Life Healthcare Funding Limited
(Registration number 2016/273566/06)
Audited annual financial statements
for the year ended 30 September 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Borrowing and/or lending of funds
Directors	A Myataza PP van der Westhuizen AM Pyle
Registered office	Building 2 Oxford Parks 203 Oxford Road Cnr Eastwood and Oxford Roads Dunkeld 2196
Business address	Building 2 Oxford Parks 203 Oxford Road Cnr Eastwood and Oxford Roads Dunkeld 2196
Holding company and guarantor under the company's Domestic Medium term Note Program	Life Healthcare Group Holdings Limited incorporated in the Republic of South Africa
Ultimate holding company	Life Healthcare Group Holdings Limited incorporated in the Republic of South Africa
Auditors	Deloitte & Touche
Secretary	Life Healthcare Group Proprietary Limited

Preparation of the audited annual financial statements

These audited annual financial statements have been audited by our external auditors, Deloitte & Touche. The preparation of the audited annual financial statements were supervised by W Love (Group Treasurer).

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Directors' Responsibilities and Approval

The directors are responsible for the preparation, integrity and fair presentation of the audited annual financial statements of the company in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the Companies Act, No 71 of 2008 (as amended) (the Companies Act).

The directors consider that the most appropriate accounting policies, consistently applied (apart from the adoption of new accounting standards) and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements and that all IFRS Accounting Standards that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the financial position of the company at 30 September 2024, and its financial performance and cash flows for the year then ended. The directors are also responsible for reviewing all information included in the financial statements and ensuring both its accuracy and its consistency.

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

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

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

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

The company's external auditors, Deloitte & Touche, audited the financial statements, and their audit report is presented on pages 7 to 10.

Approval of financial statements

The audited annual financial statements set out on pages 4 to 6 and 11 to 28 were approved by the board on 06 December 2024 and were signed on their behalf by:

PP van der Westhuizen	**A Myataza**

Statement of Company Secretary

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

Directors' Report

The directors have pleasure in submitting their report on the audited annual financial statements of Life Healthcare Funding Limited for the year ended 30 September 2024.

1. Nature of business

Life Healthcare Funding Limited was incorporated in South Africa and is in the business of borrowing and/or lending of funds. The company operates principally in South Africa.

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

2. Review of financial results and activities

The audited annual financial statements have been prepared in accordance with IFRS Acounting Standards and the requirements of the Companies Act, No 71 of 2008 (as amended) (the Companies Act) and the JSE Limited Debt and Specialist Securities Listings Requirements. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these audited annual financial statements and do not in our opinion require any further comment.

3. Share capital

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

4. Dividends

No dividends were declared or paid to shareholders during the year.

5. Directorate

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

Directors	Office	Changes	
A Myataza	Executive director		
M Naidoo	Executive director	Resigned	18/03/2024
PP van der Westhuizen	Executive director		
AM Pyle	Executive director	Appointed	18/03/2024

Mr Megandra Naidoo formally resigned from the board with effect from 18 March 2024. Consequently, Mr Adam Pyle has been appointed as a director to the board with effect from 18 March 2024.

Brief CV's are available on page 15 to 16 of the Information Statement available on https://www.lifehealthcare.co.za/investor-relations/domestic-medium-term-note-programme/ and at https://www.lifehealthcare.co.za/investor-relations/executive-management/ .

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest in and which significantly affected the business of the company.

7. Holding company

The company's holding company is Life Healthcare Group Holdings Limited, incorporated in the Republic of South Africa.

8. Ultimate holding company

The company's ultimate holding company is Life Healthcare Group Holdings Limited, incorporated in the Republic of South Africa.

Directors' Report

9. Special resolutions

The following special resolutions was / were passed in writing by the shareholders of the company:

Special resolution 1

- General authority was granted to the directors to enable them, subject to the provisions of sections 44 and 45 of the Companies Act, to authorise the company to provide financial assistance to related and inter-related companies of the company.

10. Events after the reporting period

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

11. Governance

The company is a wholly owned subsidiary of its ultimate holding company, Life Healthcare Group Holdings Limited (Group) and has been included in the Group's application of the King IV Code. The Group's application of the King IV Code disclosure is included in its integrated annual report available at https://www.lifehealthcare.co.za/investor-relations/results-and-reports/

Peter Golesworthy stepped down as Chairman of the Life Healthcare Group Holdings Limited (“Life Healthcare”) Board and member of the Audit Committee with effect from the conclusion of the Annual General Meeting ("2024 AGM") on 22 February 2024 and Fulvio Tonelli was appointed as the Chairman of the Audit Committee at the conclusion of the 2024 AGM to replace Mr Golesworthy.

The audit committee of the Group acts on behalf of the company, in accordance with Section 94(2) of the Companies Act. The audit committee report is included in the Group's annual financial statements, available at https://www.lifehealthcare.co.za/investor-relations/results-and-reports/

Petrus Phillippus van der Westhuizen is the Debt Officer of the company, in accordance with paragraph 7.3(g) of the JSE Debt and Specialist Securities Listings Requirements. The board of directors has considered and is satisfied with the competence, qualifications and experience of the Debt Officer.

The board of directors has executed its responsibilities under the evaluation policy.

Changes to Board of Directors and Board Committees

Peter Golesworthy and Garth Solomon retired from the Life Healthcare Board with effect from 22 February 2024. Peter and Garth’s sound financial knowledge has been invaluable to the Company over an extended period of time.

Dr Fareed Abdullah and Dr Raymond Campbell were appointed as independent non-executive directors of the Life Healthcare Board and members of the Clinical Committee, with effect from 12 August 2024.

In line with the Board succession plans previously announced, Joel Netshitenzhe and Lars Holmqvist will step down from the Life Healthcare Board at the Company’s 2025 AGM. As a consequence, Joel will stand down from the Audit and Risk Committee, as well as the Nominations and Governance and Social, Ethics and Transformation Committees. Lars will stand down from the Audit and Risk and the Investment Committees.

Risk, Compliance and IT Governance Committee

The Life Healthcare Board decided to dissolve the Risk, Compliance and IT Governance Committee (the Risk Committee) in its current form, with effect from 21 May 2024. Upon dissolution, the responsibility for, and oversight of the various areas of risk were delegated to the Board’s various existing subcommittees, with the majority of risk matters now being considered within the ambit of the Audit Committee. The Audit Committee has been renamed as the Audit and Risk Committee.

Audrey Mothupi serves as a member of the newly constituted Audit and Risk Committee with effect from 1 July 2024. The Chairman of the Risk Committee, Joel Netshitenzhe, joined the Audit and Risk Committee as a member with effect from 1 July 2024 to ensure a smooth transition.

Nominations and Governance Committee

Joel Netshitenzhe was appointed to the Nominations and Governance Committee, with effect from 1 July 2024.

Directors' Report

12. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the audited annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its cash requirements for a period of 12 months from the date of approval of these financial statements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

13. Auditors

Deloitte & Touche were appointed as auditors for the company for 2024, in accordance with section 90(1) of the Companies Act.

14. Secretary

The company secretary is Life Healthcare Group Proprietary Limited.

Business address:	Oxford Parks 203 Oxford Road Cnr Eastwood and Oxford Roads Dunkeld 2196

15. Liquidity and solvency

The directors have performed the liquidity and solvency test required by the Companies Act and are satisfied with the financial performance and position of the company.

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
Registered Auditors
Audit & Assurance
Deloitte
5 Magwa Crescent
Waterfall City
Waterfall 2090
Docex 10 Johannesburg

Tel: +27 (0)11 806 5000
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Life Healthcare Funding Limited (the company) set out on pages 11 to 28, which comprise the statement of financial position as at 30 September 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Life Healthcare Funding Limited as at 30 September 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited (continued)

Basis for Opinion

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	R37 million (2023: R15.4 million) The change was as a result of bonds/loans issued which resulted in an increase in total assets in the current year of R1.5 billion.
Basis for determining materiality	A key judgement in determining materiality is the appropriate benchmark to select, based on our perception of the needs of shareholders. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. We determined that the total assets remained the key benchmark. Based on our professional judgement, we determined materiality to be R37 million which is 1.5% of total assets.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Life Healthcare Funding Limited Audited Annual Financial Statements for the year ended 30 September 2024", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

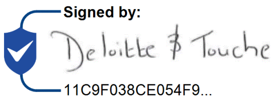
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Life Healthcare Funding Limited (continued)

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Life Healthcare Funding Limited for 3 years.



Deloitte & Touche
Registered Auditor
Per: Michelle Cronje
Partner
6 December 2024

5 Magwa Crescent
Midrand
2090

Statement of Financial Position as at 30 September 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Non-Current Assets			
Loans to group companies	4	2 000 000 001	1 000 000 000
Deferred tax	5	97 200	-
		2 000 097 201	**1 000 000 000**
Current Assets			
Trade and other receivables	6	22 267 540	567 119
Loans to group companies	4	500 000 000	1
Cash and cash equivalents	7	894 179	26 973 252
		523 161 719	**27 540 372**
Total Assets		**2 523 258 920**	**1 027 540 372**
Equity and Liabilities			
Equity			
Stated capital	9	1	1
Retained income/ (Accumulated loss)		123 002	(1 095 076)
		123 003	**(1 095 075)**
Liabilities			
Non-Current Liabilities			
Interest bearing borrowings	10	2 000 000 000	1 000 000 000
Current Liabilities			
Trade and other payables	11	22 688 205	28 631 309
Interest bearing borrowings	10	500 000 000	-
Current tax payable		447 712	4 138
		523 135 917	**28 635 447**
Total Liabilities		**2 523 135 917**	**1 028 635 447**
Total Equity and Liabilities		**2 523 258 920**	**1 027 540 372**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2024	2023
Other expenses		(1 313 284)	(114 039)
Operating profit/(loss)		**(1 313 284)**	**(114 039)**
Finance income	13	164 411 086	90 881 259
Finance costs paid	14	(161 088 106)	(89 846 959)
Profit/(loss) before taxation		**2 009 696**	**920 261**
Tax (expense)/credit	15	(791 618)	(32 104)
Profit/(loss) for the year		**1 218 078**	**888 157**
Other comprehensive income/(loss), net of tax		-	-
Total comprehensive income/(loss) for the year		**1 218 078**	**888 157**

Statement of Changes in Equity

Figures in Rand	Stated capital	Retained income/ (Accumulated loss)	Total equity
Balance at 01 October 2022	**1**	**(1 983 233)**	**(1 983 232)**
Profit /(loss) for the year	-	888 157	888 157
Other comprehensive income/(loss), net of tax	-	-	-
Total comprehensive income/(loss) for the year	**-**	**888 157**	**888 157**
Balance at 01 October 2023	**1**	**(1 095 076)**	**(1 095 075)**
Profit /(loss) for the year	-	1 218 078	1 218 078
Other comprehensive income/(loss), net of tax	-	-	-
Total comprehensive income/(loss) for the year	**-**	**1 218 078**	**1 218 078**
Balance at 30 September 2024	**1**	**123 002**	**123 003**
Note	9		

Statement of Cash Flows

Figures in Rand	Note(s)	2024	2023
Cash flows (used in)/from operating activities			
Cash generated from/(used in) operations	16	(4 240 313)	19 082 666
Finance income received		142 710 665	90 881 259
Finance costs paid		(164 104 181)	(89 846 959)
Tax paid		(445 244)	(49 951)
Net cash (used in)/from operating activities		**(26 079 073)**	**20 067 015**
Cash flows from/(used in) investing activities			
Advance of loans to group companies		(1 500 000 000)	(1 000 000 000)
Net cash from/(used in) investing activities		**(1 500 000 000)**	**(1 000 000 000)**
Cash flows from/(used in) financing activities			
Proceeds from interest bearing borrowings	10	1 500 000 000	-
Net cash from/(used in) financing activities		**1 500 000 000**	**-**
Total cash movement for the year		**(26 079 073)**	**(979 932 985)**
Cash at the beginning of the year		26 973 252	1 006 906 237
Total cash at end of the year	7	**894 179**	**26 973 252**

Accounting Policies

1. Basis of preparation, critical judgements and accounting estimates and assumptions

1.1 Basis of preparation

The audited annual financial statements present the financial position and changes therein, operating results and cash flow information of Life Healthcare Funding Limited, and have been prepared on a historical cost basis, unless otherwise stated.

These audited annual financial statements have been prepared in accordance with:
- IFRS Accounting Standards as issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective for the company's financial year.
- SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.
- South African Companies Act, No 71 of 2008 (as amended).
- JSE Limited Debt and Specialist Securities Listings Requirements

The audited annual financial statements are presented in Rands, which is the company's functional currency.

1.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The company has the following financial assets:
- Trade and other receivables.
- Cash and cash equivalents.
- Loans to group companies.

Initial recognition and measurement

Financial assets in the company are classified at initial recognition and subsequently measured as either amortised cost or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model managing it.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

On initial recognition:
- All financial assets are initially measured at fair value.

Subsequent measurement

Financial assets are subsequently measured at amortised cost.

The company's financial assets at amortised cost include trade and other receivables, loans receivable, and cash and cash equivalents.

The company measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held with the objective to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test (solely payments of principal and interest) and is performed at an instrument level.

If it fails the above criteria it will be classified as fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Accounting Policies

1.2 Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation and either:
- The company has transferred substantially all risks and rewards of the assets, or
- The company has neither transferred nor retained substantially all risks and rewards, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Impairment of financial assets

Further disclosures relating to the impairment of financial assets are also provided in the risk management note.

The company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

The company considers a financial asset in default when contractual payments are past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full.

The company considers the following factors:
- The history of the specific customer
- Indications of financial difficulties of the specific customer
- Credit terms specific to the customer
- General economic conditions

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is when the company has exhausted all options regarding the debt, it also includes the following factors:
- The account is handed back from the debt collectors as uncollectable, i.e. the company has followed full legal process
- The debtor is deceased and the estate is insolvent
- The debtor cannot be traced

Loans are valued based on the risk of the counterparty on the comprehensive method. All loans are considered to be stage 1. The probability of default and loss given default are measured using Moody's Analytics RiskCalc solution which compares the company's financial information to an extensive database of company financial information. These are then converted to point in time measures taking into account forward looking macro-economic forecasts.

Financial liabilities

The company has the following financial liabilities:
- Trade and other payables.
- Interest bearing borrowings.

Initial recognition and measurement

All financial liabilities are classified at initial recognition and subsequently measured as either amortised cost or fair value through profit or loss.

On initial recognition:
- Financial liabilities are initially measured at fair value.

Accounting Policies

1.2 Financial instruments (continued)
Subsequent measurement

Financial liabilities are subsequently measured at amortised cost.

Derecognition

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

1.3 Capital and reserves

Stated capital comprises share capital and share premium.

Share capital issued by the company is recorded at the proceeds received, net of issue costs.

Incremental costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

1.4 Revenue

Interest income

Interest income includes interest income on funds invested.

Interest income is recognised, in profit or loss, using the effective interest rate method, unless it is doubtful.

When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Notes to the Audited Annual Financial Statements

2. New Accounting Standards and IFRIC Interpretations

2.1 New and amended accounting standards adopted by the company

The company has applied the following standards, amendments and interpretations for the first time for the annual reporting period commencing 1 October 2023:

- Amendment to IAS 1 and IFRS Practice Statement 2 - the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.
- Amendment to IAS 8 - the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.
- Amendment to IAS 12 - the amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
- Amendment to IAS 12 - International Tax Reform - Pillar Two Model Rules (this amendment had no impact on the entity as it is not yet legislated in South Africa).

Impact

The implementation of these standards and amendments had no material financial impact on the company.

2.2. New accounting standards, amendments and IFRIC interpretations not yet effective and not early adopted

The following amendments and IFRICs are effective for annual periods beginning on or after 1 January 2024:

Standard	Effective date for annual periods beginning on or after
Classification of liabilities as current or non-current and non-current liabilities with covenants (Amendments to IAS 1)	1 January 2024
Lease liability in a sale and leaseback (Amendments to IFRS 16)	1 January 2024
Lack of exchangeability (Amendments to IAS 21)	1 January 2025
Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Presentation and disclosure in financial statements (IFRS 18)	1 January 2027
Subsidiaries without public accountability: Disclosures (IFRS 19)	1 January 2027

All the amendments and IFRICs listed above are not expected to have a material impact on the company in the current or future periods.

Notes to the Audited Annual Financial Statements

3. Risk management

The company forms part of the Life Healthcare Group of companies.

The Group's overall risk management programme focuses, inter alia, on the unpredictability of financial markets and seeks to minimise potential adverse effects of the Group's financial performance. The Group does not apply formal hedge accounting, but uses derivative financial instruments to hedge interest and foreign currency risk exposures.

Financial risk management is carried out by a central treasury department (treasury) of Life Healthcare Group Proprietary Limited under policies approved by the Group investment committee.

Treasury identifies, evaluates and economically hedges financial risks in close co-operation with the company. The Group has written principles for overall financial risk management, as well as written policies covering specific areas, such as interest rate risks, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Capital risk management

The company's capital structure is monitored and managed by Life Healthcare Group Proprietary Limited and borrows mostly at a group level.

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and to provide for sufficient capital expansion. The capital structure of the company consists of debt, which includes borrowings, cash and cash equivalents, and equity as disclosed in the statement of financial position. Preference shares are included in borrowings. The Group uses the net debt to normalised EBITDA ratio, as defined in the debt agreements, to measure the funding requirements in the form of debt or equity. Normalised EBITDA is defined as earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items.

In order to maintain or adjust the capital structure, the company may adjust the amount of distributions paid to shareholders, return capital to shareholders, issue new shares, issue new debt, refinancing existing debt or sell assets to manage the debt level, in consultation with Life Healthcare Group Proprietary Limited.

There have been no changes to what the company manages as capital and the strategy for capital maintenance.

Financial risk management

The company's activities expose it to a variety of financial risks:
- Credit risk;
- Liquidity risk; and
- Market risk (including fair value interest rate risk and cash flow interest rate risk).

Credit risk

Credit risk is managed by Life Healthcare Group Proprietary Limited by a central credit control department.

Credit risk arises mainly from cash and cash equivalents, trade and other receivables and other assets. Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations. The company mainly deposits cash with Life Healthcare Group Proprietary Limited. Life Healthcare Group Proprietary Limited deposits surplus cash with major banks with high quality credit standing and maintains an appropriate spread of cash deposits between various financial institutions to limit the exposure to any one counterparty. For banks and financial institutions, only independently rated parties with a minimum Moody's global scale rating of B1, or equivalent local scale rating for South African banks are accepted.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set for patients without medical aid insurance. Service to customers without medical aid insurance are settled in cash or using major credit cards on discharge date as far as possible. Credit guarantee insurance is not purchased.

An impairment analysis, for trade and other receivables, is performed at each reporting date using an ECL model to measure expected credit losses (ECLs). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (mainly by customer type).

Notes to the Audited Annual Financial Statements

3. Risk management (continued)

Credit risk (continued)

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions.

Generally, trade receivables are written-off when the company has exhausted all options regarding the debt.

The company is exposed to a number of guarantees for the overdraft facilities of group companies.

Financial assets exposed to credit risk at year end were as follows:

	2024			2023		
	Gross carrying amount	**Credit loss allowance**	**Amortised cost/fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost/fair value**
Trade and other receivables	22 267 540	-	22 267 540	567 119	-	567 119
Cash and cash equivalents	894 179	-	894 179	26 973 252	-	26 973 252
Loans to group companies	2 500 000 001	-	2 500 000 001	1 000 000 001	-	1 000 000 001
	2 523 161 720	**-**	**2 523 161 720**	**1 027 540 372**	**-**	**1 027 540 372**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset disclosed in this note.

Liquidity risk

The company's exposure to liquidity risk is managed by Life Healthcare Group Proprietary Limited.

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. Financial liabilities of the company with contractual cash flows and maturity dates are exposed to liquidity risk.

The company participates in the Life Healthcare Group Proprietary Limited's cash facilities and its liquidity requirements are managed by the central treasury department.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and banking facilities. Due to the dynamic nature of the underlying businesses, treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Cashflow forecasts are prepared and utilised facilities are monitored on a daily basis. Longer-term cash flow forecasts are updated quarterly.

The Group maintains a varied maturity profile for non-current interest bearing borrowings in line with forecast profitability and cash flow. Acceptable profitability and gearing levels at the time of refinancing will meet lenders credit criteria and mitigate refinancing risk.

The Group ensures that a reasonable balance is maintained between the period over which assets generate funds and the period over which the assets are funded.

The Group maintains relationships with a broad range of financial institutions to avoid concentration risk and safeguard the availability of liquidity at all times. To further avoid market concentration risk, the Group diversifies its funding sources between traditional bank markets and debt capital markets, enabling it to target different lenders at different points in their credit cycles.

Amortising debt is budgeted to be repaid from cash resources or re-financed with available short term facilities.

The Group reviews maturities at least 12 months in advance and ensures that adequate cash resources and/or committed banking facilities will be in place and available at least six months before a significant refinancing date.

Notes to the Audited Annual Financial Statements

3. Risk management (continued)

Liquidity risk (continued)

The table below analyses the company's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 September 2024

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	637 431	-	-	-	637 431
Interest bearing borrowings	711 016 905	123 806 498	1 702 858 015	-	2 537 681 418
	711 654 336	**123 806 498**	**1 702 858 015**	**-**	**2 538 318 849**

At 30 September 2023

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Trade and other payables	28 631 287	-	-	-	28 631 287
Interest bearing borrowings	99 722 466	589 600 000	590 360 000	-	1 279 682 466
	128 353 753	**589 600 000**	**590 360 000**	**-**	**1 308 313 753**

Cash flow interest rate risk

The Group manages its cash flow interest rate risk by using interest rate collars, caps or swaps. Such interest rate hedges have the economic effect of capping the exposure to floating rates to a maximum rate. Generally, the Group raises long-term borrowings at floating rates and then hedges floating rates to a known maximum exposure. Under the interest rate collars, caps or swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between the hedge and the floating rate interest amounts calculated by reference to the agreed notional principle amount. Interest rate collars, caps and swaps are entered into to fix interest rates from floating rates.

The Group policy is to hedge a maximum of 80% of its borrowings (excluding lease liabilities) and to hedge a quantum of borrowings (excluding lease liabilities) to ensure the difference between the Group's forecast interest cost on unhedged borrowings (excluding lease liabilities) and the Yield curve +1%, is not greater than 2.0% of the forecast Group normalised EBITDA.

The Group analyses its interest rate exposure on a dynamic basis.

2024 Financial instrument	Current interest rate	Due in less than 1 year	Due in 1 to 2 years	Due in 2 to 5 years	Due in more than 5 years	Total
Cash and cash equivalents	7.95 %	894 179	-	-	-	894 179
Loans to group companies	9.53 %	500 000 000	-	2 000 000 000	1	2 500 000 001
Interest bearing borrowings	9.37 %	(500 000 000)	-	(2 000 000 000)	-	(2 500 000 000)
		894 179	**-**	**-**	**1**	**894 180**

Notes to the Audited Annual Financial Statements

3. Risk management (continued)

Cash flow interest rate risk (continued)

2023 Financial instrument	Current interest rate	Due in less than 1 year	Due in 1 to 2 years	Due in 2 to 5 years	Due in more than 5 years	Total
Cash and cash equivalents	7.20 %	26 973 252	-	-	-	26 973 252
Loans to group companies	8.07 %	-	500 000 000	500 000 000	-	1 000 000 000
Interest bearing borrowings	8.98 %	-	(500 000 000)	(500 000 000)	-	(1 000 000 000)
		26 973 252	**-**	**-**	**-**	**26 973 252**

4. Loans to group companies

Loans at amortised cost		
Life Healthcare Group Proprietary Limited	1 000 000 000	1 000 000 000
Two loans of R500m bearing interest at 3-month JIBAR + 1.65% and 1.75% are repayable in a single instalment on 19 July 2025 and 19 July 2027 respectively.		
Life Healthcare Group Proprietary Limited	725 000 000	-
Interest bearing loan at 3-month JIBAR + 1.25% single instalment on 12 April 2027.		
Life Healthcare Group Proprietary Limited	330 000 000	-
Interest bearing loan at 3-month JIBAR + 1.40% single instalment on 12 April 2029.		
Life Healthcare Group Proprietary Limited	445 000 000	-
Interest bearing loan at 3-month JIBAR + 1.40% single instalment on 30 June 2029		
Life Healthcare Group Holdings Limited	1	1
	2 500 000 001	**1 000 000 001**
Non-current assets	2 000 000 001	1 000 000 001
Current assets	500 000 000	-
	2 500 000 001	**1 000 000 001**

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Credit loss allowances

The tables above set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable. The loss allowance has been determined based on the 12 months expected credit loss.

Fair value of loans to group companies

The fair value of loans to group companies approximate their carrying amounts.

5. Deferred tax

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

Notes to the Audited Annual Financial Statements

5. Deferred tax (continued)

Deferred tax asset	97 200	-

Reconciliation of deferred tax asset / (liability)

Balance at 1 October	-	(21 985)
Current year (charge)/credit	97 200	21 985
Balance at 30 September	**97 200**	**-**

Recognition of deferred tax asset / (liability)

2024	**Opening balance**	**Charged/ (credited) during the year**	**Closing balance**
Audit accrual	-	97 200	97 200

2023	**Opening balance**	**Charged/ (credited) during the year**	**Closing balance**
Prepaid expenses	(21 985)	21 985	-

The entity has not recognised deferred tax assets to the value of RNil (2023: R133 341) relating to tax losses available to carry forward against future taxable income in these financial statements due to uncertainties regarding the utilisation of these losses in the foreseeable future. None of these losses are expected to expire.

6. Trade and other receivables

Accrued interest	22 267 540	567 119

Exposure to credit risk

An impairment analysis is performed at each reporting date using an ECL model to measure expected credit losses (ECLs). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (mainly customer type).

The calculation reflects probability-weighted outcomes, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off when the company has exhausted all options regarding the debt.

Please refer to the financial asset accounting policy for further indicators. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in this note. The company does not hold collateral as security.

Fair value of trade and other receivables

The fair value of trade and other receivables approximate their carrying amounts.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank accounts	894 179	26 973 252

The cash in bank and deposits are on call and immediately available.

The company forms part of Life Healthcare Group of companies and participates in the group's cash management facilities.

8. Financial assets by category

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

Amortised cost		
Trade and other receivables	22 267 540	567 119
Cash and cash equivalents	894 179	26 973 252
Loans to group companies	2 500 000 001	1 000 000 001
	2 523 161 720	**1 027 540 372**

9. Stated capital

Stated capital comprises:		
Share capital	1	1

Share capital

Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000

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

Issued and fully paid		
1 Ordinary share of R1	1	1

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023
10. Interest bearing borrowings		
Held at amortised cost		
Floating rate note LHC 01	500 000 000	500 000 000
The note is unsecured and bears interest at 3-month Jibar +1.35% repayable in a single instalment on 19 July 2025		
Floating rate note LHC 02	500 000 000	500 000 000
The note is unsecured and bears interest at 3-month Jibar +1.54% repayable in a single instalment on 19 July 2027		
Floating rate note LHC 03	725 000 000	-
The note is unsecured and bears interest at 3-month Jibar +1.15% repayable in a single instalment on 12 April 2027		
Floating rate note LHC 04	330 000 000	-
The note is unsecured and bears interest at 3-month Jibar +1.32% repayable in a single instalment on 12 April 2029		
Floating rate note LHC 05	445 000 000	-
The note is unsecured and bears interest at 3-month Jibar +1.32% repayable in a single instalment on 30 June 2029		
The guarantors under the Domestic Medium Term Note Programme are: Life Healthcare Group Holdings Limited Life Healthcare Group Proprietary Limited Life UK Holdco Limited		
	2 500 000 000	**1 000 000 000**
Non-current liabilities	2 000 000 000	1 000 000 000
Current liabilities	500 000 000	-
	2 500 000 000	**1 000 000 000**

Exposure to interest rate risk

Refer to the note on financial risk management for details of interest rate risk management for other financial liabilities.

11. Trade and other payables

	2024	2023
Trade payables	10 000	-
Interest payable	22 050 774	25 066 849
Other payables	627 431	3 564 438
VAT	-	22
	22 688 205	**28 631 309**

Fair value of trade and other payables

The fair value of trade and other payables approximate their carrying amounts.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

12. Financial liabilities by category

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

Amortised cost

Trade and other payables	22 688 205	28 631 287
Other financial liabilities	2 500 000 000	1 000 000 000
	2 522 688 205	**1 028 631 287**

13. Finance income

Bank	152 045	10 190 986
Loans to group companies	164 259 041	80 690 273
	164 411 086	**90 881 259**

14. Finance costs paid

Interest bearing borrowings	161 088 106	89 846 959

15. Tax expense/(credit)

Major components of the tax expense/(credit)

Current		
Normal income tax - current period	888 818	54 089
Deferred		
Originating and reversing temporary differences	(97 200)	(21 985)
	791 618	**32 104**

Reconciliation of the tax expense/(credit)

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	27.00 %	27.00 %
Permanent differences - expense not deductible	12.39 %	- %
Limitation of losses - 20% no DT realised	- %	5.88 %
Assessed losses - deferred taxation not previously raised	- %	(29.39)%
	39.39 %	**3.49 %**

16. Cash generated from/(used in) operations

Profit before taxation	2 009 696	920 261
Adjustments for:		
Finance income	(164 411 086)	(90 881 259)
Finance costs paid	161 088 106	89 846 959
Changes in working capital:		
Trade and other receivables	-	4 479 864
Trade and other payables	(2 927 029)	14 716 841
	(4 240 313)	**19 082 666**

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

17. Related parties

Relationships	
Ultimate holding company	Life Healthcare Group Holdings Limited
Holding company	Life Healthcare Group Holdings Limited

Related party balances

	2024	2023
Loan accounts - Owing (to) by related parties		
Life Healthcare Group Holdings Limited	1	1
Life Healthcare Group Proprietary Limited	2 500 000 000	1 000 000 000
Accrued interest receivable from related parties		
Life Healthcare Group Proprietary Limited	22 267 540	567 119
Other payables payable to related parties		
Life Healthcare Group Proprietary Limited	(627 431)	(3 564 438)

Related party transactions

	2024	2023
Finance income from related parties		
Life Healthcare Group Proprietary Limited	164 259 041	80 690 273

18. Directors' emoluments

2024

	Salaries	Retirement/ medical benefits	Other allowances	Share based payments	Cost to company[1]	Total
A Myataza	5 295 445	138 304	-	2 940 670	8 374 419	8 374 419
M Naidoo	9 193 121	78 676	45 000	3 168 712	12 485 509	12 485 509
PP van der Westhuizen	12 457 040	276 889	65 809	13 016 845	25 816 583	25 816 583
AM Pyle	9 588 447	224 250	14 204	9 545 689	19 372 590	19 372 590
	36 534 053	**718 119**	**125 013**	**28 671 916**	**66 049 101**	**66 049 101**

2023

	Salaries	Retirement/ medical benefits	Other allowances	Share based payments	Cost to company[1]	Total
A Myataza	3 909 825	122 514	-	-	4 032 339	4 032 339
M Naidoo	5 406 869	149 642	90 000	413 523	6 060 034	6 060 034
PP van der Westhuizen	11 284 718	258 672	65 809	1 721 687	13 330 885	13 330 885
	20 601 412	**530 828**	**155 809**	**2 135 210**	**23 423 258**	**23 423 258**

[1]The director is employed by Life Healthcare Group Proprietary Limited and not the entity itself. The cost to company disclosed is for the period of employment within the financial year.

Directorship changes that took place during the year are presented on page 4 - Directors' Report.

Details of service contracts

No director has a notice period of more than a year. No director's service contract includes predetermined compensation as a result of termination that would exceed one year's salary and benefits.

Notes to the Audited Annual Financial Statements

Figures in Rand	2024	2023

19. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its cash requirements for a period of 12 months from the date of approval of these financial statements.. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

20. Events after the reporting period

There are no significant events after the reporting period.