

This segment includes the operation of the Group's private hospital network and emergency medical services and additional services.

Primary Care

This segment offers comprehensive primary healthcare services and managed care.

United Kingdom

The UK segment includes the following operations:

Operating companies (BMI OpCo)

This segment includes the operation of private acute care hospitals in the UK.

Property companies (GHG Property Businesses)

This segment includes the 35 UK hospital properties initially acquired in 2006 (GHG PropCo 1) as well as the six remaining hospital properties acquired from Nuffield Hospitals in 2008 (GHG PropCo 2).

The GHG Property Busineses were deconsolidated with effect from 16 November 2012. Refer to note 3 for further details.

1.2 Measurement of segment performance and allocation of resources

The accounting policies of the SA and total UK segment are the same as the Group's accounting policies.

The segments within SA and the UK are reviewed by the chief operating decision maker to the operating profit level.

Net interest expenses, other net financial losses, attributable earnings of associates and taxation are only allocated to the SA and UK segments as a whole.

Similarly, total assets, total liabilities, additions to property, plant and equipment and debt net of cash are reviewed for the total SA and UK segments.

The BMI OpCo and GHG Property Businesses segments are prepared in terms of UK Generally Accepted Accounting Practice (GAAP), except for the straightlining of leases which is excluded from the BMI OpCo segment. IFRS adjustments are contained in the "Adjustments and eliminations" column, which results in the total UK segment reconciling to the Group reported IFRS results.

The results presented here are consistent with the manner in which the chief operating decision maker reviews the results of the BMI OpCo and GHG Property Businesses segments.

1. Segment report continued

1.3 Segment report – 2014

Rm	South Africa Hospital and Emergency services	South Africa Primary Care	Total
Income statement			
Revenue	15 171	1 102	**16 273**
EBITDA*	3 499	98	**3 597**
EBITDA before capital items	3 501	98	**3 599**
Capital items	(2)	–	**(2)**
Depreciation and amortisation	(454)	(33)	**(487)**
Depreciation	(444)	(33)	**(477)**
Amortisation of intangible assets	(10)	–	**(10)**
Operating profit	3 045	65	**3 110**
Operating profit before capital items	3 047	65	**3 112**
Capital items	(2)	–	**(2)**
Investment income			**201**
Financial expenses			**(328)**
Other financial losses – net			**(2)**
Attributable earnings of joint ventures and associates			**35**
Profit before taxation			**3 016**
Taxation			**(841)**
Profit for the year			**2 175**
Segment assets and liabilities			
Total assets			**13 694**
Total liabilities			**(6 710)**
Debt net of cash			**(2 967)**
Other segment information			
Additions to property plant and equipment			**1 195**
Capital items	(2)	–	**(2)**
Profit on disposal of investments	10	–	**10**
Reversal of loan impairment	4	–	**4**
Impairment of property plant and equipment	(1)	–	**(1)**
Loss on disposal of property plant and equipment	(15)	–	**(15)**

* Earnings before interest, tax, depreciation and amortisation.

United Kingdom		
BMI OpCo	Total	Group
15 510	**15 510**	**31 783**
807	**807**	**4 404**
819	**819**	**4 418**
(12)	**(12)**	**(14)**
(664)	**(664)**	**(1 151)**
(569)	**(569)**	**(1 046)**
(95)	**(95)**	**(105)**
143	**143**	**3 253**
155	**155**	**3 267**
(12)	**(12)**	**(14)**
	12	**213**
	(236)	**(564)**
	(78)	**(80)**
	40	**75**
	(119)	**2 897**
	40	**(801)**
	(79)	**2 096**
	13 023	**26 717**
	(7 835)	**(14 545)**
	(2 005)	**(4 972)**
	707	**1 902**
(12)	**(12)**	**(14)**
–	**–**	**10**
–	**–**	**4**
–	**–**	**(1)**
(12)	**(12)**	**(27)**

Notes to the Group annual financial statements continued

for the year ended 30 September

1. Segment report continued

1.3 Segment report – Restated 2013[1]

Rm	South Africa: Hospital and Emergency services	South Africa: Primary Care	South Africa: Total
Income statement			
External revenue	13 984	1 163	**15 147**
Inter-segment revenue	–	–	**–**
PropCo 1 rent	–	–	**–**
PropCo 2 rent	–	–	**–**
Revenue	13 984	1 163	**15 147**
EBITDA	3 093	82	**3 175**
EBITDA before capital items and profit on deconsolidation	3 087	83	**3 170**
Capital items	6	(1)	**5**
EBITDA before profit on deconsolidation	3 093	82	**3 175**
Profit on deconsolidation[3]	–	–	**–**
Depreciation and amortisation	(444)	(34)	**(478)**
Depreciation	(434)	(34)	**(468)**
Amortisation of intangible assets	(10)	–	**(10)**
Amortisation of goodwill	–	–	**–**
Operating profit/(loss)	2 649	48	**2 697**
Operating profit/(loss) before capital items and profit on deconsolidation	2 643	49	**2 692**
Capital items	6	(1)	**5**
Operating profit/(loss) before profit on deconsolidation	2 649	48	**2 697**
Profit on deconsolidation[3]	–	–	**–**
Investment income			**211**
Financial expenses			**(312)**
Other financial gains/(losses) – net			**22**
Attributable earnings of joint ventures and associates			**52**
Profit before taxation			**2 670**
Taxation			**(750)**
Profit for the year			**1 920**
Segment assets and liabilities			
Total assets			**12 454**
Total liabilities			**(6 727)**
Debt net of cash			**(3 214)**
Other segment information			
Additions to property plant and equipment			**798**
Capital items	6	(1)	**5**
Reversal of impairment of land and buildings	9	–	**9**
Loss on disposal of property plant and equipment	(3)	(1)	**(4)**

Notes:
1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.
2. The results of the GHG Property Businesses are included until 16 November 2012 when they were deconsolidated.
3. Profit on deconsolidation of the GHG Property Businesses.

United Kingdom				
BMI OpCo	GHG Property Businesses[2]	Adjustments and eliminations	**Total**	**Group**
12 235			**12 235**	**27 382**
–	275	(275)	**–**	**–**
–	264	(264)	**–**	**–**
–	11	(11)	**–**	**–**
12 235	275	(275)	**12 235**	**27 382**
637	274	3 257	**4 168**	**7 343**
643	274	–	**917**	**4 087**
(6)	–	–	**(6)**	**(1)**
637	274	–	**911**	**4 086**
–	–	3 257	**3 257**	**3 257**
(664)	(47)	100	**(611)**	**(1 089)**
(482)	(47)	–	**(529)**	**(997)**
(79)	–	(3)	**(82)**	**(92)**
(103)	–	103	**–**	**–**
(27)	227	3 357	**3 557**	**6 254**
(21)	227	100	**306**	**2 998**
(6)	–	–	**(6)**	**(1)**
(27)	227	100	**300**	**2 997**
–	–	3 257	**3 257**	**3 257**
			77	**288**
			(442)	**(754)**
			(209)	**(187)**
			37	**89**
			3 020	**5 690**
			110	**(640)**
			3 130	**5 050**
			11 354	**23 808**
			(6 666)	**(13 393)**
			(1 713)	**(4 927)**
			552	**1 350**
(6)	–	–	**(6)**	**(1)**
–	–	–	**–**	**9**
(6)	–	–	**(6)**	**(10)**

2. Restatement of comparative figures

Netcare Limited adopted IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (revised): *Employee Benefits* on 1 October 2013. The effect of the new standards is detailed under the accounting policy note, and as required by the standards retrospective application has been applied. The results for the comparative period, 2013, have been restated, however no restatement has been performed for earlier comparative periods. In line with both the transitional provisions of the relevant standards, as well as IAS 1: *Presentation of Financial Statements*, the effect of the restatement for earlier periods is not required. The impact was assessed by management to be immaterial both qualitatively and quantitatively, and it was therefore considered that the additional information would provide no benefit to the users of the annual financial statements.

	Audited Year ended 30 September 2013				
Rm	Previously reported	IFRS 10 adjustments	IFRS 11 adjustments	IAS 19R adjustments	**Restated**
GROUP INCOME STATEMENT					
Revenue	27 801	–	(419)	–	**27 382**
Cost of sales	(15 746)	–	178	–	**(15 568)**
Gross profit	12 055	–	(241)	–	**11 814**
Other income	306	–	–	–	**306**
Administrative and other expenses	(9 301)	(6)	187	(3)	**(9 123)**
Operating profit before items listed below	3 060	(6)	(54)	(3)	**2 997**
Profit on deconsolidation*	3 257	–	–	–	**3 257**
Operating profit	6 317	(6)	(54)	(3)	**6 254**
Investment income	351	(2)	(3)	(58)	**288**
Financial expenses	(756)	–	2	–	**(754)**
Other financial losses – net	(193)	6	–	–	**(187)**
Attributable earnings of associates	58	–	(5)	–	**53**
Attributable earnings of joint ventures	–	–	36	–	**36**
Profit before taxation	5 777	(2)	(24)	(61)	**5 690**
Taxation	(673)	2	19	12	**(640)**
Profit for the year	5 104	–	(5)	(49)	**5 050**

* Profit on deconsolidation of GHG Property Businesses.

2. Restatement of comparative figures continued

Rm	Audited Year ended 30 September 2013 Previously reported	IFRS 10 adjustments	IFRS 11 adjustments	IAS 19R adjustments	Restated
GROUP STATEMENT OF COMPREHENSIVE INCOME					
Profit for the year	5 104	–	(5)	(49)	**5 050**
Items that may not subsequently be reclassified to profit or loss	191	–	–	48	**239**
Remeasurement of defined benefit obligation	(103)	–	–	60	**(43)**
Effect of translation of foreign entities – Deconsolidation of GHG Property Businesses	274	–	–	–	**274**
Taxation on items that may not subsequently be reclassified to profit or loss	20	–	–	(12)	**8**
Items that may subsequently be reclassified to profit or loss	3 559	–	1	–	**3 560**
Effect of cash flow hedge accounting	3 108	–	–	–	**3 108**
Deconsolidation of GHG Property Businesses	2 473	–	–	–	**2 473**
Change in the fair value of cash flow hedges	177	–	–	–	**177**
Reclassification of the cash flow hedge accounting reserve	458	–	–	–	**458**
Effect of translation of foreign entities	520	–	1	–	**521**
Deconsolidation of GHG Property Businesses	310	–	–	–	**310**
Other	210	–	1	–	**211**
Taxation on items that may subsequently be reclassified to profit or loss	(69)	–	–	–	**(69)**
Other comprehensive income for the year	3 750	–	1	48	**3 799**
Total comprehensive income for the year	8 854	–	(4)	(1)	**8 849**
Attributable to:					
Owners of the parent	7 139	–	1	(1)	**7 139**
Preference shareholders	47	–	–	–	**47**
Non-controlling interest	1 668	–	(5)	–	**1 663**

2. Restatement of comparative figures continued

	Audited Year ended 30 September 2013				
Rm	Previously reported	IFRS 10 adjustments	IFRS 11 adjustments	IAS 19R adjustments	**Restated**
GROUP STATEMENT OF FINANCIAL POSITION					
ASSETS					
Non-current assets					
Property, plant and equipment	10 487	–	(86)	–	**10 401**
Goodwill	3 484	–	(18)	–	**3 466**
Intangible assets	389	–	–	–	**389**
Investment in joint ventures	–	–	62	–	**62**
Investment in associated companies	628	–	–	–	**628**
Loans and receivables	924	–	32	–	**956**
Financial assets	49	23	–	–	**72**
Deferred taxation	1 225	–	(7)	–	**1 218**
Total non-current assets	17 186	23	(17)	–	**17 192**
Current assets					
Loans and receivables	34	–	–	–	**34**
Inventories	920	–	(8)	–	**912**
Trade and other receivables	4 073	–	(40)	–	**4 033**
Taxation receivable	20	–	(3)	–	**17**
Cash and cash equivalents	1 686	(39)	(27)	–	**1 620**
Total current assets	6 733	(39)	(78)	–	**6 616**
Total assets	23 919	(16)	(95)	–	**23 808**
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary share capital and premium	934	–	–	–	**934**
Treasury shares	(766)	–	–	–	**(766)**
Other reserves	2 146	–	–	–	**2 146**
Retained earnings	4 846	–	–	–	**4 846**
Equity attributable to owners of the parent	7 160	–	–	–	**7 160**
Preference share capital and premium	644	–	–	–	**644**
Non-controlling interest	2 628	–	(17)	–	**2 611**
Total shareholders' equity	10 432	–	(17)	–	**10 415**
Non-current liabilities					
Long-term debt	5 293	–	(3)	–	**5 290**
Financial liabilities	8	–	–	–	**8**
Post-retirement benefit obligations	229	–	–	–	**229**
Deferred lease liability	71	–	(1)	–	**70**
Deferred taxation	1 129	–	–	–	**1 129**
Provisions	97	–	–	–	**97**
Total non-current liabilities	6 827	–	(4)	–	**6 823**
Current liabilities					
Trade and other payables	5 145	(15)	(64)	–	**5 066**
Short-term debt	1 147	–	(7)	–	**1 140**
Taxation payable	251	(1)	(3)	–	**247**
Bank overdrafts	117	–	–	–	**117**
Total current liabilities	6 660	(16)	(74)	–	**6 570**
Total equity and liabilities	23 919	(16)	(95)	–	**23 808**

2. Restatement of comparative figures continued

	Audited Year ended 30 September 2013				
Rm	**Previously reported**	**IFRS 10 adjustments**	**IFRS 11 adjustments**	**IAS 19R adjustments**	**Restated**
GROUP STATEMENT OF CHANGES IN EQUITY					
Non-controlling interest balance at 30 September 2012	(2 666)	–	(12)	–	**(2 678)**
Dividend paid	(3)	–	–	–	**(3)**
Increase in equity interest in subsidiaries	(168)	–	–	–	**(168)**
Deconsolidation of GHG Property Business	3 797	–	–	–	**3 797**
Total comprehensive income for the period	1 668	–	(5)	–	**1 663**
Balance at 30 September 2013	2 628	–	(17)	–	**2 611**
Impact of cash flows for the year ended 30 September 2013 of the application of the new and revised standards					
Net cash from operating activities	1 352	–	(3)	–	**1 349**
Net cash from investing activities	(978)	–	23	–	**(955)**
Net cash from financing activities	(1 360)	–	8	–	**(1 352)**

The impact of the application on the new and revised standards on basic and diluted earnings per share is disclosed in note 30.

2. Restatement of comparative figures continued

Segment report

Rm	Previously reported South Africa: Hospital and Emergency services	Primary Care	Adjustments and eliminations	Total
30 September 2013				
Income Statement				
Revenue	14 354	1 163	–	**15 517**
Attributable earnings of associates and joint ventures	–	–	–	**–**
EBITDA	3 164	82	–	**3 246**
EBITDA before capital items	3 158	83	–	**3 241**
Capital items	6	(1)	–	**5**
Operating profit	2 705	48	–	**2 753**
Operating profit before capital items	2 699	49	–	**2 748**
Capital items	6	(1)	–	**5**
Segment assets and liabilities				
Total assets				**12 546**
Total liabilities				**(6 802)**

Rm	Previously reported UK: BMI OpCo	GHG PropCo	Adjust-ments and elimi-nations	Total
30 September 2013				
Income Statement				
External revenue	12 284	–	–	**12 284**
Inter-segment revenue	–	275	(275)	**–**
GHG PropCo1 rent	–	264	(264)	**–**
GHG PropCo2 rent	–	11	(11)	**–**
Revenue	12 284	275	(275)	**12 284**
Attributable earnings of associates and joint ventures	–	–	–	**–**
EBITDA	652	274	3 257	**4 183**
EBITDA before capital items and profit on deconsolidation	658	274	–	**932**
Capital items and profit on deconsolidation	(6)	–	3 257	**3 251**
Operating profit	(20)	227	3 357	**3 564**
Operating profit before capital items and profit on deconsolidation	(14)	227	100	**313**
Capital items and profit on deconsolidation	(6)	–	3 257	**3 251**
Segment assets and liabilities				
Total assets				**11 373**
Total liabilities				**(6 685)**

	Effect of restatement South Africa				Restated South Africa			
	Hospital and Emergency services	Primary Care	Adjustments and eliminations	**Total**	Hospital and Emergency services	Primary Care	Adjustments and eliminations	**Total**
	(370)	–	–	**(370)**	13 984	1 163	–	**15 147**
	52	–	–	**52**	52	–	–	**52**
	(71)	–	–	**(71)**	3 093	82	–	**3 175**
	(71)	–	–	**(71)**	3 087	83	–	**3 170**
	–	–	–	**–**	6	(1)	–	**5**
	(56)	–	–	**(56)**	2 649	48	–	**2 697**
	(56)	–	–	**(56)**	2 643	49	–	**2 692**
	–	–	–	**–**	6	(1)	–	**5**
				(92)				**12 454**
				75				**(6 727)**

	Effect of restatement UK				Restated UK			
	BMI OpCo	GHG PropCo	Adjust-ments and elimi-nations	**Total**	BMI OpCo	GHG PropCo	Adjust-ments and elimi-nations	**Total**
	(49)	–	–	**(49)**	12 235	–	–	**12 235**
	–	–	–	**–**	–	275	(275)	**–**
	–	–	–	**–**	–	264	(264)	**–**
	–	–	–	**–**	–	11	(11)	**–**
	(49)	–	–	**(49)**	12 235	275	(275)	**12 235**
	37	–	–	**37**	37	–	–	**37**
	(15)	–	–	**(15)**	637	274	3 257	**4 168**
	(15)	–	–	**(15)**	643	274	–	**917**
	–	–	–	**–**	(6)	–	3 257	**3 251**
	(7)	–	–	**(7)**	(27)	227	3 357	**3 557**
	(7)	–	–	**(7)**	(21)	227	100	**306**
	–	–	–	**–**	(6)	–	3 257	**3 251**
				(19)				**11 354**
				19				**(6 666)**

2. Restatement of comparative figures continued

Segment report continued

	Previously reported			
Rm	South Africa	UK	Adjustments and eliminations	Total
30 September 2013				
Income Statement				
Revenue	15 517	12 559	(275)	**27 801**
Attributable earnings of associates and joint ventures	–	–	–	**–**
EBITDA	3 246	926	3 257	**7 429**
EBITDA before capital items and profit on deconsolidation	3 241	932	–	**4 173**
Capital items and profit on deconsolidation	5	(6)	3 257	**3 256**
Operating profit	2 753	207	3 357	**6 317**
Operating profit before capital items and profit on deconsolidation	2 748	213	100	**3 061**
Capital items and profit on deconsolidation	5	(6)	3 257	**3 256**
Segment assets and liabilities				
Total assets				**23 919**
Total liabilities				**(13 487)**

3. Exceptional items

The 2013 results are impacted by certain exceptional items relating to the UK operations which need to be taken into consideration to ensure a meaningful comparison between the two years presented in these financial statements.

The GHG Property Businesses (comprising GHG PropCo 1 and GHG PropCo 2) were deconsolidated from 16 November 2012. Netcare continues to exercise significant influence over the GHG Property Businesses post the deconsolidation. Accordingly, the GHG Property Businesses are reflected as investments in associates and are equity accounted. For more detail on the assessment of control refer to the accounting policy: ‘Control over an investee’ under note 29 ‘Significant judgements, accounting estimates and assumptions’.

The 2013 financial results include a non-recurring, non-cash profit of R3 257 million arising on the deconsolidation of the GHG Property Businesses, which has a significant impact on the Group's income statement.

The Group results and those of the UK reporting segment are structurally different after the deconsolidation of the GHG Property Businesses from 16 November 2012. For more details in this regard, refer to the Director's Report.

Effect of restatement				Restated			
South Africa	UK	Adjustments and eliminations	**Total**	South Africa	UK	Adjustments and eliminations	**Total**
(370)	(49)	–	**(419)**	15 147	12 510	(275)	**27 382**
52	37	–	**89**	52	37	–	**89**
(71)	(15)	–	**(86)**	3 175	911	3 257	**7 343**
(71)	(15)	–	**(86)**	3 170	917	–	**4 087**
–	–	–	**–**	5	(6)	3 257	**3 256**
(56)	(7)	–	**(63)**	2 697	200	3 357	**6 254**
(56)	(7)	–	**(63)**	2 692	206	100	**2 998**
–	–	–	**–**	5	(6)	3 257	**3 256**
			(111)				**23 808**
			94				**(13 393)**

4. Property, plant and equipment

Rm	Freehold and leasehold land and buildings	Assets under construction
Carrying value at 1 October 2012 (restated[1])	24 285	608
Additions	174	438
Disposals	(18 939)	–
Deconsolidation of GHG Property Businesses	(18 935)	–
Other	(4)	–
Depreciation	(308)	
GHG Property Businesses	(47)	–
Other	(261)	–
Reversal of impairment	9	–
Transfers between categories	530	(690)
Transfers to intangible assets	–	–
Translation of foreign entities	1 198	55
Carrying value at 30 September 2013 (restated)	**6 949**	**411**
Additions	**159**	**801**
Disposals	**(13)**	**–**
Depreciation	**(257)**	**–**
Impairment	**–**	**–**
Disposal of businesses	**–**	**–**
Transfers between categories	**385**	**(518)**
Transfers to intangible assets	**–**	**–**
Translation of foreign entities	**240**	**29**
Carrying value at 30 September 2014	**7 463**	**723**

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Computer equipment	Furniture and equipment	Medical equipment	Motor vehicles and aircraft	Plant and machinery	Total
294	138	2 249	12	3	27 589
95	40	601	1	1	1 350
(1)	(2)	(12)	–	–	(18 954)
–	–	–	–	–	(18 935)
(1)	(2)	(12)	–	–	(19)
(116)	(29)	(540)	(3)	(1)	(997)
–	–	–	–	–	(47)
(116)	(29)	(540)	(3)	(1)	(950)
–	–	–	–	–	9
104	11	24	19	2	–
(88)	–	–	–	–	(88)
20	9	210	–	–	1 492
308	**167**	**2 532**	**29**	**5**	**10 401**
78	**105**	**745**	**2**	**12**	**1 902**
(9)	**–**	**(66)**	**(10)**	**(1)**	**(99)**
(122)	**(67)**	**(588)**	**(1)**	**(11)**	**(1 046)**
–	**–**	**–**	**(1)**	**–**	**(1)**
–	**–**	**(18)**	**–**	**–**	**(18)**
114	**4**	**16**	**–**	**(1)**	**–**
(89)	**–**	**–**	**–**	**–**	**(89)**
16	**12**	**157**	**(1)**	**1**	**454**
296	**221**	**2 778**	**18**	**5**	**11 504**

4. Property, plant and equipment continued

Rm	Cost	Accumulated depreciation and impairments	Carrying value
Net carrying value			
2014			
Freehold and leasehold land and buildings	**9 305**	**(1 842)**	**7 463**
Assets under construction	**723**	**–**	**723**
Computer equipment	**902**	**(606)**	**296**
Furniture and equipment	**480**	**(259)**	**221**
Medical equipment	**6 596**	**(3 818)**	**2 778**
Motor vehicles and aircraft	**25**	**(7)**	**18**
Plant and machinery	**27**	**(22)**	**5**
Net carrying value	**18 058**	**(6 554)**	**11 504**

Rm	Restated[1] Cost	Restated[1] Accumulated depreciation and impairments	Restated[1] Carrying value
Freehold and leasehold land and buildings	8 434	(1 485)	6 949
Assets under construction	411	–	411
Computer equipment	804	(496)	308
Furniture and equipment	366	(199)	167
Medical equipment	5 654	(3 122)	2 532
Motor vehicles and aircraft	46	(17)	29
Plant and machinery	7	(2)	5
	15 722	(5 321)	10 401

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Valuation

The South African hospital property estate reflects its land and buildings (excluding furniture and fittings, medical equipment, loose plant and machinery and commissioning costs) at a carrying book value, based on historic cost less accumulated depreciation, of R7.3 billion as at 30 September 2014. The fair market value of the estate's land and buildings (also exclusive of furniture and fittings, medical equipment, loose plant and machinery and commissioning costs) was independently valued by Mills Fitchet at R17.0 billion as at 30 September 2013. The fair value was determined using the capitalisation of the first year's net income approach for the hospitals, and the market value was used for the land component.

In terms of the fair value hierarchy, the fair value measurement of the hospital property estate would be classified as a level 3. The inputs into the valuation, i.e. the value of the first year's income, is not quoted in an active market, but it is observable based on the rental contracts signed with the various tenants. The market value is determined based on an estimated amount for which the asset could be exchanged on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing, and where the parties had each acted knowledgeably, prudently and without compulsion. The following material assumptions were made in performing the valuation:

- The valuation exercise has assumed "fair value in continuation of existing use".
- The hospital valuations were carried out on the basis of trading potential and as such it was assumed that the businesses will at all times be effectively and competently managed, operated and promoted, and the businesses will be properly staffed, stocked and capitalised.
- The properties are valued free and clear of any aliens or encumbrances.
- Assumed that there is full compliance with all applicable state and local environmental regulations and laws, and that the site is free of any noxious waste that could affect value.
- It was assumed that there are no hidden or unapparent conditions of the properties, subsoil or structures that render them more or less valuable.
- It was assumed that all applicable zoning and use regulations and restrictions have been complied with.

4. Property, plant and equipment continued

Valuation continued

- It was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from local or national government or private entity or organisation have been or can be obtained or renewed for any use on which the value estimate is based.
- It was assumed that the utilisation of the land and improvements is within the boundaries or property lines of the property description and that there is no encroachment or trespass.

Impairment losses recognised in the year

During the year the Group carried out a review of the recoverable amount of the aircrafts. The assets are used by the Group to facilitate transport and recovery of patients in critical condition or missions across our boarders. The review of the assets recoverable amount has led the Group to recognise an impairment loss of R1 million in the current year. The Group has estimated the recoverable amount to be the lower of fair value less cost to sell and value in use, being the fair value less costs to sell. No impairment test was performed in 2013 as there was no indication of impairment.

Impairment losses have been included in profit for the period in administrative and other expenses.

Borrowing costs

Borrowing costs of R13 million (2013: R10 million) were capitalised during the year and are included in "Additions" in the movement summary.

Security

Property, plant and equipment with a carrying value of R308 million (2013 Restated: R226 million) has been encumbered as security for debt. Refer to note 16 for more details.

5. Goodwill

Rm	2014	Restated[1] 2013
Net carrying value		
Cost	**3 912**	3 499
Accumulated impairment losses	**(33)**	(33)
	3 879	3 466
The movement in the carrying value of goodwill is as follows:		
Balance at 1 October 2013 (restated)	**3 466**	5 081
Acquisition of businesses	**19**	–
Deconsolidation of GHG Property Businesses (Refer to note 3)	**–**	(2 252)
Translation of foreign entities	**394**	637
Balance at end of year	**3 879**	3 466

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Goodwill impairment testing

Goodwill is allocated to the cash-generating unit (CGU) that is expected to benefit from the acquisition. The recoverable amount is either calculated on a value-in-use basis or fair value less costs to sell, whichever is higher.

An impairment loss is recognised in the income statement when the recoverable amount of the CGU is less than the net carrying value. Impairment losses of CGUs are first used to reduce the net carrying value of thegoodwill and then to reduce the carrying value of other assets.

Goodwill is allocated to the Hospital operations and Primary Care operations CGUs in SA and to the BMI OpCo CGU in the UK.

5. Goodwill continued

Goodwill impairment testing continued

The carrying value of goodwill has been allocated to the following CGUs for impairment testing:

Rm	2014	Restated[1] 2013
South Africa		
Hospital operations	**349**	349
Primary Care operations	**155**	136
United Kingdom		
BMI OpCo	**3 375**	2 981
	3 879	3 466

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

SA Hospital and Primary Care operations

The recoverable amounts of the SA Hospital and Primary Care operations CGUs are determined based on a value-in-use. The value-in-use is calculated as the present value of the projected cash flows attributable to each CGU. The future projected cash flows are based on management's forecast for the five-year period from 1 October 2014 to 30 September 2019. Key assumptions applied in the cash flow forecasts include activity and tariff changes, salary increases and inflation. The pre-tax weighted average cost of capital (WACC) of 13.7% (2013: 13.1%) is based on current market assessments of the optimal capital structure, cost of debt and cost of equity. A long-term growth rate of 5.5% (2013: 6.0%) has been applied in the calculation.

The amount by which the value-in-use exceeds the carrying value is significantly large to enable the directors to conclude that a reasonably possible change in any of the key assumptions would not result in an impairment loss.

BMI OpCo

The recoverable amount of BMI OpCo is assessed using a value-in-use model. Value-in-use is calculated as the present value of the projected cash flows attributable to that unit. The key assumptions in the value-in-use calculations for each CGU are as follows:

- Cash forecasts derived from the actual 2014 results and latest budget for 2015;
- Latest management forecasts for the four year period from 1 October 2015 to 30 September 2019, using key assumptions concerning payor volume and tariff changes, general inflation and salary increases;
- A post-tax WACC of 8.9% (2013: 9.7%) based on current market assessments of optimal capital structure, cost of debt and market risk premium; and
- Long term growth rate of 2.5% (2013: 3.0%).

The WACC rate used reflects both market factors as well as sector and company factors. Whilst management believe the assumptions are realistic, it is possible that an impairment would be identified if there were material changes in forecast revenue and/or EBITDA. Revenue and EBITDA is derived from volumes, price and mix assumptions across a range of payor groups. Revenue and EBITDA growth rates could be adversely impacted by both macro-economic challenges (thereby impacting demand and pricing of private healthcare) and changes in government policy and sentiment with regards to private sector participation in the National Healthcare Services. Goodwill is very sensitive to the assumptions in this regard, and in particular a further significant economic downturn could result in an impairment. Overall, an 80 basis points increase in the WACC rate would result in the carrying amount being equal to the value-in-use.

6. Intangible assets

Rm	Management contracts and other	Software	Development expenditure	Total
2014				
Net carrying value				
Cost	**131**	**1 042**	**32**	**1 205**
Accumulated amortisation and impairment losses	**(46)**	**(706)**	**(16)**	**(768)**
	85	**336**	**16**	**437**
Movement in the carrying value				
Carrying value at 1 October 2013	**89**	**286**	**14**	**389**
Additions	**1**	**42**	**–**	**43**
Disposals	**(6)**	**(2)**	**–**	**(8)**
Amortisation	**(6)**	**(99)**	**–**	**(105)**
Impairment	**(2)**	**–**	**–**	**(2)**
Transfers from property, plant and equipment	**–**	**89**	**–**	**89**
Translation of foreign entities	**9**	**20**	**2**	**31**
Carrying value at 30 September 2014	**85**	**336**	**16**	**437**
2013				
Net carrying value				
Cost	121	827	28	976
Accumulated amortisation and impairment losses	(32)	(541)	(14)	(587)
	89	286	14	389
Movement in intangible assets				
Carrying value at 1 October 2012	84	241	2	327
Additions	1	31	5	37
Disposals	–	(6)	–	(6)
Amortisation	(5)	(85)	(2)	(92)
Transfers from property, plant and equipment	–	84	4	88
Translation of foreign entities	9	21	5	35
Carrying value at 30 September 2013	89	286	14	389

The remaining amortisation periods for intangible assets at 30 September 2014 are:

Management contracts and other	3 – 21 years
Software	3 – 14 years
Development expenditure	1 – 4 years

No borrowing costs were capitalised during the 2014 and 2013 years.

Rm	2014	Restated[1] 2013
7. Investment in joint ventures and associate companies		
7.1 Investment in joint ventures		
Investments at cost	**85**	94
Share of post-acquisition reserves	**74**	48
Carrying value of shares	**159**	142
Loans	**(83)**	(80)
	76	62
Director's valuation of joint venture companies	**952**	–
This valuation falls under Level 3 of the fair value hierarchy. The valuations are performed using the free cash flow (FCF) method. The FCF method values an entity based on the sum of the present values of the future cash flows from year one to five, plus a discounted value in perpetuity. The book value of net debt is deducted from this value to arrive at the equity value of the investment. The future cash flows are discounted at the entity's weighted average cost of capital (WACC).		
No valuation was performed in 2013 as the Group's joint ventures were proportionately consolidated. As a result of the adoption of IFRS 11 in the current year, the joint ventures are now equity accounted and the comparatives have been restated. A director's valuation will be performed on an annual basis going forward.		
The loans from joint ventures are unsecured, bear interest at between prime and prime plus 1.0% and call deposit plus 0.1%, and are repayable on demand.		
Current liabilities	**(83)**	(80)

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

The loans form part of the net investment in joint ventures, and have therefore been included under non-current assets on the face of the statement of financial position.

Details of the Group's principal joint ventures are set out in Annexure C.

Rm	2014	Restated[1] 2013
7. Investment in joint ventures and associate companies continued		
7.2 Investment in associates		
Investments at cost	**95**	113
Share of post-acquisition reserves	**172**	158
Carrying value of shares	**267**	271
Loans	**335**	357
	602	628
Director's valuation of associated companies	**2 122**	1 869
This valuation falls under Level 3 of the fair value hierarchy. The valuations are performed using the free cash flow (FCF) method. The FCF method values an entity based on the sum of the present values of the future cash flows from year one to five, plus a discounted value in perpetuity. The book value of net debt is deducted from this value to arrive at the equity value of the investment. The future cash flows are discounted at the entity's weighted average cost of capital (WACC).		
The loans to/(from) associate companies are unsecured, bearing interest at between 0.0% – 17.8%, and are repayable on demand or up to 12 years.		
Non-current assets	**297**	290
Current assets	**40**	73
Current liabilities	**(2)**	(6)
	335	357

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

The loans form part of the net investment in associates, and have therefore been included under non-current assets on the face of the statement of financial position.

Details of the Group's principal associated companies are set out in Annexure B.

Rm	2014	Restated[1] 2013
8. Loans and receivables		
Included within:		
Non-current assets	**1 337**	956
Current assets	**26**	34
	1 363	990

An investment of R1 087 million (2013: R855 million) relating to the acquisition of a contractual economic interest in the debt of the BMI OpCo, is incorporated in the balance of loans and receivables. The blended effective interest rate applicable on this loan is 11.9% (2013: 11.8%) and is repayable in full in October 2018.

The other loans and receivables are unsecured, bearing interest at between 0.0% – 9.25% and are repayable on demand or up to 9 years.

Rm	2014	Restated[1] 2013
9. Financial assets		
Non-current assets		
Derivative financial instruments		
Interest rate swaps		
South African Rand	**23**	21
Inflation rate swaps		
South African Rand	**2**	–
Foreign currency	**–**	28
Non-derivative financial instrument		
Investment in Cell Captive	**20**	23
	45	72

The financial assets are measured at fair value. Refer to note 34.

Rm	2014	Restated[1] 2013
10. Inventories		
Medical and pharmaceutical merchandise	**917**	845
Crockery, cutlery, linen, soft furnishings and other consumables	**70**	67
	987	912

The cost of inventories recognised as an expense during the year was R9 218 million (2013 Restated: R7 955 million). The write-down of inventories during the year to net realisable value was R8 million (2013: R9 million) and the reversal of write-downs to net realisable value was Nil (2013: R1 million).

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013

11. Trade and other receivables

Trade receivables	**3 764**	3 405
Allowance for doubtful debts	**(223)**	(281)
Trade receivables – net	**3 541**	3 124
Prepaid expenses	**530**	410
Other debtors	**617**	499
	4 688	4 033
The carrying amount of trade and other receivables are denominated in the following currencies:		
Foreign currency	**2 407**	2 137
South African Rand	**2 281**	1 896
	4 688	4 033

Trade receivables include R9 million (2013: R8 million) for accounts with renegotiated credit terms.

The directors consider that the carrying amount of the trade and other receivables approximate their fair value, as the carrying amount is based on contractual rights and obligations.

Trade receivables – net can be categorised into the following types:

South Africa		
Medical aid	**569**	590
Private	**135**	130
Road Accident Fund	**5**	8
Compensation for Occupational Injuries and Disease	**375**	268
Patient work-in-progress	**443**	396
Other	**196**	103
	1 723	1 495
United Kingdom		
Insured	**772**	671
Self-pay	**41**	73
National Health Service (NHS)	**659**	647
Patient work-in-progress	**123**	83
Other	**223**	155
	1 818	1 629

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits.*

Rm	2014	Restated[1] 2013
11. Trade and other receivables continued		
At 30 September 2014 trade receivables of R1 072 million (2013 Restated: R972 million) were past due but not impaired. There has not been a significant change in credit quality of these receivables and the amounts are still considered recoverable. The ageing of the Past due but not impaired trade receivables is shown below:		
Past due 0 – 30 days	**460**	360
Past due 31 – 60 days	**134**	107
Past due 60 – 120 days	**105**	85
More than 120 days	**373**	420

Trade receivables that are not past their due date are not considered to be impaired, except in situations where they are part of individually impaired trade receivables. Individually significant receivables are considered for impairment when objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the type and region of counterparty and other available features of shared credit risk characteristics. The estimated irrecoverable amounts are determined by reference to past default experience. The allowance for doubtful debts is used to reduce the carrying amount of the asset.

Trade and other receivables are classified as loans and receivables in terms of IAS 39 *Financial Instruments: Recognition and Measurement*. Refer to note 34 for more details on the Group's exposure to credit risk.

The movement in the allowance for doubtful debts is as follows:

Rm	2014	Restated[1] 2013
Balance at beginning of year	**(281)**	(272)
Impairment losses recognised	**(58)**	(109)
Impairment losses reversed	**61**	27
Amounts written off as uncollectible	**59**	93
Amounts recovered during the year	**(3)**	(3)
Translation of foreign entities	**(1)**	(17)
Balance at end of year	**(223)**	(281)

12. Cash and cash equivalents and bank overdrafts

Rm	2014	Restated[1] 2013
Cash on hand and balances with banks	**1 712**	1 620
Bank overdrafts	**(6)**	(117)
	1 706	1 503
Cash on hand and balances with banks		
Foreign currency	**1 083**	818
South African Rand	**629**	802
	1 712	1 620
Bank overdrafts		
South African Rand	**(6)**	(117)
	1 706	1 503

Cash and cash equivalents are classified as loans and receivables in terms of IAS 39: *Financial Instruments: Recognition and Measurement*. Refer to note 34 for discussion on credit risk and capital management.

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

13. Ordinary share capital and premium

Rm	2014	2013
Number of shares (million)		
Authorised		
Ordinary shares of 1.0 cent each	**2 500**	2 500
Issued		
Shares in issue at beginning of year	**1 475**	1 458
Shares issued during the year	**3**	17
Shares in issue at end of year	**1 478**	1 475
Treasury shares		
Treasury shares at beginning of year	**(146)**	(141)
Purchase of treasury shares	**–**	(7)
Sale of treasury shares	**5**	2
Treasury shares at end of year	**(141)**	(146)
Total issued ordinary shares	**1 337**	1 329
Treasury shares are held as follows:		
HPFL Trusts	**134**	139
Forfeitable Share Plan	**7**	7

Rm	2014	2013
Authorised		
Ordinary shares of 1.0 cent each	**25**	25
Issued ordinary share capital		
Balance at beginning and end of year	**15**	15
Share premium		
Balance at beginning of year	**919**	705
Share premium arising on issue of shares	**28**	214
Balance at end of year	**947**	919
Issued ordinary share capital and premium	**962**	934
Treasury shares		
Balance at beginning of year	**(766)**	(654)
Purchase of treasury shares	**–**	(120)
Sale of treasury shares	**31**	8
Balance at end of year	**(735)**	(766)

The HPFL trusts are special purpose entities of which Netcare is a beneficiary. They are consolidated in terms of IFRS 10.Treasury shares held by the HPFL trusts carry voting rights. Treasury shares are deducted from the number of shares in issue for the purpose of calculating earnings per share.

During the year, 5 million (2013: 2 million) treasury shares held by the HPFL trusts were sold on the open market.

The Forfeitable Share Plan is an incentive scheme which issues share awards. The scheme has not issued any shares during the year (2013: 7 million shares issued). The previous shares issued are treated as treasury shares in the Group. These treasury shares do not carry voting rights prior to vesting. Treasury shares are deducted from the number of shares in issue and the dividends paid to employees on these shares are deducted from the earnings used in the calculation of earnings per share.

Unissued ordinary shares

The number of unissued ordinary shares at 30 September 2014 is 1 022 million (2013: 1 025 million).

Share-based payments

Details of options under the Netcare Share Incentive Scheme, trust units issued by the HPFL trusts and share awards issued in terms of the Forfeitable Share Plan are disclosed in note 37.

	2014	2013
14. Preference share capital and premium		
Authorised		
10 million (2013: 10 million) variable rate, cumulative, non-redeemable, non-convertible preference shares of 50.0 cents each	**5**	5
Issued		
7 million (2013: 7 million) preference shares in issue at beginning and end of year	**3**	3
Share premium		
Balance at beginning and end of year	**641**	641
Total issued preference share capital and premium	**644**	644

The preference shares earn dividends on the issue price at 75% of the prime rate. Although the rights to receive dividends are cumulative, declaration of such dividends is at the discretion of the directors.

Rm	2014	Restated[1] 2013
15. Non-controlling interest		
Balance at 1 October 2013 (restated)	**2 611**	(2 678)
Dividends paid	**(3)**	(3)
Movements in equity interest in subsidiaries	**12**	(168)
Deconsolidation of GHG Property Businesses	**–**	3 797
Total comprehensive income for the year	**262**	1 663
	2 882	2 611
16. Long-term debt		
Total South African Rand and foreign currency debt	**5 444**	5 670
Short-term portion (refer to note 23)	**(505)**	(380)
Total South African Rand and foreign currency long-term debt	**4 939**	5 290
Comprising:		
South African Rand		
Finance leases	**23**	47
Promissory notes	**2 400**	3 100
Unsecured debt	**–**	1
	2 423	3 148
Foreign currency		
Secured debt	**2 743**	2 361
Finance leases	**292**	170
Accrued interest	**–**	8
Less: Arrangement fees	**(14)**	(17)
	3 021	2 522
	5 444	5 670

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

16. Long-term debt continued

Loan details

Terms of repayment	Security	Effective interest rate at 30 Sep 2014	2014	Restated[1] 2013
Debt in South African Rand				
Finance leases				
Repayable in monthly instalments ending in 2019	Secured by medical equipment with a book value of R42 million (2013 Restated: R58 million)	7.0% – 9.25%	**23**	47
Promissory notes				
Repayable quarterly and in full in January 2015		7.3%	**–**	500
Repayable on maturity in July 2015, August 2016, February 2017, March 2018 and February 2019		7.4% – 7.9%	**2 400**	2 600
			2 400	3 100
Unsecured debt				
Repayable annually and in full ending September 2015		9.4%	**–**	1
			2 423	3 148
Debt in foreign currency				
Secured debt				
BMI OpCo				
Repayable in full on 9 October 2014	Secured by floating charges over the assets of BMI OpCo	2.4%	**441**	391
Repayable in full on 9 October 2015		3.4%	**423**	375
Repayable in full on 9 April 2017		4.4%	**374**	332
Repayable in full on 9 April 2018		5.2%	**386**	343
Repayable in full on 9 October 2018		4.8%	**1 037**	920
Repayable in full on 15 October 2018		6.8%	**82**	–
			2 743	2 361
Finance leases				
Repayable in monthly instalments ending in February 2020	Secured by plant and equipment with a book value of R287 million (2013: R178 million)	5.3% – 22.9%	**292**	170
Accrued interest			**–**	8
Less: Arrangement fees			**(14)**	(17)
			3 021	2 522

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

16. Long-term debt continued

Finance lease liabilities

Rm	Minimum lease payments 2014	Minimum lease payments Restated[1] 2013	Present value of minimum lease payments 2014	Present value of minimum lease payments Restated[1] 2013
Less than 1 year	**121**	73	**68**	50
Later than 1 year but not later than 5 years	**263**	215	**152**	122
Later than 5 years	**133**	91	**108**	46
	517	379	**328**	218
Less: future finance charges	**(189)**	(161)	**–**	–
Present value of minimum lease payments	**328**	218	**328**	218

Maturity profile

Rm	Total	< 1 year	1 – 2 year	2 – 3 years	3 – 4 years	> 4 years
2014						
Debt in South African Rand	**2 423**	**11**	**992**	**258**	**602**	**560**
Debt in foreign currency	**3 021**	**494**	**467**	**418**	**423**	**1 219**
	5 444	**505**	**1 459**	**676**	**1 025**	**1 779**
Restated 2013						
Debt in South African Rand	3 148	344	1 176	1 011	8	609
Debt in foreign currency	2 522	36	421	400	355	1 310
	5 670	380	1 597	1 411	363	1 919

Undrawn borrowing facilities

The Group has the following undrawn borrowing facilities at 30 September:

Rm	2014	Restated[1] 2013
Facilities expire:		
Within 1 year	**2 416**	3 088
Between 1 and 2 years	**831**	375
In 2 years or more	**2 955**	1 511
	6 202	4 974

The UK debt is ring-fenced from the Netcare South African operations.

17. Financial liabilities

Derivative financial instruments

	2014	Restated[1] 2013
Interest rate swaps		
South African Rand	**8**	5
	8	5
Inflation rate swaps		
South African Rand	**7**	–
Foreign currency	**85**	3
	100	8
Included under non-current liabilities	**97**	8
Included under current liabilities	**3**	–
	100	8

Refer to note 34 for more details on the derivative financial instruments.

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013
18. Post-retirement benefit obligations		
Post-retirement healthcare benefits	**260**	229
Total post-retirement benefit obligations	**260**	229

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

18.1 Post-retirement healthcare benefits

The Group provides post-retirement healthcare benefits to certain of its retirees in South Africa only.

Employees who joined the employment of the Group prior to 1 November 2004 are entitled to a post-retirement medical aid subsidy. An actuarial valuation is performed at least every three years for the Netcare Medical Scheme. The post-retirement medical benefits are unfunded.

Details of the defined benefit obligations are set out below.

Valuation

Last actuarial valuation – Netcare Medical Scheme	30 September 2014
Valuation method adopted	Projected unit credit method

%	2014	2013
Principal actuarial assumptions		
Net discount rate	**2.5**	3.0
Subsidy inflation	**6.5**	5.9
Rm		
Reconciliation of the actuarial obligations to amounts recognised in the statement of financial position		
Unfunded obligation	**260**	229
Reconciliation of net defined benefit obligation to amounts recognised in the statement of financial position		
Net liability at beginning of year	**229**	213
Current service cost	**7**	10
Net interest cost	**20**	19
Benefits paid	**(14)**	(13)
Remeasurement losses	**18**	–
Net liability at end of year	**260**	229
Net post-retirement healthcare costs recognised in the income statement		
Service cost	**7**	10
Interest cost	**20**	19
Total cost recognised in the income statement	**27**	29
Net amount recognised in other comprehensive income		
Remeasurement on the net defined benefit liability	**18**	–
Taxation	**(5)**	–
Net actuarial loss recognised in other comprehensive income	**13**	–

The current service cost and interest expense for the year has been included in the employee benefits expense in profit or loss.

The Group expects to contribute approximately R79 million to the post retirement subsidy in 2015.

18. Post-retirement benefit obligations continued

18.1 Post-retirement healthcare benefits continued

Sensitivity Analysis

The effect of a 1% increase and decrease in the inflation assumption on the service cost, interest cost and accrued liability is shown below:

	Change in service cost (Rm)	Change in interest cost (Rm)	Change in accrued liability (Rm)
1% increase in inflation	8	26	291
1% decrease in inflation	(6)	(21)	(237)
The results of the valuation are sensitive to changes in the assumptions used. The effect of adjusting the assumptions is shown below:			
Pensioners 3 years younger (mortality)			34
Disabilities 4 years older (mortality)			(4)
Net discount rate of 1.8%			21
Net discount rate of 3.0%			(13)

The scheme exposes the Group to a number of risks:

Interest rate risk: The scheme's liabilities are assessed using market yields on government bonds to discount the liabilities. An increase in the interest rate will increase the plan liability.

Mortality risk: An increase in the life expectancy of the plan participants will increase the plan's liability.

Inflation risk: An increase in the inflation rate will impact healthcare costs, which will increase the plan liability.

18.2 Post-retirement pension benefits

In the United Kingdom, employees are covered by defined contribution schemes and a defined benefit scheme. There are currently three defined contribution schemes, of which one is closed to new entrants.

Defined contribution schemes

The assets of the scheme are held separately from the Company and the Group and are under the control of the appointed trustees.

There are no specific vesting conditions associated with the scheme and the contributions made by the employee and employer will not be forfeited or reduced if the employee resigns.

The total number of members forming part of the scheme for the reporting period was 9 375 (2013:10 242)

Total expense recognised in profit and loss in respect of the contributions made by the Group was R132 million (2013: R75 million). Due to deterioration of the Rand over the past year, the foreign exchange rate impact contributed R23 million.

All contributions were paid over to the scheme and there were no unpaid contributions for the reporting period (2013: Nil).

Defined benefit schemes

The scheme is administered by a separate Fund that is legally separate to the entity. The Board of the scheme is made up of Company appointed trustee directors and member nominated trustee directors in equal proportion. The trustee directors are responsible for the investing policy of the assets of the scheme (the Trustee itself is a limited company).

Under the defined benefit scheme, the employees are entitled to retirement benefits of 1/60th of each year's pensionable service on attainment of retirement age of 65.

The plan is closed to future accruals and members with effect from 31 August 2008. No other post-retirement benefits are provided.

The actuarial valuation of plan assets and the present value of the defined obligations was performed by Aon Hewitt as at 30 September 2014.

18. Post-retirement benefit obligations continued

18.2 Post-retirement pension benefits

Details of the defined benefit obligations are set out below.

Valuation

Last actuarial valuation	30 September 2014
Valuation method adopted	Projected unit credit method

%	2014	2013
Principal actuarial assumptions		
Net discount rate	**3.8**	4.4
Future pension increases	**3.2**	3.3
CPI inflation rate	**2.3**	2.6
RPI inflation rate	**3.3**	3.4
Average longevity at retirement age for current pensioners (years)		
– Male	**87.4**	87.5
– Female	**89.9**	90.1
Average longevity at retirement age for current employees (future pensioners)(years)		
– Male	**88.8**	88.9
– Female	**91.9**	92.1

The expected return on equities is 4.5% (2013: 4.2%) above UK government bond yields. The return on bonds is the current market yield on long-term bonds.

For bonds, a reduction to the long-term yield is taken to allow for the possibility of default. The assets are largely invested in synthetic assets.

The overall expected return on assets is calculated as the average of the expected returns on each asset class, weighted by the exposure to that asset class.

The actual return on plan assets is 13.6% (2013: 9.4%).

Reducing the discount rate by 0.25% pa will increase the defined benefit obligation by approximately 4.3% equivalent to R77 million and increasing the inflation assumption by 0.25% per annum for pension increases before and after retirement will increase the liabilities by approximately 2.9% or R51 million.

Rm	2014	Restated[1] 2013
18. Post-retirement benefit obligations continued		
18.2 Post-retirement pension benefits continued		
Present value of obligation		
Balance at beginning of year	**1 470**	1 137
Interest cost	**70**	58
Benefit payments	**(49)**	(34)
Remeasurement losses	**113**	73
Translation of foreign entities	**(13)**	236
Benefit obligation at end of year	**1 591**	1 470
Fair value of plan assets		
Balance at beginning of year	**1 795**	1 375
Interest income	**70**	58
Employer contributions	**14**	7
Benefit payments	**(49)**	(34)
Other	**(4)**	(3)
Remeasurement gains	**201**	103
Translation of foreign entities	**234**	289
Fair value of plan assets at end of year	**2 261**	1 795
Represented by investments in:		
Equity instruments	**1 874**	854
Debt instruments	**387**	492
Other	**–**	449
	2 261	1 795

All equity and debt instruments have quoted prices in active markets (Level 1).

The disclosure of the funded status is for accounting disclosure purposes only, and does not indicate assets available to the Group.

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013

18. Post-retirement benefit obligations continued

18.2 Post-retirement pension benefits continued

Rm	2014	Restated[1] 2013
Reconciliation to the statement of financial position		
Present value of obligation	**(1 591)**	(1 470)
Fair value of plan assets	**2 261**	1 795
Net surplus	**670**	325
Unrecognised portion of net defined benefit asset	**(670)**	(325)
Opening balance	**(325)**	(238)
Current year movement	**(97)**	(33)
Translation of foreign entities	**(248)**	(54)
Net post-retirement pension amounts recognised in the income statement		
Interest income on return on plan assets	**70**	58
Actual expenses paid	**(4)**	(3)
Interest cost on obligation	**(70)**	(58)
Total expense recognised in the income statement	**(4)**	(3)
Net amount recognised in other comprehensive income		
Remeasurement on net defined benefit liability	**(70)**	(30)
Actuarial losses relating to the defined benefit obligation	**131**	73
Actuarial gains relating to plan assets	**(201)**	(103)
Movement in the unrecognised portion of plan assets	**97**	33
Future defined benefit pension scheme provision (refer to note 21)	**(9)**	40
Gross actuarial loss recognised in other comprehensive income	**18**	43
Taxation	**(5)**	(8)
Net actuarial loss recognised in other comprehensive income	**13**	35

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

The scheme exposes the Group to a number of risks:

- **Investment risk:** The liabilities are calculated using a discount rate set with reference to corporate bond yields; if the assets underperform this yield, this will create a deficit. The plan holds a significant proportion of growth and synthetic assets which are expected to out perform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored such that it is aligned to the plan's long-term objectives.
- **Interest rate risk:** A decrease in the corporate bond yields will increase the value placed on the scheme's liabilities for IAS 19 (revised), although this will be partially offset by an increase in the value of the scheme's bond holdings. A significant portion of the scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
- **Longevity risk:** The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The process to manage the actuarial risks by the Group has not changed from the prior year and there is no specific risk for dependents of members.

The Group expects to contribute R15 million (2013: R8 million) to the defined benefit plan during the 2015 financial year.

Rm	2014	Restated[1] 2013
19. Deferred lease liability		
Net operating lease accrual		
Balance at beginning of year	**70**	61
Increase in accrual	**4**	9
Balance at end of year	**74**	70
To be realised as follows:		
Within 1 year	**(8)**	(6)
1 – 5 years	**(11)**	(9)
5 – 10 years	**(1)**	(2)
> 10 years	**94**	87
	74	70
20. Deferred taxation		
Reconciliation of movement		
Balance at beginning of year	**89**	(805)
Current year charge		
Per the income statement (refer to note 29)	**(25)**	112
Amounts recognised in other comprehensive income	**6**	(61)
Amounts recognised directly in equity	**(1)**	(9)
Disposal of businesses	**–**	901
Translation of foreign entities	**(10)**	(49)
Balance at end of year	**59**	89
Comprising:		
Deferred tax asset	**1 419**	1 218
Deferred tax liability	**(1 360)**	(1 129)
	59	89

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

20. Deferred taxation continued

Arising from the following temporary differences:

Rm	Balance at beginning of year[1]	Recognised in profit or loss	Recognised in other compre-hensive income	Recognised directly in equity	Acquisitions/ disposals	Exchange differences	Balance at end of year
2014							
Property, plant and equipment	**(217)**	**12**	**–**	**–**	**–**	**(23)**	**(228)**
Cash-settled share-based payments of subsidiaries	**32**	**1**	**–**	**(1)**	**–**	**–**	**32**
Prepayments	**(9)**	**–**	**–**	**–**	**–**	**–**	**(9)**
Allowance for doubtful debts	**36**	**(10)**	**–**	**–**	**–**	**–**	**26**
Post-retirement benefit obligations	**72**	**3**	**4**	**–**	**–**	**–**	**79**
Payroll accruals and provisions	**154**	**13**	**–**	**–**	**–**	**–**	**167**
Deferred lease liability	**(778)**	**(73)**	**–**	**–**	**–**	**(107)**	**(958)**
Calculated tax losses	**896**	**52**	**–**	**–**	**–**	**116**	**1 064**
Financial instruments	**(6)**	**15**	**8**	**–**	**–**	**(2)**	**15**
Other temporary differences	**(91)**	**(38)**	**(6)**	**–**	**–**	**6**	**(129)**
	89	**(25)**	**6**	**(1)**	**–**	**(10)**	**59**

Rm	Restated balance at beginning of year[1]	Recognised in profit or loss[1]	Recognised in other compre-hensive income[1]	Recognised directly in equity	Acquisitions/ disposals	Exchange differences	Balance at end of year
2013							
Property, plant and equipment	(2 512)	140	–	–	2 288	(133)	(217)
Cash-settled share-based payments of subsidiaries	41	–	–	(9)	–	–	32
Prepayments	(5)	(4)	–	–	–	–	(9)
Allowance for doubtful debts	39	(3)	–	–	–	–	36
Post-retirement benefit obligations	60	5	9	–	–	(2)	72
Payroll accruals and provisions	124	30	–	–	–	–	154
Deferred lease liability	(663)	36	–	–	–	(151)	(778)
Calculated tax losses	2 344	(83)	–	–	(1 603)	238	896
Financial instruments	(160)	13	(64)	–	210	(5)	(6)
Other temporary differences	(73)	(22)	(6)	–	6	4	(91)
	(805)	112	(61)	(9)	901	(49)	89

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Deferred taxation assets and liabilities are offset where there is a legal enforceable right to offset and relates to taxes levied by the same revenue authority. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused credits can be utilised. The deferred tax asset is reviewed at the end of the reporting period and adjusted taking into consideration the existing and forecasted future results of the business.

21. Provisions

Rm	2014	2013
Legal claims	**45**	36
Property related provisions:		
Onerous lease	**58**	30
Dilapidation	**–**	–
Future defined benefit pension scheme commitment	**35**	31
Total provisions included in non-current liabilities	**138**	97

The carrying amount of provisions can be analysed as follows:

Rm	Legal claims	Property related: Onerous lease	Property related: Dilapidation	Future defined benefit pension scheme commitment	Total
Balance at 1 October 2012	29	29	3	–	61
Amounts provided	19	–	–	29	48
Amounts utilised	(18)	(5)	(3)	–	(26)
Translation of foreign entities	6	6	–	2	14
Balance at 30 September 2013	**36**	**30**	**–**	**31**	**97**
Amounts provided	**42**	**25**	**–**	**–**	**67**
Amounts utilised	**(37)**	**(8)**	**–**	**(9)**	**(54)**
Under provision in the prior year	**–**	**–**	**–**	**7**	**7**
Translation of foreign entities	**4**	**11**	**–**	**6**	**21**
Balance at 30 September 2014	**45**	**58**	**–**	**35**	**138**

Legal claims provisions: The Group is subject to a number of legal claims. Provision has been made for the estimated costs of settlement, based on management's best estimate of the outcome of settlements on a case-by-case basis. This provision is expected to be utilised within five years.

Onerous lease provision: The onerous lease was raised as a result of a present legal obligation existing as a consequence of an unavoidable past obligation under the head lease agreement terms and conditions for rental costs to be incurred until 2018. This provision will be utilised within the next five to 10 years.

Dilapidation provision: The dilapidation provision was raised as a result of a legal obligation in the contract arising from a past event. The entity was contractually obliged to restore and return the building to its original condition at the end of the lease term. The provision raised was to cover these costs, the majority of which were to remove a mezzanine level that had been installed, as well as to fix and repair damage arising through wear and tear over the duration of the lease.

Future defined benefit pension scheme commitment provision: This provision represents the long-term portion of the estimated costs of future potential contributions to the defined benefit pension scheme.

Rm	2014	Restated[1] 2013
22. Trade and other payables		
Trade payables	**2 245**	1 894
Leave pay	**272**	263
Bonuses	**458**	314
Accrued expenses	**1 577**	1 449
Claims incurred but not reported	**12**	11
Deferred rent*	**512**	454
Other payables	**650**	681
	5 726	5 066

* The deferred rent relates to the rental on certain hospital properties payable to GHG PropCo 1 by BMI OpCo. In 2006, BMI OpCo entered into an agreement with each of the GHG PropCo 1 property holding companies whereby it was agreed that the rent due under each lease for the 3 month period ending 31 October 2006 would be deferred until demand of repayment by the relevant PropCo following the occurrence of certain payment triggers. This was taken into consideration by management in the going concern assessment.

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits.*

The directors consider that the carrying amount of the trade and other payables approximate their fair value, as the carrying amount is based on contractual rights and obligations.

Trade and other payables is classified as a financial liability measured at amortised cost in terms of IAS 39: *Financial Instruments: Recognition and Measurement*. Refer to note 34 for the Group's financial risk management policies.

Rm	2014	2013
Claims incurred but not reported (IBNR) liability		
The movement in the IBNR accrual can be analysed as follows:		
Balance at beginning of year	**11**	41
Charge/(credit) to the income statement	**1**	(30)
Balance at end of year	**12**	11

The IBNR liability is calculated by independent and employed actuaries using the chain-ladder method. This method is applied to paid and assessed claims to calculate incurred claims (assessed claims plus IBNR). The assessed IBNR liability is used for accounting purposes and the paid IBNR serves as a reasonability check. The chain-ladder method involves the selection of estimated development factors based on historical patterns to forecast future claims. The selected development factors are then applied to cumulative claims data for each month that is not yet fully developed in order to predict an ultimate claims value.

The chain-ladder method is most appropriate to mature classes of business that have relatively stable development patterns. This method is less suitable in cases where the insurer does not have a developed claims history for a particular class of business. To the extent that this method uses historical claims development information, we assume that the historical claims development patterns will be repeated. There are reasons why this may not be the case, which, in so far as they can be identified, have been allowed for by modifying the method.

Such reasons include, inter alia:

- Changes in processes that affect the development or recording of claims paid and incurred;
- Economic, legal, political and social trends;
- Changes in composition of members and their dependants; and
- Random fluctuations, including the impact of large losses.

Rm	2014	Restated[1] 2013
23. Short-term debt		
Total South African Rand and foreign currency short-term debt		
Comprising:		
South African Rand		
Short-term portion of long-term debt	**11**	344
Commercial paper in issue	**1 167**	751
	1 178	1 095
Foreign currency		
Short-term portion of long-term debt	**500**	36
Accrued interest	**67**	9
Less: Arrangement fees	**(6)**	–
	561	45
	1 739	1 140
The UK debt is ring-fenced from the Netcare South African operations.		
24. Revenue		
South Africa	**16 273**	15 147
Hospitals and Emergency services	**15 171**	13 984
Primary care	**1 102**	1 163
United Kingdom	**15 510**	12 235
BMI OpCo	**15 510**	12 235
GHG Property Businesses	**–**	275
Elimination	**–**	(275)
	31 783	27 382

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013
25. Operating profit		
After charging:		
Amortisation of intangible assets	**105**	92
Auditors' remuneration	**22**	22
Audit fees – current year	**20**	20
Fees for other services	**2**	2
Depreciation – property, plant and equipment	**1 046**	997
GHG Property Businesses	**–**	47
Other	**1 046**	950
Directors' emoluments (refer to note 36)	**27**	26
Executive directors paid by subsidiaries		
Basic remuneration, bonuses, retirement and medical benefits	**19**	18
Non-executive directors		
Consulting fees and fees for services as directors	**8**	8
Employee costs (excluding directors' emoluments)	**11 086**	9 660
Salaries and wages	**10 629**	9 208
Group retirement benefit contributions	**413**	405
Amounts expensed in terms of defined benefit schemes (refer to note 18)	**7**	10
Share-based payment expense (refer to note 37)	**37**	37
Loss on disposal of property, plant and equipment	**27**	10
Operating lease charges	**3 070**	2 266
Land and buildings	**3 024**	2 234
GHG Property Businesses	**2 464**	1 719
Other	**560**	515
Motor vehicles	**46**	32
Technical, managerial and secretarial services	**156**	115
After crediting:		
Reversal of impairment of property, plant and equipment	**–**	9
Profit on disposal of investments	**10**	–
Reversal of loan impairment	**4**	–
Profit on deconsolidation	**–**	3 257
26. Investment income		
Expected return on retirement benefit plan assets	**70**	58
Interest on bank accounts and other	**143**	230
	213	288

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013
27. Financial expenses		
Amortisation of arrangement fee	**6**	23
GHG Property Businesses	**–**	11
Other	**6**	12
Interest on bank loans and other	**206**	399
GHG Property Businesses	**–**	185
Other	**206**	214
Interest on promissory notes	**262**	255
Retirement benefit plan interest cost	**90**	77
	564	754
28. Other financial losses – net		
Amount reclassified from the cash flow hedge accounting reserve	**–**	(224)
GHG Property Businesses	**–**	(118)
Other	**–**	(106)
Fair value losses on derivative financial assets	**–**	(4)
Fair value (losses)/gains on inflation rate swaps	**(78)**	44
Fair value gains/(losses) on interest rate swaps	**1**	3
GHG Property Businesses	**–**	25
Other	**1**	(22)
Fair value (losses)/gains on other financial assets	**(3)**	6
Ineffectiveness losses on cash flow hedges	**–**	(12)
	(80)	(187)

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013
29. Taxation		
South African normal taxation		
Current year	**(807)**	(736)
Prior years	**(5)**	(2)
Capital gains tax	**(6)**	–
	(818)	(738)
Foreign taxation		
Current year	**(14)**	(14)
Prior years	**57**	–
	43	(14)
Dividend tax	**(1)**	–
Income tax	**(776)**	(752)
South African deferred taxation		
Current year	**(12)**	2
Prior years	**1**	–
	(11)	2
Foreign deferred taxation		
Current year	**(2)**	(23)
Prior years[2]	**(12)**	113
Rate change[3]	**–**	20
	(14)	110
Deferred taxation	**(25)**	112
Total taxation per the income statement	**(801)**	(640)

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.
2. The 2013 prior year foreign taxation adjustment relates mainly to a change in the deferred taxation treatment of subsequent additions to non-qualifying fixed assets that were initially acquired through business combinations.
3. There was no adjustment in the UK corporation tax rate applied in the calculation of deferred tax during 2014 (2013: 2% reduction)

29. Taxation continued

Rm	2014	Restated[1] 2013
Reconciliation of effective taxation rate (%)		
South African normal tax rate	**28.0**	28.0
Adjusted for:		
Profit on Deconsolidation	**–**	(13.5)
Assessed losses created	**0.3**	0.2
Capital gains tax	**0.2**	–
Different foreign tax rate	**0.2**	(2.4)
Net non-deductible items	**0.5**	0.6
Change in statutory tax rate in the UK	**(0.1)**	(0.2)
Prior year adjustments	**(1.4)**	(2.0)
Translation of foreign entities	**(0.2)**	–
Other	**0.1**	0.5
Effective taxation rate	**27.6**	11.2
Estimated taxation losses		
Unused tax losses available for set-off against future taxable income		
South Africa	**438**	412
United Kingdom	**5 942**	4 965
	6 380	5 377
Utilised against the deferred tax balance		
South Africa	**(136)**	(97)
United Kingdom	**(5 128)**	(4 349)
	(5 264)	(4 446)
Not recognised as a deferred tax asset		
South Africa	**302**	315
United Kingdom	**814**	616
	1 116	931

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Deferred tax assets have been recognised to the extent that it is probable that the entities will generate future taxable income against which these tax losses can be utilised.

30. Earnings per share

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares after taking the Netcare Share Incentive Scheme, Forfeitable Share Plan and HPFL trust units into account. Appropriate adjustments are made in calculating diluted and headline earnings per share.

Diluted earnings per share reflect the potential dilution that could occur if all of the Group's outstanding share options and HPFL units were exercised. The number of shares outstanding is adjusted to show the potential dilution if employee share options and HPFL units are converted into ordinary shares.

No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.

Cents	2014	Restated[1] 2013
Basic earnings per share	**157.5**	381.2
Diluted earnings per share	**154.2**	372.2
Headline earnings per share	**158.2**	134.6
Diluted headline earnings per share	**154.9**	131.5
Adjusted headline earnings per share	**167.8**	140.4
Million		
Weighted average number of ordinary shares		
The weighted average number of ordinary shares used in the calculations is as follows:		
Weighted average number of shares	**1 334**	1 322
Potential dilutive effect of employee share options and HPFL units	**29**	32
Diluted weighted average number of shares	**1 363**	1 354
Potential dilutive effect of employee share options and HPFL trust units		
The dilutive effect is arrived as follows:		
Netcare Share Incentive Scheme	**5**	9
Forfeitable Share Plan	**5**	4
HPFL trust units	**19**	19
	29	32

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

Rm	2014	Restated[1] 2013
30. Earnings per share continued		
Basic earnings per share		
The earnings used in the calculation of basic earnings per share is as follows:		
Profit for the year	**2 096**	5 050
Less:		
Dividends paid on shares attributable to the Forfeitable Share Plan	**(5)**	(4)
Preference shareholders	**(46)**	(47)
Non-controlling interest	**57**	41
Profit attributable to owners of the parent	**2 102**	5 040
Headline earnings		
Headline earnings are determined as follows:		
Earnings used in the calculation of basic earnings per share	**2 102**	5 040
Adjusted for:		
Profit on deconsolidation	**–**	(3 257)
Recognition/(reversal) of impairment of property, plant and equipment	**1**	(9)
Loss on disposal of property, plant and equipment and intangible assets	**27**	10
Profit on disposal of investments (net)	**(10)**	–
Tax effect of headline adjusting items	**(5)**	(2)
Non-controlling share of headline adjusting items	**(4)**	(2)
Headline earnings	**2 111**	1 780
Adjusted headline earnings		
Adjusted headline earnings are determined as follows:		
Headline earnings	**2 111**	1 780
Adjusted for:		
Amount reclassified from the cash flow hedge accounting reserve	**–**	224
Fair value (gains)/losses on derivative financial instruments	**77**	(43)
Fair value losses on derivative financial assets	**–**	4
Fair value losses/(gains) on inflation rate swaps	**78**	(44)
Fair value (gains)/losses on interest rate swaps	**(1)**	(3)
Ineffectiveness losses on cash flow hedges	**–**	12
Reversal of loan impairment	**(4)**	–
Reduction in UK statutory tax rate	**–**	(20)
Deferred tax adjustment relating to prior periods	**–**	(103)
Fees related to UK debt refinancing	**–**	41
Competition Commission costs*	**145**	55
Site closure costs	**31**	–
Remeasurement of defined benefit obligation	**–**	(61)
Tax effect of adjusting items	**(56)**	(7)
Non-controlling share of adjusting items	**(66)**	(24)
Adjusted headline earnings	**2 238**	1 854

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.
* Adjusted headline earnings per share have been restated to exclude Competition Commission costs, as these are regarded as non-recurring and exceptional.

31. Other comprehensive income

Rm	Gross	Tax	Other comprehensive income/(loss)	Non-controlling interest	Net attributable to owners of the parent
2014					
Remeasurement losses on defined benefit plans	**(18)**	**5**	**(13)**	**–**	**(13)**
Effect of cash flow hedge accounting	**(39)**	**8**	**(31)**	**(11)**	**(20)**
Effect of translation of foreign entities	**732**	**(7)**	**725**	**330**	**395**
	675	**6**	**681**	**319**	**362**
2013					
Restated[1]					
Remeasurement losses on defined benefit plans	(43)	8	(35)	(16)	(19)
Effect of cash flow hedge accounting	3 108	(64)	3 044	1 397	1 647
Effect of translation of foreign entities	795	(5)	790	338	452
	3 860	(61)	3 799	1 719	2 080

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

32. Contingent liabilities

Rm	2014	2013
32.1 Financial guarantees		
Guarantee covering the obligation of an associate company	**44**	85
Guarantee covering the obligations of pathologists, to a banking institution following the sale of Ampath	**126**	196
Guarantees issued in favour of a banking institution for the construction of Netcare Waterfall City Hospital. The guarantee expired in 2014.	**–**	199
Guarantees to various other parties	**1**	1

32.2 Litigation

- There are current and pending legal cases, which have been adequately provided for (refer to note 21). The Group is not aware of any other current or pending legal cases that would have a material adverse effect on the Group.

33. Commitments

Rm	2014	Restated[1] 2013
33.1 Capital expenditure commitments to be incurred		
Authorised and contracted for		
Land and buildings	**1 396**	172
Plant and equipment	**165**	58
Computer equipment	**8**	2
Other (including furniture and fittings)	**10**	–
Authorised but not yet contracted for		
Land and buildings	**628**	1 619
Plant and equipment	**350**	–
Computer equipment	**25**	64
Other (including furniture and fittings)	**18**	–
	2 600	1 915
This expenditure will be financed from internally generated funds and existing banking facilities.		
To be expended		
Within 1 year	**1 429**	345
Over 1 year	**1 171**	1 570

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

33. Commitments continued

33.2 Operating lease commitments

The Group has entered into various operating lease agreements on properties, motor vehicles and equipment.

Leases on properties are contracted for periods between 1 and 116 years with renewal options of between 1 and 20 years.

Rental escalations on properties vary between 2.5% and 10% per annum.

Motor vehicles leases are contracted for periods between 1 and 72 months with rentals linked to prime.

Leases on plant and equipment are contracted for periods between 1 and 7 years with rentals linked to prime.

At 30 September future non-cancellable minimum lease rentals are payable during the following financial years:

	2014	Restated[1] 2013
Properties		
Within 1 year	**3 775**	2 639
GHG Property Businesses	**2 867**	2 226
Other	**908**	413
1 – 5 years	**14 195**	12 515
GHG Property Businesses	**11 388**	11 132
Other	**2 807**	1 383
5 – 10 years	**14 491**	12 462
GHG Property Businesses	**14 119**	11 132
Other	**372**	1 330
> 10 years	**23 023**	18 053
GHG Property Businesses	**22 826**	13 774
Other	**197**	4 279
Motor vehicles		
Within 1 year	**27**	23
1 – 5 years	**13**	14
Plant and equipment		
Within 1 year	**11**	8
1 – 5 years	**7**	8
5 – 10 years	**–**	–
	55 542	45 722

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements,* IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

34. Financial instruments and risk management

34.1 Fair value measurement

There is no material difference between the fair values of financial instruments and the amounts recognised in the statement of financial position.

The following methods are used by the Group to determine the fair value of financial instruments:

Financial assets

Loans and receivables

Loans and receivables are recognised at amortised cost and the carrying amounts included in the statement of financial position approximate the fair values with the exception of the Cell Captive, which is recognised at fair value through profit and loss.

Derivative financial assets

The fair value of the interest rate and inflation rate swaps is calculated based on a discounted cash flow model using a number of key assumptions. There are no enforceable master netting off arrangements existing within the group to allow for set-off.

Financial liabilities

Derivative financial liabilities

The fair value of the interest rate and inflation rate swaps are calculated based on a discounted cash flow model using a number of key assumptions., There are no enforceable master netting off arrangements existing within the group to allow for set-off.

Other financial liabilities

Other financial liabilities are recognised at amortised cost. The carrying amounts included in the statement of financial position approximate the fair values.

34. Financial instruments and risk management continued

34.2 Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

Level 1: Fair value is derived from quoted prices (unadjusted) in active markets for identical instruments.
Level 2: Fair value is derived through the use of valuation techniques based on observable inputs, either directly or indirectly.
Level 3: Fair value is derived through the use of valuation techniques using inputs not based on observable market data.

The table below analyses the level applicable to financial instruments measured at fair value:

Rm	Notes	Level 2	Level 3	Total
2014				
Non-derivative financial asset				
Cell Captive	9	**20**	**–**	**20**
Derivative financial asset				
Interest rate swaps	9	**23**	**–**	**23**
Inflation rate swaps	9	**2**		**2**
		45	**–**	**45**
Derivative financial liabilities				
Interest rate swaps		**(8)**	**–**	**(8)**
Inflation rate swaps		**(7)**	**(85)**	**(92)**
	17	**(15)**	**(85)**	**(100)**
2013				
Restated[1]				
Non-derivative financial asset				
Cell Captive	9	23	–	23
Derivative financial asset				
Interest rate swaps	9	21	–	21
Inflation rate swaps	9	–	28	28
		44	28	72
Derivative financial liabilities				
Interest rate swaps		(5)	–	(5)
Inflation rate swaps		–	(3)	(3)
	17	(5)	(3)	(8)

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

The Group has no financial instruments categorised as Level 1.

There has been no transfer between levels during the financial year.

Cell Captive – Level 2

The valuation and assumptions are based on monthly unaudited management accounts received from Guardrisk. The investment portfolio includes unit trusts, call deposits, money market accounts and cash on hand held through the year with outstanding claims and other liabilities.

All fair value gains and losses have been accounted for in profit for the period.

Derivative financial asset and derivative financial liabilities – Level 2 and Level 3

The analyses of the levels applicable to financial instruments measured at fair value are presented and performed by qualified experts, PriceWaterhouse Coopers Inc. The effectiveness test and valuations were performed as at 30 September 2014.

Ratio Offset and Regression Analysis methods were used and modelled the hedged items as an interest rate or inflation-linked swap, with the notional terms based on the terms of the underlying hedged item provided.

34. Financial instruments and risk management continued

34.2 Fair value hierarchy continued

The valuation inputs and assumptions

South African

Interest rate swaps

- Zero coupon perfect fit swap curve as at 30 September 2014.
- Standard interest rate swap valuation methodology was used.

The calculated fair value was adjusted for the estimated impact of non-performance risk arising from counterparty risk (Credit Valuation Adjustment CVA) and also adjusted to reflect our own risk (Debit Valuation Adjustment DVA).

The probability of default was estimated for debt instruments issued by relevant parties, and the potential exposure of default was estimated by applying a swaption model.

Inflation rate swaps

- Historical Consumer Price Index ("CPI").
- Zero coupon perfect fit swap curve as at 30 September 2014 was used to discount the net cash flows.
- Standard CPI-linked rate swap valuation methodology was used, incorporating the specific terms in the swap.

The calculated fair value was adjusted for the estimated impact of non-performance risk arising from counterparty risk (Credit Valuation Adjustment CVA) and also adjusted to reflect our own risk (Debit Valuation Adjustment DVA).

Foreign

Inflation rate swaps

- Discounting future fixed and floating cashflows, applying relevant risk free rates until the valuation date.
- The variability of the swap forecast was generated using Monte Carlo simulation within the prime series analysis which suited the Auto Regressive Moving Average model. The approach is consistent with Cliff Speed: Inflation Modelling.

The fair value results exclude the estimated impact of non-performance risk due to counterparty risk (Credit Valuation Adjustment CVA) and our own risk (Debit Valuation Adjustment DVA).

All gains and losses for the ineffective portion for the period have been accounted fro in profit and loss, and in other comprehensive income for the effective portion.

The reconciliation of the movement in the derivative financial liabilities categorised in Level 3 is presented below:

Rm	2014	2013
Interest rate swaps		
Balance at beginning of the year	–	(7 387)
Fair value movement recognised in the cash flow hedge accounting reserve	–	47
Ineffectiveness on the cash flow hedges	–	13
Deconsolidation of GHG Property Businesses (note 3)	–	7 595
Settlement of BMI OpCo swap	–	98
Translation of foreign entities	–	(366)
Balance at the end of the year	**–**	–
Inflation rate swaps		
Balance at beginning of the year	**25**	–
Recognition of RPI swaps on deconsolidation of the GHG Property Businesses	–	11
Fair value movement recognised in the cash flow hedge accounting reserve	**(32)**	(18)
Fair value movement recognised in the income statement	**(76)**	24
Translation of foreign entities	**(2)**	8
Balance at the end of the year	**(85)**	25

34. Financial instruments and risk management continued

34.3 Financial instruments by category

The carrying amounts recognised in the statement of financial position relate to the following categories of assets and liabilities:

Rm	Loans and receivables	Amortised cost	Fair value through profit or loss	Derivatives designated as hedging instruments	Total
2014					
Financial assets					
Investment in associates	**335**	**–**	**–**	**–**	**335**
Loans and receivables	**1 363**	**–**	**–**	**–**	**1 363**
Financial assets	**–**	**–**	**20**	**25**	**45**
Trade and other receivables	**4 108**	**–**	**–**	**–**	**4 108**
Cash and cash equivalents	**1 712**	**–**	**–**	**–**	**1 712**
Total	**7 518**	**–**	**20**	**25**	**7 563**
Financial liabilities					
Long-term debt	**–**	**4 939**	**–**	**–**	**4 939**
Investment in joint ventures	**83**	**–**	**–**	**–**	**83**
Financial liabilities	**–**	**–**	**–**	**100**	**100**
Trade and other payables	**–**	**5 582**	**–**	**–**	**5 582**
Short-term debt	**–**	**1 739**	**–**	**–**	**1 739**
Bank overdrafts	**–**	**6**	**–**	**–**	**6**
Total	**83**	**12 266**	**–**	**100**	**12 449**

Financial assets and financial liabilities are classified as level 2 or level 3 in accordance with the contractual rights and obligations assigned to the balances. The fair values of these financial assets and financial liabilities are set out below:

Rm	Level 2	Level 3	Total
2014			
Financial assets			
Investment in associates	**–**	**335**	**335**
Loans and receivables	**–**	**1 363**	**1 363**
Trade and other receivables	**–**	**4 108**	**4 108**
Cash and cash equivalents	**1 712**	**–**	**1 712**
Total	**1 712**	**5 806**	**7 518**
Financial liabilities			
Long-term debt	**–**	**4 939**	**4 939**
Investment in joint ventures	**–**	**83**	**83**
Trade and other payables	**–**	**5 582**	**5 582**
Short-term debt	**–**	**1 739**	**1 739**
Bank overdrafts	**6**	**–**	**6**
Total	**6**	**12 343**	**12 349**

The fair value of the financial assets and financial liabilities included in level 2 and level 3 categories have been determined in accordance with the contractual rights and obligations assigned to the balance.

There has been no transfer between levels during the financial year.

34. Financial instruments and risk management continued

34.3 Financial instruments by category continued

Rm	Loans and receivables	Amortised cost	Fair value through profit or loss	Derivatives designated as hedging instruments	Total
2013					
Restated[1]					
Financial assets					
Investment in associates	357	–	–	–	357
Loans and receivables	990	–	–	–	990
Financial assets	–	–	23	49	72
Trade and other receivables	3 571	–	–	–	3 571
Cash and cash equivalents	1 620	–	–	–	1 620
Total	6 538	–	23	49	6 610
Financial liabilities					
Long-term debt	–	5 290	–	–	5 290
Investment in joint ventures	80	–	–	–	80
Financial liabilities	–	–	–	8	8
Trade and other payables	–	4 926	–	–	4 926
Short-term debt	–	1 140	–	–	1 140
Bank overdrafts	–	117	–	–	117
Total	80	11 473	–	8	11 561

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

34. Financial instruments and risk management continued

34.4 Financial risk management

The Group is exposed to a number of financial risks arising from the use of financial instruments during the ordinary course of business. These risks are monitored continuously and where appropriate derivative instruments are used by the Group for hedging purposes. The Group does not speculate in the trading of derivative instruments.

The Group has a central treasury function that manages the funding and financial risks relating to the Group's operations. The treasury function is also responsible for adding value by reducing costs without unduly increasing risk and providing specialist financing advice to the business. Key functions are managed from the head office in SA and the UK, but due authority is obtained from central treasury. The treasury function is a subsection of the Finance and Investment Committee which meets at regular intervals to discuss treasury risks.

Risks to which the Group is exposed can be classified into the following major categories:

34.4.1 Interest rate risk

Borrowings issued at floating rates expose the Group to cash flow interest rate risk, while fixed rate borrowings expose the Group to fair value interest rate risk.

Cash flow interest rate risk arises from movements in market rates relative to the agreed lending rates on contractual debt instruments. The Group enters into derivative interest rate swap instruments in order to mitigate risk and applies hedge accounting where the effectiveness criteria are met.

In the UK, the indebtedness of BMI OpCo has been converted to fixed rates through fixed-for-floating interest rate swaps covering a notional amount of £216 million.

Local interest rate swaps have been entered into on a funds pool approach as the Group seeks to fix the interest on 50% of local debt at any given time.

Interest rate sensitivity

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit or loss would decrease/increase by R23 million (2013: R22 million). This is attributable to the Group's exposure to interest rates on its variable rate borrowings which have not been fixed through the use of fixed-for-floating interest rate swaps.

This analysis was prepared with the assumption that the amount outstanding at the end of the year was outstanding for the entire year.

Interest and inflation rate derivatives

Under interest rate swap contracts, the Group agrees to exchange the differences between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by regression analysis and by dynamic hedging strategy, with the change in the hedged item being based on the hypothetical derivative approach. As at 30 September 2014, the Group had 20 (2013: 16) fixed-for-floating interest rate swap contracts.

The inflation rate swap contracts hedge the inflationary increases in certain lease contracts. The fair value of the inflation rate swaps are determined at each reporting date.

34. Financial instruments and risk management continued

34.4 Financial risk management continued

34.4.1 Interest rate risk continued

Rm	Notional amount	Rate (%)	Maturity date	Fair value gain/(loss)
2014				
Interest rate swaps				
South Africa	**1 883**	**5.9 – 8.1**	**2014 – 2015**	**1**
BMI OpCo	**1 829**	**0.6**	**2015**	**–**
				1
Inflation rate swaps				
South Africa	**2**	**0.0**	**2015**	**–**
BMI OpCo	**2 117**	**2.5**	**2033**[1]	**(78)**
				(78)
2013				
Interest rate swaps				
South Africa	1 775	5.9 – 6.9	2014 – 2018	–
BMI OpCo	1 622	0.6[2]	2015	(12)
				(12)
Inflation rate swaps				
South Africa	294	5.7 – 6.5	2013 – 2022	20
BMI OpCo	1 968	2.5	2033[3]	24
				44

1. The valuation of these instruments is sensitive to future RPI expectations and the expected timing of the swap termination. The future RPI rates were based on future forecasts available in the market, and the impact of the termination date was estimated using a weighted average of probabilities.
2. The swaps were amended during the year whereby the Group paid a settlement amount on certain swaps in exchange for a reduction in the fixed rate on the swap from 5.1% to 0.6%.
3. The liability was valued based on management's assessment that, on a balance of probabilities, it was deemed more likely than not that the underlying cash flows being hedged through these instruments would only occur up to 31 March 2016.

The fair value gain or loss recognised in the income statement is reflected above, with the exception of the fair value gains on the GHG Property Businesses swaps for the 2013 financial year. The fair value gains on these swaps for the one-and-a-half months of the 2013 financial year before the deconsolidation amounted to R25 million.

In addition to the above, losses of R39 million (2013 gains: R177 million) resulting from the fair value movement in the interest rate swaps designated as cash flow hedges were recognised in other comprehensive income and included in the cash flow hedge accounting reserve. The Group's ability to apply hedge accounting is determined on a year-by-year basis and is subject to development in the financial markets.

34. Financial instruments and risk management continued

34.4 Financial risk management continued

34.4.1 Interest rate risk continued

The impact on the fair value of derivative financial liabilities resulting from a 1% change in the interest or inflation rate is presented below:

Derivative financial liabilities	Movement in the interest/inflation rate (%)	Increase/ (decrease) in profit before tax Rm	Increase/ (decrease) equity Rm
2014			
Interest rate swaps			
South Africa	Increase of 1%		**31**
	Decrease of 1%		**(34)**
Inflation rate swaps			
South Africa	Increase of 1%		**11**
	Decrease of 1%		**(13)**
United Kingdom	Increase of 1%		**13**
	Decrease of 1%		**(13)**
2013			
Interest rate swaps			
South Africa	Increase of 1%		30
	Decrease of 1%		(31)
BMI OpCo	Increase of 1%	24	
	Decrease of 1%	(24)	
Inflation rate swaps			
South Africa	Increase of 1%	16	
	Decrease of 1%	(17)	
United Kingdom	Increase of 1%		48
	Decrease of 1%		(47)

34.4.2 Foreign exchange risk

Exchange rate risk arises from adverse movements in the exchange rate with reference to major currencies.

The SA operations have limited trading with foreign markets, and are not particularly susceptible to either an appreciation or depreciation of the Rand. SA based capital expenditure is rarely, if ever, denominated in foreign currency.

The Group is exposed to translational foreign exchange risk. The Group has investments in foreign subsidiaries whose net assets are exposed to foreign currency translation risk.

The UK debt of GHG provides a natural hedge against the assets of that subsidiary.

During the year, a gain of R280 million (2013 Restated: R310 million) was made on the currency translation arising from the consolidation of GHG and was recognised in the statement of comprehensive income and included in the foreign currency translation reserve in equity.

Foreign exchange sensitivity

The impact of a R1 increase/decrease in the Rand/Pound Sterling exchange rate at year-end would result in an increase/decrease of R122 million in equity (2013: R106 million).

34. Financial instruments and risk management continued

34.4 Financial risk management continued

34.4.3 Credit risk

Credit risk arises from cash and cash equivalents, trade and other receivables and derivative financial instruments as a result of non-performance or default. The Group's maximum exposure to credit risk is equal to the carrying amount of these assets. Considerable resources, expertise and controls are in place to ensure efficient and effective management of credit risk. The Group has a comprehensive credit risk policy which is updated on a regular basis. Our credit risk arises predominantly from settlement risk which stems from transactions involving the non-simultaneous exchange of value where the Group honours its obligations to deliver value, and the counterparty does not.

The Group only deposits short-term cash surpluses and enters into derivative contracts with major banks of high quality credit standing. Information as to the creditworthiness of customers is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rate its customers and counterparties.

In SA, trade receivables consist mainly of medical aid funders acting as agents for their customers (patients). These funds are regulated by the Medical Schemes Act and are monitored and controlled by the Registrar of Medical Schemes. The Act stipulates minimum reserves for the funders which mitigates the Group's credit risk.

In the UK, trade receivables consist mainly of amounts owed by private medical insurers and the National Health Service (NHS). Medical insurance companies are registered insurers, and are subject to liquidity ratios. The NHS is backed by the UK government.

Credit risk for customers who do not have medical insurance is mitigated by taking an appropriate deposit calculated with specific regard to the services being provided.

The Group also experiences concentration risk in that a significant proportion of trade and other receivables relate to a small number of debtors. In SA, the Group is exposed to concentration risk in the Compensation for Occupational Injuries and Diseases. The amount due by the Commissioner as at 30 September 2014 was R375 million (2013: R269 million). The level of risk associated with this funder is low due to its strong financial position and low risk of repudiation of accounts. In the UK, the Group is exposed to four customers namely BUPA, Axa, Pruhealth and the NHS. The risk of non-payment from these debtors is low as a result of the good credit rating of these organisations. Due to the sensitivity and nature of these debtors, the outstanding amounts at year-end are not disclosed.

34. Financial instruments and risk management continued

34.4 Financial risk management continued

34.4.4 Liquidity risk

Liquidity risk arises should the Group have insufficient funds or marketable assets available to fulfil its future cash flow obligations. The Group's liquidity risk management framework is designed to identify, measure and manage liquidity risk such that sufficient liquid resources are always available to fund operations and commitments.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Appropriate probability factors are applied to cash flow forecasts, when forecasts are not certain. Monthly, quarterly and five-year cash flows are updated on a regular basis.

The undiscounted cash flows of the Group's payables, borrowings and derivative financial liabilities fall into the following maturity profiles:

Rm	< 1 year	1 – 5 years	> 5 years	Total
2014				
Trade and other payables	**5 726**	**–**	**–**	**5 726**
Bank overdrafts	**6**	**–**	**–**	**6**
Secured debt	**505**	**1 331**	**1 229**	**3 065**
Financial liabilities	**8**	**8**	**–**	**16**
	6 245	**1 339**	**1 229**	**8 813**
2013				
Restated[1]				
Trade and other payables	5 066	–	–	5 066
Bank overdrafts	117	–	–	117
Secured debt	1 316	4 695	697	6 708
Financial liabilities	28	16	18	62
	6 527	4 711	715	11 953

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.

34.4.5 Risk arising from insurance contracts

The Group is exposed to insurance risk resulting from contracts entered into with other parties for the provision of certain emergency and medical services whereby risk is transferred from the party to the Group.

Management of insurance risk

Risk parameters and unforeseen circumstances may affect the cost of claims and the pattern or size of claims. These risks are controlled through underwriting mandates and guidelines. The key risk is that the frequency or severity of the claims is greater than expected or that premiums have not been correctly priced for the level of risk assumed.

Risk Management objectives and policies for mitigating insurance risk

The Group uses several methods to assess and monitor insurance risk exposures, both for individual types of risk insured and overall risks.

These methods include:

- Internal risk measurement models and analysis of claims history; and
- The use of external actuarial consultants to analyse the claims development patterns to predict future costs and identify areas where claims are likely to exceed expectations.

Insurance events are random by nature and the actual number and size of events may vary from those estimated using statistical techniques. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and demographics of the party covered. Monthly actuarial modelling of claims development patterns is used to provide early warning of deteriorating risk. Insurance contracts are constantly evaluated to ensure that the necessary profitability is maintained relative to the risk exposure. Assessment of future claim payments is dependent on the speed and predictability of claim development patterns.

34. Financial instruments and risk management continued

34.4.6 Capital management

The Group's objective when managing capital is to maintain an optimal capital structure to ensure that there is sufficient capital available to support funding requirements, while optimising the cost of capital to safeguard the Group's ability to continue as a going concern and to maximise the return to its stakeholders.

The Group manages its capital and adjusts it in view of changes in economic conditions and the needs of the Group. In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently in issue, issue new shares, raise new debt or sell assets to reduce existing debt. Opportunities in the market are monitored closely to ensure that the most efficient funding solution is implemented.

The Group monitors capital using the net debt to EBITDA ratio in SA and the UK. The Group's policy is to keep this ratio in line with annual targets. The net debt to EBITDA ratio for the year is as follows:

Rm	2014	Restated[1] 2013
South Africa		
Debt	**3 590**	3 899
Cash and cash equivalents	**(623)**	(685)
Net debt	**2 967**	3 214
EBITDA*	**3 599**	3 170
Net debt to EBITDA (times)	**0.8**	1.0
£m		
United Kingdom		
Debt	**168.9**	156.0
Cash and cash equivalents	**(59.3)**	(50.4)
Net debt	**109.6**	105.6
EBITDA*	**45.9**	64.0
Net debt to EBITDA (times)	**2.4**	1.7

1. Restated for the adoption of IFRS 10: *Consolidated Financial Statements*, IFRS 11: *Joint Arrangements* and IAS 19 (Revised): *Employee Benefits*.
* Before capital items.

The Group ensures that any share repurchases or payments to shareholders are duly authorised by the Board who are suitably advised and reasonably assured that the assets of the Group exceeds its liabilities and the Group is able to pay its debts when they fall due, thereby complying with the solvency and liquidity requirements of the South African Companies Act. The Group is partially restricted by covenants in respect of certain borrowing obligations.

35. Related parties

Related party relationships exist within the Group. Transactions are on commercial terms. Details of transactions with related parties not disclosed elsewhere in the financial statements are set out below.

35.1 Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the Group. Directors of the Company and certain senior management personnel have been classified as key management personnel. In SA, key management personnel consist of the South African Executive Committee (SA Exco) and in the UK, the United Kingdom Executive Committee (UK Exco).

The Group has many different operations, where Group personnel may be transacting. Transactions entered into during the year with key management personnel were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses, as well as other transactions.

Remuneration of key management personnel

Remuneration paid to key management personnel is as follows:

Rm	2014	2013
SA Exco[1]		
Salaries and allowances	**33**	33
Company contributions	**3**	3
Bonuses and termination payments	**20**	17
Fair value of options granted[2]	**11**	12
	67	65
UK Exco[3]		
Salaries and allowances	**31**	21
Company contributions	**3**	2
Bonuses and termination payments	**10**	6
	44	29

1. 2014 – 11 posts on average (2013: 12 posts).
2. The fair value of options granted is the annual expense determined in accordance with IFRS 2.
3. 2014 – nine posts on average (2013: six posts).

Details relating to the remuneration of executive and non-executive directors and prescribed officers, as well as information pertaining to directors and prescribed officers interest in the share capital of the Company, share options outstanding and benefits in terms of share options exercised are disclosed in note 36.

Directors

One of the previous non-executive directors is the Company's legal counsel. Services rendered amounted to R419 520 (2013: R1 million) for the year, until the date of resignation of the non-executive director effective 28 February 2014.

As part of arm's length business operations, certain subsidiaries of the Netcare Group enter into contracts with Medscheme Holdings Proprietary Limited, a multi-medical scheme administrator operating in SA. Medscheme Proprietary Limited is owned by Lethimvula Investments Limited and 94.07% of the share capital of Lethimvula Investments Limited is owned by AfroCentric Investment Corporation Limited. JM Kahn, who is a non-executive director of Netcare Limited, is also a director of AfroCentric Investment Corporation Limited.

At 30 September 2014, the shareholding of Netcare directors in AfroCentric Investment Corporation Limited was as follows:

Ordinary shares

Netcare director	Ordinary shares held	Direct	% of total issued share capital
JM Kahn	18 535 608	18 535 608	4.0%
HR Levin*	2 920 670	2 920 670	0.6%
	21 456 278	21 456 278	4.6%

* HR Levin resigned as a non-executive director effective 28 February 2014. These amounts represent his shareholding as at that date.

35. Related parties continued

35.2 Netcare Medical Scheme

The Netcare Medical Scheme is managed for the benefit of certain past and current SA employees. The employer-subsidised portion of medical aid contributions payable by members has been included within employee costs.

Certain members of the SA Exco are also directors of certain wholly-owned Netcare subsidiaries which render healthcare services to members of the Netcare Medical Scheme.

The table below reflects the nature of revenue earned by Netcare subsidiaries as a result of services provided to the Netcare Medical Scheme.

Rm	Nature of revenue	2014	2013
Netcare Pharmacies 2 Proprietary Limited (previously Irvine and Miller)	Dispensary services	**12**	11
Medicross Healthcare Group Proprietary Limited	Healthcare services	**10**	9
Netcare 911 Proprietary Limited	Capitation fee	**4**	4
Netcare Hospitals Proprietary Limited	Healthcare services	**225**	208
Netcare Pharmacies Proprietary Limited	Dispensary services	**58**	53
Primecure Health Proprietary Limited	Capitation fee	**14**	11
PrimeMed Administrators Proprietary Limited	Administration fee	**25**	17
		348	313

36. Remuneration of directors and executives

36.1 Interests of directors and prescribed officers

Ordinary shares

The beneficial and non-beneficial interests of directors and prescribed officers in the ordinary shares of the Company were:

Number of shares	1 Oct 2013	Acquired	Disposed	30 Sep 2014	Directly	Indirectly
Executive directors						
RH Friedland	10 593 225	**181**	**–**	**10 593 406**	**8 143 225**	**2 450 181[2]**
KN Gibson	128 543[1]	**471**	**–**	**129 014**	**129 014**	**–**
Non-executive directors						
HR Levin[4]	8 750 000	**–**	**(1 400 000)**	**7 350 000**	**7 350 000**	**–**
N Weltman	10 000	**–**	**–**	**10 000**	**–**	**10 000[3]**
	19 481 768	**652**	**(1 400 000)**	**18 082 420**	**15 622 239**	**2 460 181**

1. KN Gibson exercised Nil (2013: 350 000) share options during the year in terms of the Netcare Share Incentive Scheme and retained 129 014 (2013: 128 543) shares directly and beneficially.
2. The indirect shares held are beneficial.
3. The indirect shares held are non-beneficial.
4. HR Levin resigned as a non-executive director with effect from 28 February 2014, and this represents his interests at that date.

Preference shares

N Weltman holds 1 100 non-beneficial preference shares in the Company.

The register of interests of directors in the shares of the Company is available to members on request.

No prescribed officer holds any interest in the Company.

36. Remuneration of directors and executives continued

36.2 Directors and prescribed officers' share options

Netcare Share Incentive Scheme

The following share options were held by the directors and prescribed officers at 30 September 2014:

Number of share options	Grant date	Exercise price (cents)	1 Oct 2013	Exercised	30 Sep 2014
Executive directors					
RH Friedland	25-Aug-08	838	1 300 000	–	**1 300 000**
KN Gibson	25-Aug-08	838	100 000	–	**100 000**
Prescribed officers					
Prescribed officer A	25-Aug-08	838	640 000	–	**640 000**
Prescribed officer B	25-Aug-08	838	320 000	**(160 000)**	**160 000**
			2 360 000	**(160 000)**	**2 200 000**

The following are the gains on share options exercised by prescribed officers during the year:

	Exercise price (cents)	Share options exercised	Market price at exercise date (cents)	Gain arising on exercise (R'000)
Prescribed officers				
Prescribed officer B	**838**	**160 000**	**2 761**	**3 077**
		160 000		**3 077**

Health Partners for Life

The following share options were held by directors and prescribed officers at 30 September 2014:

Number of options	Grant date	1 Oct 2013	Exercised	30 Sep 2014	Market price at exercise date (cents)	Gain arising on exercise (R'000)*
Executive directors						
RH Friedland	25-Oct-05	600	(400)	**200**	**2 483**	**4**
KN Gibson	2-Oct-06	5 203	(3 121)	**2 082**	**2 483**	**12**
Prescribed officers						
Prescribed officer A	2-Oct-06	10 405	–	**10 405**	**–**	**–**
Prescribed officer B	25-Oct-05	4 000	(2 000)	**2 000**	**2 475**	**22**
		20 208	(5 521)	**14 687**		**38**

* The gains on exercise are calculated with reference to the market price of the Netcare Limited shares and the debt allocation in the month of exercise.

No share options were granted in 2014 (2013: Nil)
There were no vested Health Partners for Life share options as at 30 September 2014.

36. Remuneration of directors and executives continued

36.2 Directors and prescribed officers' share options continued

Forfeitable share plan

The following share options were held by directors and prescribed officers at 30 September 2014:

Number of options	Grant date	Total at 30 Sep 2013	Total at 30 Sep 2014
Executive directors			
RH Friedland	13-Dec-12	874 115	**874 115**
KN Gibson	13-Dec-12	341 204	**341 204**
Prescribed officers			
Prescribed officer A	13-Dec-12	213 409	**213 409**
Prescribed officer B	13-Dec-12	273 995	**273 995**
Prescribed officer E	13-Dec-12	152 252	**152 252**
		1 854 975	**1 854 975**

The forfeitable share plan options become exercisable from 13 June 2015.

Refer to note 37 in the Group annual financial statements for more details on the share options.

36.3 Directors and prescribed officers' emoluments

Emoluments paid to directors and prescribed officers of the Company by the Company and its subsidiaries (excluding gains on share options exercised) for the year to 30 September, are set out below:

Executive directors

R'000	Salary	Company contributions	Guaranteed package	Bonuses[1]	Total	Fair value of options granted[2]
2014						
RH Friedland	**7 004**	**619**	**7 623**	**5 500**	**13 123**	**2 928**
KN Gibson	**3 607**	**337**	**3 944**	**2 000**	**5 944**	**1 104**
	10 611	**956**	**11 567**	**7 500**	**19 067**	**4 032**
2013						
RH Friedland	6 646	584	7 230	5 169	12 399	2 024
KN Gibson	3 294	308	3 602	1 733	5 335	734
	9 940	892	10 832	6 902	17 734	2 758

1. Incentive bonuses paid in respect of the previous financial year and amounts paid in terms of the executive leveraged bonus scheme.
2. The fair value of options granted is the annual expense determined in accordance with IFRS 2.

36. Remuneration of directors and executives continued

36.3 Directors and prescribed officers' emoluments continued

Prescribed officers

R'000	Salary	Company contributions	Guaranteed package	Bonuses[1]	Total	Fair value of options granted[2]
2014						
Prescribed officer A	**2 768**	**258**	**3 026**	**1 400**	**4 426**	**979**
Prescribed officer B	**3 158**	**266**	**3 424**	**1 700**	**5 124**	**798**
Prescribed officer E	**2 386**	**217**	**2 603**	**1 100**	**3 703**	**475**
	8 312	**741**	**9 053**	**4 200**	**13 253**	**2 252**
2013						
Prescribed officer A	2 611	243	2 854	1 237	4 091	606
Prescribed officer B	2 937	246	3 183	1 469	4 652	724
Prescribed officer C (until 30 November 2012)	421	38	459	–	459	35
Prescribed officer E (from 1 December 2012)	1 670	151	1 821	238	2 059	302
	7 639	678	8 317	2 944	11 261	1 667

1. Incentive bonuses paid in respect of the previous financial year and amounts paid in terms of the executive leveraged bonus scheme.
2. The fair value of options granted is the annual expense determined in accordance with IFRS 2.

Non-executive directors

R'000	Fees for services as directors
2014	
T Brewer	**1 054**
APH Jammine	**1 019**
JM Kahn	**1 047**
MJ Kuscus	**912**
HR Levin[3]	**461**
KD Moroka	**652**
SJ Vilakazi	**1 401**
N Weltman	**1 053**
	7 599
2013	
T Brewer	1 188
APH Jammine	1 060
JM Kahn	894
MJ Kuscus	1 022
HR Levin	938
KD Moroka	618
SJ Vilakazi	1 417
N Weltman	996
	8 133

3. Retired on 28 February 2014.

36. Remuneration of directors and executives continued

36.4 Executive leveraged bonus scheme – share option gains

Issue No 3

During the 2011 financial year, the Group issued phantom shares in terms of the executive leveraged bonus scheme.

Refer to note 37 for details of the scheme.

The vesting dates and strike prices relating to the directors and prescribed officers' phantom shares are presented below:

Number of phantom shares and vesting dates

Number of phantom shares	Vesting at 29 May 2011[1]	Vesting at 30 Nov 2011[2]	Vesting at 31 May 2012[2]	Vesting at 30 Nov 2012[3]	Total[4]
Executive directors					
KN Gibson	104 950	104 950	104 950	104 950	419 800
RH Friedland	115 000	115 000	115 000	115 000	460 000
VLJ Litlhakanyane (resigned 31 December 2011)	115 000	115 000	–	–	230 000
Prescribed officers					
Prescribed officer A	105 000	105 000	105 000	105 000	420 000
Prescribed officer B	115 000	115 000	115 000	115 000	460 000
Prescribed officer C (until 30 November 2012)	100 000	100 000	100 000	100 000	400 000
	654 950	654 950	539 950	539 950	2 389 800

1. The volume weighted average price (VWAP) on vesting date was lower than the strike price and therefore there were no bonus payments to participants. No IFRS 2 expense relating to the 29 May 2011 vesting was recognised for the year ended 30 September 2011.
2. The volume weighted average price (VWAP) on vesting date was lower than the strike price and therefore there were no bonus payments to participants. No IFRS 2 expense relating to the 30 November 2011 and 31 May 2012 vesting was recognised for the year ended 30 September 2012.
3. Bonus payments relating to the executive leveraged bonus scheme are included in the bonus column in the directors and prescribed officers' emoluments table in note 36. Refer to note 37 for the IFRS 2 expense.
4. Including the Netcare matching phantom shares.

Strike price

The strike price on the above phantom shares is as follows:

Vesting date	Strike price Rand
31 May 2011	14.21
30 November 2011	14.85
31 May 2012	15.52
30 November 2012	16.22

37. Share-based payments

The following amounts relating to share-based payments were included in the income statement before tax during the year:

Rm	2014	2013
Equity-settled		
Netcare Share Incentive Scheme (note 37.1)	**2**	8
Forfeitable Share Plan (note 37.2)	**22**	14
The Patient Care and Passionate People Trust (note 37.3)	**13**	14
	37	36
Cash-settled		
Executive leveraged bonus scheme (note 37.4)	**–**	1
	37	37

The Group has three equity settled share schemes namely the Netcare Share Incentive Scheme, Netcare Limited Forfeitable Share Plan (FSP) and Health Partners for Life (BEE transaction).

The maximum aggregate number of shares which may at any time be allocated to all participants in respect of the Netcare Share Incentive Scheme together with the Forfeitable Share Plan shall not exceed 222 811 277 shares, either alone or when aggregated with the existing share plans, in each case as determined pursuant to the provisions applicable to the relevant existing share plans.

Shares available for allocation

Number of shares	2014	2013
Shares allotted	**197 455 780**	194 558 826
Share options granted	**12 202 603**	15 010 636
Unallocated share options	**13 152 894**	13 241 815
	222 811 277	222 811 277

37.1 Netcare Share Incentive Scheme

The Netcare Share Incentive Scheme was adopted on 7 November 1996. Amendments to the scheme were made on 26 September 2005.

Participants in the scheme are executives or other employees of the Group, including, but not limited to, executive directors selected by the Board. Participants may be offered the opportunity to acquire share options in terms of the scheme. In terms of the rules of the scheme, all offers are granted at the closing market price of the Company's shares on the JSE Limited on the trading day immediately preceding the last day on which the relevant options are granted. The share options granted vest in equal amounts over five years commencing on the second anniversary of the grant date.

In the event of death, serious disability, retrenchment or retirement of a participant, options may be taken up and paid for within 12 months of such event. In the event of resignation of a participant, options which have vested may be taken up and paid for and the balance of any shares will be cancelled.

The number of Netcare ordinary shares to which any eligible participant is entitled shall not exceed 1% of the ordinary shares in issue.

Vesting periods of options granted

Number of share options	2014	2013
Already vested	**5 047 550**	5 069 000
Within 1 year	**200 000**	2 955 000
Within 1 – 2 years	**200 000**	280 000
Within 2 – 3 years	**200 000**	280 000
Within 3 – 4 years	**–**	200 000
	5 647 550	8 784 000

The scheme did not hold any shares in the Company at 30 September 2014.

37. Share-based payments continued

37.1 Netcare Share Incentive Scheme continued

Share options

Movement in the number of share options outstanding was as follows:

	Number of share options	Weighted average exercise price (cents)
Balance at 1 October 2012	19 822 044	932
Exercised	(10 026 794)	941
Expired/forfeited	(1 011 250)	879
Balance at 1 October 2013	**8 784 000**	**928**
Exercised	**(2 862 450)**	**839**
Expired/forfeited	**(274 000)**	**1 251**
Balance at 30 September 2014	**5 647 550**	**958**

Analysis of exercise dates and prices of outstanding share options

Grant date	Expiry date	Exercise price (cents)	Outstanding at 1 Oct 2013	Exercised	Expired/ forfeited	Outstanding at 30 Sep 2014	Vested at 30 Sep 2014
18-Jul-06	18-Jul-13	907	25 000	**(25 000)**	**–**	**–**	**–**
25-Aug-08	25-Aug-18	838	7 519 000	**(2 837 450)**	**(34 000)**	**4 647 550**	**4 647 550**
19-May-10	19-May-17	1 309	240 000	**–**	**(240 000)**	**–**	**–**
03-Jan-11	02-Jan-18	1 517	1 000 000	**–**	**–**	**1 000 000**	**400 000**
			8 784 000	**(2 862 450)**	**(274 000)**	**5 647 550**	**5 047 550**

Refer to note 36 for details on share options held by directors.

The fair value of options granted since 7 November 2002 was calculated using the Trinomial model. The share option cost expensed during the year amounted to R2 million (2013: R8 million). The expected unrecognised share-based payment expense relating to non-vested share options amounts to R1 million (2013: R3 million).

The following assumptions were used to value the share options granted:

Assumptions	%
Volatility	24.0 – 28.0
Forfeiture rate	15.0
Risk-free interest rate	7.7 – 9.8
Dividend yield	3.3 – 3.5

37. Share-based payments continued

37.2 Netcare Limited Forfeitable Share Plan

The Forfeitable Share Plan (FSP) was introduced as a long-term incentive for selected employees who will receive shares in the Company for no consideration. The purpose of the FSP is to provide both an incentive to participants to deliver the Group's business strategy over the long-term and to act as a retention mechanism. There are two types of share awards based on retention and performance. The retention share awards vest over a period of continued employment as stipulated in the award letter. The vesting of the performance share awards are subject to continued employment over the vesting period and meeting certain financial performance targets.

The Participant shall not be entitled to any voting rights prior to vesting. Participants will not have their votes at a general/annual general meeting taken into account for the purpose of resolutions proposed in terms of the JSE Listing Requirements.

In the event of death, serious disability, retrenchment or retirement of a participant, a portion of the award to be calculated in terms of the provisions of the FSP shall vest. If the participant's employment is terminated, the unvested portion of the award will be forfeited in its entirety, or partially at the discretion of the Remuneration Committee, and all rights will lapse immediately on the date of termination of employment.

It should be noted that the maximum number of shares allocated in respect of all unvested awards granted to any participant in respect of the FSP, shall not exceed 17 824 902 (2013: 17 824 902) shares.

Vesting periods of options granted

Number of share options	2014	2013
Within 1 year	**2 185 018**	–
Within 1 – 2 years	**2 185 018**	2 075 545
Within 2 – 3 years	**2 185 017**	2 075 545
Within 3 – 4 years	**–**	2 075 545
	6 555 053	6 226 635

37. Share-based payments continued

37.2 Netcare Limited Forfeitable Share Plan continued

Analysis of award dates and prices of shares

Grant date	Outstanding at 1 October 2013	Granted	Forfeited	Outstanding at 30 Sep 2014	Vested at 30 Sep 2014
Retention shares					
13-Dec-12	2 293 790	–	(176 100)	**2 117 690**	**22 871**
01-Feb-13	41 660	–	–	**41 660**	**–**
16-Apr-13	30 114	–	–	**30 114**	**–**
07-Jun-13	30 614	–	–	**30 614**	**–**
15-Aug-13	14 240	–	–	**14 240**	**–**
12-Jul-14	–	340 309	–	**340 309**	**–**
	2 410 418	340 309	(176 100)	**2 574 627**	**22 871**
Performance shares					
13-Dec-12	3 699 589	–	(176 100)	**3 523 489**	**34 108**
01-Feb-13	41 660	–	–	**41 660**	**–**
16-Apr-13	30 114	–	–	**30 114**	**–**
07-Jun-13	30 614	–	–	**30 614**	**–**
15-Aug-13	14 240	–	–	**14 240**	**–**
12-Jul-14	–	340 309	–	**340 309**	**–**
	3 816 217	340 309	(176 100)	**3 980 426**	**34 108**
	6 226 635	680 618	(352 200)	**6 555 053**	**56 979**

56 979 forfeitable shares had vested at 30 September 2014 (2013: nil).

Refer to note 36 for details on share options held by directors.

The fair value is determined by using the weighted average traded share price on grant date. In determining the IFRS 2 expense, the observed attrition factor and a probability of achieving the performance conditions was applied to determine the expense for the reporting period. The final expense to be recognised will however be dependent on the actual number of retention shares and performance shares that ultimately vest.

The share option cost expensed during the year amounted to R22 million (2013: R14 million). The expected unrecognised share-based payment expense relating to non-vested share options amounts to R35 million (2013: R42 million).

The following assumptions were used to value the forfeitable shares granted:

Assumptions	%
Forfeiture rate	**10**
Probability of performance condition – Vesting 1	**75**
Probability of performance condition – Vesting 2	**50**
Probability of performance condition – Vesting 3	**50**

37. Share-based payments continued

37.3 Health Partners for Life (BEE transaction)

The Group implemented the Health Partners for Life (HPFL) initiative on 1 October 2005, a strategy to effect Broad-based Black Economic participation and transformation within the Netcare Group and in the private healthcare sector.

A broad grouping of predominantly historically disadvantaged individuals, through their participation in the HPFL trusts, will acquire Netcare shares. The HPFL trusts that are participants to the transaction are The Patient Care and Passionate People Trust, The Physician Partnerships Trust, The Mother & Child Trust and The Healthy Lifestyle Trust. The objective of the HPFL trusts is to manage and administer the award, settlement and repurchase of trust units, the assets and liabilities of the trusts and the making of income awards, if applicable, in a manner consistent with Netcare's commitment to Broad-based Black Economic Empowerment.

The awards to beneficiaries of these trusts are effected by the trustees. The beneficiaries hold trust units which entitle them to the economic benefits of a specified number of Netcare shares in tranches of 20% over five years commencing on the fifth anniversary of the commencement of their participation. Beneficiaries have the option of either converting trust units into Netcare shares, or to request the trustees to sell their shares in the open market and to distribute the net value in cash to them.

Beneficiaries are entitled to Netcare shares or cash equivalent calculated as being the difference between the market value of the units and the debt allocation. The debt allocation consists of the original cost of the Netcare shares on the allocation date, interest charged on the loan to purchase the Netcare shares and tax paid by Netcare and the trusts on account of the BEE transaction, adjusted with dividends received.

Dividends or other distributions received on HPFL shares are applied towards funding obligations, administrative and operating expenses, and to reduce the debt allocation amounts.

The details of the trusts are as follows:

The Patient Care and Passionate People Trust and The Physician Partnerships Trust

The Patient Care and Passionate People Trust indirectly assists the Group in attracting and retaining management and staff. Awards made under this trust are in addition to any awards participants may receive under the Netcare Share Incentive Scheme. Directors are not entitled to participate in the HPFL transaction.

The Physician Partnerships Trust assists the Group in attracting and retaining quality medical professionals in SA. The Trust established the Hamilton Naki Clinical Scholarship to support the development of academic specialists. To date, seven specialists have been selected to pursue doctoral degrees in SA and abroad under this scholarship.

Beneficiaries who are Netcare employees cease to be entitled to hold trust units if they resign or are dismissed from their employment. Beneficiaries who are medical doctors cease to be entitled to hold trust units if they emigrate from SA or cease to be a practising doctor in good standing with the relevant professional board or council.

The Mother & Child Trust and The Healthy Lifestyle Trust

The Mother & Child Trust funds the provision of healthcare assistance to women and children historically and previously disadvantaged, through selected women's groups and children's organisations. Three broad-based women empowerment companies are beneficiaries of this trust.

The Healthy Lifestyle Trust promotes a healthy lifestyle through wellness programmes and selected national screening initiatives.

The South African Football Association is a beneficiary of this trust.

37. Share-based payments continued

37.3 Health Partners for Life (BEE transaction) continued

Details of the trust units at 30 September 2014 are:

Trust	Shares allocated to trust 1 Oct 2013	Disposals during the year	Shares allocated to trust 30 Sep 2014	Units in issue	Available
The Patient Care and Passionate People Trust	74 215 382	(3 390 997)	**70 824 385**	**28 577 906**	42 246 479
The Physician Partnerships Trust	46 323 828	(1 031 197)	**45 292 631**	**20 854 200**	24 438 431
The Mother & Child Trust	12 000 000	(64 647)	**11 935 353**	**4 000 000**	7 935 353
The Healthy Lifestyle Trust	7 115 060	(433 484)	**6 681 576**	**800 000**	5 881 576
	139 654 270	(4 920 325)	**134 733 945**	**54 232 106**	80 501 839

Movement in the number of units was as follows:

	The Patient Care and Passionate People Trust	The Physician Partnerships Trust	The Mother & Child Trust	The Healthy Lifestyle Trust	Total
Balance at 1 October 2013	40 109 264	23 227 200	5 600 000	1 600 000	**70 536 464**
Exercised	(8 851 704)	(2 373 000)	(1 600 000)	(800 000)	**(13 624 704)**
Forfeited	(2 679 654)	–	–	–	**(2 679 654)**
Balance at 30 September 2014	28 577 906	20 854 200	4 000 000	800 000	**54 232 106**

The fair value of the units issued was calculated using the Trinomial model. The fair value of units expensed during 2014 was R13 million (2013: R14 million).

The expected unrecognised share-based payment expense relating to non-vested share options amounts to R9 million (2013: R18 million).

The following assumptions were used to value the units issued:

Assumptions	%
Volatility	30.0
Forfeiture rate	15.0
Risk-free interest rate	7.1 – 8.7
Dividend yield	2.0 – 4.0

37. Share-based payments continued

37.4 Executive leveraged bonus scheme

The executive leveraged bonus scheme is a phantom share scheme whereby Netcare agrees to pay participating executives a bonus equal to the amount determined by multiplying the number of phantom shares by the increase in the 10-day volume weighted average price (VWAP) of the Netcare share over a minimum future Netcare share price (strike price). The strike price takes into account a minimum return over and above inflation and accordingly includes a suitable "stretch" for executives. No shares are issued in terms of this scheme and all amounts payable are settled in cash.

The scheme also makes provision for executives to obtain additional private options at a premium to the strike price. These options have the same vesting periods as the phantom shares described above. Netcare allocates matching phantom shares where executives obtain private options.

The Group entered into an arrangement with a financial institution to purchase options for a similar amount to the phantom shares granted to executives.

The bonus is paid at specified vesting dates. On resignation, retrenchment, retirement or disability, the entitlement to the phantom shares is at the sole discretion of the Remuneration Committee.

The details of the phantom shares are as follows:

Vesting date	Strike price	Number of phantom shares[1]
29-May-11[2]	14.21	3 367 100
30-Nov-11[3]	14.85	3 577 100
31-May-12[3]	15.82	3 577 100
30-Nov-12	16.22	3 577 100
		14 098 400

1. Including the Netcare matching phantom shares.
2. The volume weighted average price (VWAP) on vesting date was lower than the strike price and therefore there were no bonus payments to participants. No IFRS 2 expense relating to the 29 May 2011 vesting was recognised for the year ended 30 September 2011.
3. The volume weighted average price (VWAP) on vesting date was lower than the strike price and therefore there were no bonus payments to participants. No IFRS 2 expense relating to the 30 November 2011 and 31 May 2012 vesting was recognised for the year ended 30 September 2012.

The fair value of the phantom shares was calculated using the Black-Scholes option pricing model. A share-based payment expense of Nil (2013: R1 million) was recognised during the year with a corresponding liability raised for the same amount until vesting date.

The expected unrecognised share-based payment expense relating to non-vested share options amounts to Nil (2013: Nil).

38. Impact of new issued standards and interpretations not yet effective

Certain applicable new, amended and revised IFRS have been issued but are not yet effective for the Group's 2014 financial year. The Group has not early adopted the new, amended and revised IFRS that are not yet effective.

Annual Improvements 2010 – 2012 Cycle and Annual Improvements 2011 – 2013 Cycle are applicable to the Group for the financial year ending 30 September 2015. The impact of the improvement cycles on the Group's performance and financial position are being evaluated.

IFRS 9: Financial Instruments

(2009) This IFRS is part of the IASB's project to replace IAS 39: *Financial Instruments: Recognition and measurement.* IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The adoption of the amendments on the Group's performance and financial position will result in additional presentation.

(2010) The IASB has updated IFRS 9: *Financial instruments* to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39: *Financial instruments: Recognition and measurement*, without change, except for financial liabilities that are designated at fair value through profit or loss.

(2011) The IASB has published an amendment to IFRS 9: *Financial instruments* that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

(2013) A new chapter to IFRS 9 on hedge accounting was introduced, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The impact of the standard on the Group's performance and financial position will be evaluated. It permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.

(2014) An update was issued on 24 July 2014 and supersedes IFRS 9 (2013).The standard contains requirements in the following areas:

- Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.
- Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- The requirements for derecognition of financial assets and liabilities are carried forward from IAS 39.

This standard first becomes applicable to the Group for the financial year ending 1 January 2018 and the impact is currently being assessed.

IFRS 10: Consolidated Financial statements and IAS 28: Investments in Associates and Joint Ventures (2011)

Amendments to IFRS 10: *Consolidated Financial Statements* and IAS 28: *Investments in Associates and Joint Ventures* (2011) clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture. This will require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3: *Business Combinations*) or partial recognition of gains and losses where the assets do not constitute a business whereby gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2017.

38. Impact of new issued standards and interpretations not yet effective continued

IFRS 11: Joint Arrangements (Amendment)

Amendments adding new guidance on accounting for the acquisition of an interest in a joint operation, that constitutes a business, which specifies the appropriate accounting treatment for such acquisition and application of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11. The amendments apply prospectively both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation. The amendments are not expected to have an impact on the Group but will be continued to be evaluated.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2017.

IFRS 15: Revenue from Contracts with Customers

The new standard requires companies to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, and provides guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The adoption of the standard on the Group's performance and financial position will result in additional presentation and disclosure.

This standard first becomes applicable to the Group for the financial year ending 30 September 2018.

IAS 16: Property, Plant and Equipment (Amendment)

Amendments to IAS 16: *Property plant and equipment*, 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, when based on revenue. The amendments are not expected to have a material impact on the Group.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2017.

IAS 19: Employee Benefits (Amendment)

Amendments to IAS 19: *Employee Benefits* to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The impact of the amendments on the Group's performance and financial position will be evaluated.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2017.

IAS 27: Separate Financial Statements (Amendment)

Amendments to IAS 27: *Separate Financial Statements* permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The amendments are not expected to have a material impact on the Group.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2017.

IAS 32: Offsetting Financial Assets and Financial Liabilities (Amendment)

Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will assist investors in understanding the extent to which an entity has set-off in its statement of financial position, and the effect of rights of set-off on the entity's rights and obligations. The adoption of the amendments on the Group's performance and financial position will result in additional presentation.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2015.

IAS 36: Recoverable Amount Disclosures for Non-Financial Assets (Amendment)

Amendment of IAS 36: *Impairment of Assets* will be to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The adoption of the amendments on the Group's performance and financial position will result in additional presentation.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2015.

IAS 38: Intangible assets (Amendment)

Amendments to 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, when based on revenue. The amendments are not expected to have a material impact on the Group.

The amended standard becomes applicable to the Group for the financial year ending 30 September 2017.

Annual Improvement cycle

2010 – 2012 Cycle

- **IFRS 2: *Share based payment* –** Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
- **IFRS 3: *Business combinations* –** Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.
- **IFRS 8: *Operating segments* –** Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, and clarifies that reconciliations of segment assets are only required if segment assets are reported regularly.
- **IFRS 13: *Fair value measurement* –** Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis.
- **IAS 16: *Property Plant and Equipment* and IAS 38: *Intangible Assets* –** Clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
- **IAS 24: *Related party disclosures* –** Clarifies how payments to entities providing management services are to be disclosed.

2011 – 2013 Cycle

- **IFRS 1: *First time adoption of International Financial Reporting Standards* –** Clarifies which versions of IFRS can be used on initial adoption.
- **IFRS 3: *Business combinations* –** Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- **IFRS 13: *Fair value measurement* –** Clarifies the scope of the portfolio exception in paragraph 52.
- **IAS 40: *Investment property* –** Clarifies the inter-relationship of IFRS 3 and IAS 40 and when classifying property as investment property or owner-occupied property.

2012 – 2014 Cycle

- **IFRS 5: *Non-current Assets held for Sale* –** Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- **IFRS 7: *Financial Instruments: Disclosures* –** Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- **IAS 19: *Employee Benefits* –** Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- **IAS 34: *Interim Reporting* –** Clarifies the meaning of 'elsewhere in the interim report' and require a cross-reference.

The annual improvement cycle becomes applicable to the Group for the financial year ending 30 September 2017 and the impact will result in additional presentation and is not expected to have a material impact on the Group.

Company statement of financial position

At 30 September

Rm	Notes	2014	2013
ASSETS			
Non-current assets			
Investment in subsidiaries	2	**5 225**	5 476
Total non-current assets		**5 225**	5 476
Current assets			
Amounts owing by subsidiaries	2	**345**	139
Trade and other receivables	3	**–**	39
Cash and cash equivalents	4	**11**	9
Total current assets		**356**	187
Total assets		**5 581**	5 663
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	5	**738**	653
Other reserves		**223**	210
Retained earnings		**3 960**	4 145
Equity attributable to ordinary shareholders		**4 921**	5 008
Preference share capital and premium	6	**644**	644
Total shareholders' equity		**5 565**	5 652
Current liabilities			
Trade and other payables	7	**16**	11
Total current liabilities		**16**	11
Total equity and liabilities		**5 581**	5 663

Company statement of comprehensive income

for the year ended 30 September

Rm	Notes	2014	2013
Operating profit/(loss)	8	**14**	(1)
Investment income	9	**919**	1 040
Profit before taxation		**933**	1 039
Taxation	10	**(1)**	(1)
Profit after taxation		**932**	1 038
Total comprehensive income for the year		**932**	1 038
Attributable to:			
Ordinary shareholders		**886**	991
Preference shareholders		**46**	47
		932	1 038

Company statement of cash flows

for the year ended 30 September

Rm	Notes	2014	2013
Cash flows from operating activities			
Cash generated from/(utilised by) operations	A	**45**	(8)
Taxation paid	B	**(1)**	(1)
Dividends paid		**(1 071)**	(897)
Preference dividends paid		**(46)**	(47)
Net cash from operating activities		**(1 073)**	(953)
Cash flows from investing activities			
Decrease/(increase) in investments and loans		**71**	(426)
Dividends received		**919**	1 040
Net cash from investing activities		**990**	614
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**85**	342
Net cash from financing activities		**85**	342
Net increase in cash and cash equivalents		**2**	3
Cash and cash equivalents at beginning of year		**9**	6
Cash and cash equivalents at end of year	C	**11**	9

Notes to the company statement of cash flows

for the year ended 30 September

Rm	2014	2013
A. Cash generated from/(utilised by) operations		
Operating profit/(loss)	**14**	(1)
Adjustments for:		
Reversal of impairment of investments	**(13)**	–
Cash generated from/(utilised by) operations before working capital changes	**1**	(1)
Decrease/(increase) in accounts receivable	**39**	(11)
Increase in accounts payable	**5**	4
	45	(8)
B. Taxation paid		
Amounts payable at beginning of year	**–**	–
Charge per the income statement	**(1)**	(1)
Amounts payable at end of year	**–**	–
	(1)	(1)
C. Cash and cash equivalents		
Cash on hand and balances with banks	**11**	9
	11	9

Company statement of changes in equity
for the year ended 30 September

Rm	Ordinary share capital	Ordinary share premium	Investment fair value reserve
Balance at 30 September 2012	15	296	161
Shares issued during the year	–	342	–
Share-based payment reserve movements	–	–	–
Dividends paid	–	–	–
Preference dividends paid	–	–	–
Other reserve movements	–	–	(161)
Total comprehensive income for the year	–	–	–
Balance at 30 September 2013	**15**	**638**	**–**
Shares issued during the year	**–**	**85**	**–**
Share-based payment reserve movements	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**
Preference dividends paid	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**
Balance at 30 September 2014	**15**	**723**	**–**

Share-based payment reserve	Surplus on disposal of subsidiaries	Retained earnings	Equity attributable to ordinary shareholders	Preference share capital and premium	Total shareholders' equity
196	73	3 817	4 558	644	5 202
–	–	–	342	–	342
14	–	–	14	–	14
–	–	(897)	(897)	–	(897)
–	–	–	–	(47)	(47)
–	(73)	234	–	–	–
–	–	991	991	47	1 038
210	**–**	**4 145**	**5 008**	**644**	**5 652**
–	**–**	**–**	**85**	**–**	**85**
13	**–**	**–**	**13**	**–**	**13**
–	**–**	**(1 071)**	**(1 071)**	**–**	**(1 071)**
–	**–**	**–**	**–**	**(46)**	**(46)**
–	**–**	**886**	**886**	**46**	**932**
223	**–**	**3 960**	**4 921**	**644**	**5 565**

Notes to the Company annual financial statements
for the year ended 30 September

1. Accounting policies, significant judgements and estimates and impact of new issued standards and interpretations

Refer to the Group annual financial statements.

Rm	2014	2013
2. Interest in subsidiaries		
Investment in subsidiaries		
Investments at cost	**671**	671
Share-based payments arising from the Group's share incentive schemes	**165**	152
Long-term loans to subsidiaries	**4 389**	4 666
Provision for impairment	**–**	(13)
	5 225	5 476
Amounts owing by subsidiaries		
Included in:		
Current assets	**345**	139
Net interest in subsidiaries	**5 570**	5 615

Subsidiaries are funded by way of equity from the holding company as well as long-term interest-free loans which form part of the investment in subsidiaries. These long-term loans are unsecured and there are no fixed terms of repayment.

The amounts owing by subsidiaries are unsecured, interest-free and are repayable on demand. The carrying values of loans to subsidiaries approximate their fair values.

Details of the Company's principal subsidiaries are reflected in Annexure A.

3. Trade and other receivables

	2014	2013
Other receivables and prepayments	**–**	39

The carrying values of trade and other receivables are considered to be a close approximation of their fair values. None of the amounts are considered to be past due.

4. Cash and cash equivalents

	2014	2013
Cash on hand and balances with banks (South African Rand)	**11**	9

5. Ordinary share capital and premium

Number of shares (million)	2014	2013
Authorised		
Ordinary shares of 1.0 cent each	**2 500**	2 500
Issued		
Shares in issue at beginning of year	**1 475**	1 458
Shares issued during the year	**3**	17
Shares in issue at end of year	**1 478**	1 475

Rm	2014	2013
Authorised		
Ordinary shares of 1.0 cent each	**25**	25
Issued ordinary share capital		
Balance at beginning and end of year	**15**	15
Share premium		
Balance at beginning of year	**638**	296
Share premium arising on issue of shares	**85**	342
Balance at end of year	**723**	638
Total issued ordinary share capital and premium	**738**	653

Refer to note 13 of the notes to the Group annual financial statements for further details.

Rm	2014	2013
6. Preference share capital and premium		
Authorised		
10 million (2013: 10 million) variable rate, cumulative, non-redeemable, non-convertible preference shares of 50.0 cents each	**5**	5
Issued		
7 million (2013: 7 million) preference shares in issue at beginning and end of year	**3**	3
Share premium		
Balance at beginning and end of year	**641**	641
Total issued preference share capital and premium	**644**	644
7. Trade and other payables		
Other payables	**16**	11
8. Operating profit		
After charging:		
Directors' emoluments	**8**	8
9. Investment income		
Dividends received	**919**	1 040
	919	1 040
10. Taxation		
South African normal taxation		
Current year	**(1)**	(1)
Income tax	**(1)**	(1)
Total taxation per the statement of comprehensive income	**(1)**	(1)
Reconciliation of effective taxation rate (%)		
South African normal tax rate	**28.0**	28.0
Adjusted for:	**–**	
Exempt income	**(27.6)**	(28.0)
Permanent differences	**–**	0.1
Prior year taxes	**(0.3)**	–
Effective taxation rate	**0.1**	0.1
11. Contingent liabilities		
Financial guarantees		
Guarantee covering the obligations of pathologists to a banking institution following the sale of Ampath	**126**	196
Guarantee to various other parties	**1**	1
The Company has provided a cross deed of suretyship in favour of various other beneficiaries which cover the facilities granted to various subsidiaries	**6**	19
The Company has provided a cross deed of suretyship in favour of various other beneficiaries which cover the unutilsed facilities granted to various subsidiaries	**300**	–
The Company has provided unlimited suretyship in favour of various financial institutions which covers the unutilsed facilities granted to a subsidiary	**1 300**	–

Rm	2014	2013
12. Related parties		
Related party transactions		
Various transactions were entered into by the Company during the year with related parties. Details of loan balances with the investment in subsidiaries are disclosed in Annexure A.		
The following is a summary of transactions with related parties during the year:		
Dividends received:		
- Netcare Hospitals Proprietary Limited	**600**	640
- Netcare Hospital Group Proprietary Limited	**307**	400
- Clindeb Investments Proprietary Limited	**10**	–
- Clinical Partners Proprietary Limited	**2**	–
	919	1 040
Management fees received:		
- Netcare Management Proprietary Limited	**8**	8
Key management personnel		
Refer to note 36 of the Group annual financial statements.		

Annexure A – Interest in subsidiaries

Principal subsidiaries	Place of incorporation and principal place of business	Issued ordinary share capital (Thousands)
Direct		
Medicross Healthcare Group Proprietary Limited	South Africa	R2
Netcare Hospital Group Proprietary Limited	South Africa	R4
Netcare Hospitals Proprietary Limited	South Africa	
Netcare International SA Proprietary Limited	South Africa	
Netcare Management Proprietary Limited	South Africa	
Indirect		
GHG 1 (Hospital Operations) Limited (BMI OpCo)	United Kingdom	
BMI Healthcare Limited	United Kingdom	£17 600
Clindeb Investments Limited	South Africa	R1
General Healthcare Group Limited	United Kingdom	£10 000
General Healthcare Mixer Partnership LLP	United Kingdom	£540 000
Netcare 911 Proprietary Limited (previously held a direct interest)	South Africa	R2
Netcare Management Proprietary Limited	South Africa	
Netcare Property Holdings Proprietary Limited	South Africa	
Prime Cure Holdings Proprietary Limited	South Africa	
Waterfall City Hospital Proprietary Limited	South Africa	
Other	South Africa	

Loans to subsidiaries disclosed in:

Current assets in the Company statement of financial position

Notes:
The above details are provided in respect of material subsidiaries of the Group. A full list of subsidiaries is available to shareholders at the Company's registered office.

The directors have determined the following subsidiary has a significant non-controlling interest:

GHG 1 (Hospital Operations) Limited (BMI OpCo)
The directors consider the 44% non-controlling interest of BMI OpCo to be material both qualitatively and quantitatively. A loss of R66 million of the Group's total non-controlling interest loss of R57 million for the year ended 30 September 2014 was attributable to BMI OpCo. The non-controlling interest reserve relating to BMI OpCo amounted to R2 881 million at 30 September 2014 (2013: R2 611 million). Netcare has majority representation on the board of directors. However, the BMI OpCo partnership agreement requires that certain reserved transactions and decisions are subject to investor majority consent. The rights of BMI OpCo's minority shareholders are protective of their interest in their investment, and do not result in a loss of control for Netcare.

The General Healthcare Mixer Partnership is disclosed separately in the list of subsidiaries. It is purely a holding entity and there is no material difference in the results of this entity and those of BMI OpCo. There were no other material non-controlling interests identified.

GHG 1 (Hospital Operations) Limited (BMI OpCo) – Material non-controlling interest:

Name of subsidiary	Place of incorporation and principal place of business
GHG 1 (Hospital Operations) Limited (BMI OpCo)	United Kingdom

Effective Group holding %		Investment (Rm)		Loans to subsidiaries	
2014	2013	2014	2013	2014	2013
100	100	597	843	–	–
100	100	3 800	3 433	–	–
100	100	130	120	–	–
100	100	632	632	–	–
100	100	49	48	–	–
56	56	–	–	–	–
56	56	–	–	–	–
100	100	–	–	338	139
56	56	–	–	–	–
56	56	–	–	–	–
100	100	6	389	–	–
100	100	–	–	7	–
100	100	–	–	–	–
100	100	2	2	–	–
80	80	–	–	–	–
		10	9	–	–
		5 226	5 476	345	139
				345	139

Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests (Rm)		Accumulated non-controlling interest (Rm)	
2014	2013	2014	2013	2014	2013
44%	44%	(66)	(46)	2 881	2 611

Annexure A – Interest in subsidiaries continued

GHG 1 (Hospital Operations) Limited (BMI OpCo) – Material non-controlling interest continued:
Summarised financial information in respect of the Group's subsidiary that has a material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	30 September	
Rm	2014	2013
GHG 1 (Hospital Operations) Limited (BMI OpCo)		
Current assets	**3 952**	3 369
Non-current assets	**9 071**	7 984
Current liabilities	**(3 875)**	(3 073)
Non-current liabilities	**(3 960)**	(3 592)
Equity attributable to the Company	**5 188**	4 688
Non-controlling interests	**(2 881)**	(2 611)
Revenue	**15 510**	12 235
Expenses	**(15 589)**	(12 362)
Loss for the year	**(79)**	(127)
Loss attributable to owners of the Company	**(13)**	(81)
Loss attributable to non-controlling interests	**(66)**	(46)
Loss for the year	**(79)**	(127)
Other comprehensive income attributable to owners of the Company	**266**	1 921
Other comprehensive income attributable to non-controlling interests	**319**	1 704
Other comprehensive income for the year	**585**	3 625
Total comprehensive income attributable to owners of the Company	**253**	1 840
Total comprehensive income attributable to non-controlling interests	**253**	1 658
Total comprehensive income for the year	**506**	3 498
Dividends paid to non-controlling interests	**–**	–
Net cash inflow from operating activities	**628**	306
Net cash outflow from investing activities	**(697)**	(132)
Net cash inflow/(outflow) from financing activities	**211**	(1 418)
Net cash inflow/(outflow)	**142**	(1 244)

Significant Restrictions

In terms of the shareholders agreement relating to Waterfall City Hospital Proprietary Limited, there are certain restrictions placed on the ability of Netcare to transfer cash or other assets between this entity and other entities within the Group. However, these rights do not affect Netcare's ability to control Waterfall City Hospital.

Change in the Group's ownership interest in a subsidiary

During the year, the Group disposed of 12% of its interest in Netcare Unitas Linac Joint Venture Proprietary Limited, reducing its continuing interest to 50%. Management assessed the Group's ability to exercise control over this entity and determined that, following the reduction in shareholding to 50%, it is a joint venture and should be equity accounted. Refer to the accounting policies, note 29 'Significant judgements, accounting estimates and assumptions' for the judgements made by management in arriving at this conclusion.

Annexure B – Investment in associated companies

Company	Place of incorporation and principal place of business	Proportion of ownership interests and voting power held by the Group 2014	2013	Carrying value (Rm) 2014	2013
Community Hospital Management Proprietary Limited	South Africa	**25**	25	**6**	11
KOPM Investment Holdings Proprietary Limited	South Africa	**–**	45	**–**	27
Lesedi Private Hospital Proprietary Limited	South Africa	**45**	45	**–**	7
Nalithemba Proprietary Limited	South Africa	**50**	50	**290**	286
Kokstad Private Hospital Proprietary Limited	South Africa	**30**	30	**9**	5
Optimed Clinic Proprietary Limited	South Africa	**50**	50	**1**	–
Botle Facilities Management Proprietary Limited	Lesotho	**40**	40	**13**	8
Tsepong Proprietary Limited	Lesotho	**40**	40	**88**	109
BMI Sussex Diagnostics Limited	United Kingdom	**49**	49	**6**	5
Chaucer Diagnostics Limited[1]	United Kingdom	**–**	49	**–**	14
Garden Hospital MRI Limited[2]	United Kingdom	**40**	40	**7**	6
GHG PropCo 1 entities	United Kingdom	**50**	50	**–**	–
GHG PropCo 2 entities	United Kingdom	**56**	56	**157**	127
Meriden Hospital Advanced Imaging Centre Limited*[2]	United Kingdom	**–**	50	**–**	6
Three Shires Hospital Limited[3]	United Kingdom	**50**	50	**25**	17
Total investment in associated companies				**602**	628

* Meriden Hospital Advance Imaging Centre Limited is a joint venture in 2014
Year end dates other than 30 September
1. 30 April
2. 31 December
3. 31 March

Where the above entities' financial year-ends are not in line with that of the Company, financial information has been obtained from published information or unaudited management accounts as appropriate.

Refer to note 7.2 in the Group annual financial statements for further details of the carrying value of the investment in associated companies.

Annexure B – Investment in associated companies continued

Material investment in associates: GHG PropCo 1 and GHG PropCo 2

The directors do not consider any of the investments in associates to be quantitatively material to the Group. The total equity accounted earnings from associates for the year amounted to R39 million, and the value of the investment in associates at 30 September 2014 was R602 million.

Based on events in recent history, most notably the deconsolidation of GHG PropCo1 and GHG PropCo2, the directors consider the investments in these entities to be qualitatively material. These entities are relevant to the users of the financial statements due to the specialised hospital assets that they own, the long-term lease obligations pursuant to which BMI OpCo operates its business, and the high levels of secured debt funding attributable to these entities.

There are certain background facts and circumstances applicable to the GHG Property Businesses that require highlighting in order for users of the financial statements to fully understand the relevance of these entities to the Netcare Group. These are set out below.

- In 2006, Netcare, together with private equity partners (the "GHG Investors"), acquired the General Healthcare Group (GHG) in the UK. As part of the transaction the business was separated into two distinct enterprises, namely a hospital operating business (BMI OpCo) and a series of 35 separate property and property holding companies (collectively GHG PropCo 1). Each of the separate property companies has one asset, being a single hospital property. In addition to the 35 hospital facilities represented by GHG PropCo 1, BMI OpCo also leases hospitals from other third parties.
- The BMI OpCo and GHG PropCo 1 entities raised third party non-recourse debt under distinct borrowing facilities (the BMI OpCo facility and the GHG PropCo 1 facility, respectively). The BMI OpCo facility and the GHG PropCo 1 facility are ring-fenced from each other. The GHG PropCo 1 facility is secured by the shares in the 35 separate property and property holding companies and by the property asset held by each property company.
- In 2008, GHG acquired eight additional hospitals from Nuffield (two of these hospital properties were sold in the 2011 financial year). These businesses were similarly separated into two distinct enterprises, being the hospital operating company that was integrated into BMI OpCo and a series of eight separate property and property holding companies (collectively GHG PropCo 2). The GHG PropCo 2 properties raised third party non-recourse debt under a separate borrowing facility (the GHG PropCo 2 facility) secured by the shares in the eight separate property and property holding companies and by the property asset held by each property company. The GHG PropCo 2 facility is ring-fenced from the BMI OpCo facility and the GHG PropCo 1 facility.
- The BMI OpCo facility, the GHG PropCo 1 facility and the GHG PropCo 2 facility have no recourse to Netcare or any of Netcare's South African subsidiaries or operations.

During the 2013 financial year, following careful consideration of certain changes and circumstances relating to Netcare's interest in the GHG Property Businesses, the Netcare Board concluded that it was no longer appropriate to continue consolidating the GHG Property Businesses in Netcare's Group financial statements. Further detail surrounding the deconsolidation is included in note 3.

With effect from 16 November 2012, Netcare has accounted for GHG PropCo 1 and GHG PropCo 2 as investments in associates, as it still has significant influence over these entities. The information below has been provided to enable the users of the financial statements to obtain an understanding of the financial status of the GHG Property Businesses.

The information has been obtained from the unaudited management accounts as at 30 September 2014.

Material associates:

Name of associate	Place of incorporation and principal place of business	Principal activity	Proportion of ownership interests and voting power held by the Group 2014	2013
GHG PropCo 1 entities	United Kingdom	Property owning	**50%**	50%
GHG PropCo 2 entities	United Kingdom	Property owning	**56%**	56%*

* Refer to the significant judgements and estimates section of the accounting policies for the rationale surrounding accounting for PropCo 2 as associate even though Netcare holds 56% of the shares.

GHG PropCo 1:
Netcare's investment in GHG PropCo 1 has been impaired to zero as the collective value of their liabilities exceed their assets, and Netcare therefore does not account for its share of the losses made by GHG PropCo 1 during the year. The results below are unaudited, are prepared in terms of IFRS, and are shown at 100% before intergroup eliminations. No portion of the results below is included in the Netcare results for the year ended 30 September 2014.

Rm	30 September 2014	2013
GHG PropCo 1		
Current assets	**137**	89
Non-current assets	**27 703**	24 033
Current liabilities	**(36 700)**	(32 244)
Non-current liabilities	**(4 574)**	(3 220)
Total equity	**(13 434)**	(11 342)
Revenue	**2 351**	1 906
(Loss)/profit for the year	**(1 547)**	804
Other comprehensive income for the year	**1 189**	960
Total comprehensive (loss)/income for the year	**(358)**	1 764
Dividends received from the associate during the year	**–**	–
Reconciliation of the above summarised financial information to the carrying amount of the interest in GHG PropCo 1 recognised in the consolidated financial statements:		
Net assets of the associate	**(13 434)**	(11 343)
Proportion of the Group's ownership interest in GHG PropCo1	**50%**	50%
Carrying amount of the Group's interest in GHG PropCo 1	**(6 717)**	(5 671)
The carrying amount is limited to zero, the full investment has been impaired by the Group.		
Unrecognised share of losses of associate		
Since the deconsolidation of GHG PropCo 1 on 16 November 2012, the following losses have been incurred which have not been recognised by Netcare. Prior to this date, the results of GHG PropCo 1 were fully consolidated into Netcare's results.		
The unrecognised share of losses of GHG PropCo 1 for the year	**(358)**	
	(358)	–
Cumulative share of losses of GHG PropCo 1	**(358)**	
	(358)	–

GHG PropCo 1 made a profit in 2013, however this was not included in Netcare's results for that year.

There are no other unrecognised losses of associates in the Group.

Annexure B – Investment in associated companies continued

GHG PropCo 2:
The results below are taken from the audited management accounts as at 30 September 2014, are prepared in terms of IFRS, and are shown at 100% before intergroup eliminations.

	30 September	
Rm	2014	2013
GHG PropCo 2		
Current assets	**74**	61
Non-current assets	**1 054**	960
Current liabilities	**(751)**	(79)
Non-current liabilities	**(176)**	(819)
Total equity	**201**	123
Revenue	**113**	91
Profit (loss) for the year	**31**	39
Other comprehensive income for the year	**31**	25
Total comprehensive income for the year	**62**	64
Dividends received from the associate during the year	**–**	–
Reconciliation of the above summarised financial information to the carrying amount of the interest in GHG PropCo 2 recognised in the consolidated financial statements:		
Net assets of the associate	**200**	123
Proportion of the Group's ownership interest in GHG PropCo2	**56%**	56%
Group's interest in GHG PropCo 2	**112**	69
Fair value adjustment at acquisition of associate including translations of foreign currency	**45**	58
Carrying amount of the Group's interest in GHG PropCo 2	**157**	127

Rm		
Aggregate information of associates that are not individually material		
The Group's share of profit for the year	**21**	31
The Group's share of other comprehensive income for the year	**–**	–
The Group's share of total comprehensive income for the year	**21**	31
Aggregate carrying amount of the Group's interests in these associates	**445**	501

Annexure C – Interest in joint ventures

Company	Place of incorporation and principal place of business	Proportion of ownership interests and voting power held by the Group 2014	2013	Carrying value (Rm) 2014	2013
Basfour 2463 Proprietary Limited	South Africa	**50**	50	**–**	–
Constantia Clinic Proprietary Limited	South Africa	**50**	50	**4**	3
National Renal Care Proprietary Limited	South Africa	**50**	50	**15**	–
Netcare Parklands Linac Joint Venture Proprietary Limited	South Africa	**50**	50	**3**	4
Olivedale Clinic Oncology Centre Proprietary Limited	South Africa	**50**	50	**–**	5
Rand Clinic Oncology Centre Proprietary Limited	South Africa	**50**	50	**1**	(5)
Waterberg Lodge Proprietary Limited	South Africa	**50**	50	**14**	13
Netcare Unitas Linac Joint Venture Proprietary Limited	South Africa	**50**	–	**(5)**	–
BMI Southend Private Hospital Limited	United Kingdom	**50**	50	**–**	–
BMI Imaging Clinic Limited	United Kingdom	**50**	50	**20**	22
Meriden Hospital Advanced Imaging Centre Limited*[2]	United Kingdom	**50**	–	**7**	–
The Thornbury Radiosurgery Centre Limited[1]	United Kingdom	**50**	50	**17**	20
Total interest in joint ventures				**76**	62

Meriden Hospital Advance Imaging Centre Limited was an associate in 2013

Year end dates other than 30 September
1. 31 March
2. 31 December
The amounts reflected in the carrying value above include loans receivable and payable.

No joint ventures were considered to be material by management, based on both quantitative and qualitative factors.

Rm	30 September 2014	2013
Aggregate information of joint ventures that are not individually material		
The Group's share of profit for the year	**36**	36
The Group's share of other comprehensive income for the year	**–**	–
The Group's share of total comprehensive income for the year	**36**	36
Aggregate carrying amount of the Group's interests in these joint ventures	**76**	62

There were no unrecognised losses relating to joint ventures in the current or prior year.

Corporate information

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1996/008242/06

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www.netcare911.co.za
www.medicross.co.za
www.primecure.co.za
www.nrc.co.za
www.ghg.co.uk
www.bmihealthcare.co.uk

JSE information
JSE share code: NTC (Ordinary shares)
ISIN code: ZAE000011953
JSE share code: NTCP
(Preference shares)
ISIN code: ZAE000081121

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Sponsor
Nedbank Capital, a division
of Nedbank Group Limited

Auditors
Grant Thornton

Principal bankers
Nedbank Limited

Attorneys
HR Levin Attorneys

Shareholders' diary

Annual general meeting	6 February 2015	
Reports		
Interim results announcement	May	
Final results announcement	November	
Dividends	**Declared**	**Paid**
Ordinary dividend		
Interim	May	July
Final	November	February
Preference dividend		
Interim	April	May
Final	October	November

Disclaimer

Certain statements in this annual integrated report constitute 'forward-looking statements'. Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake, other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.

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