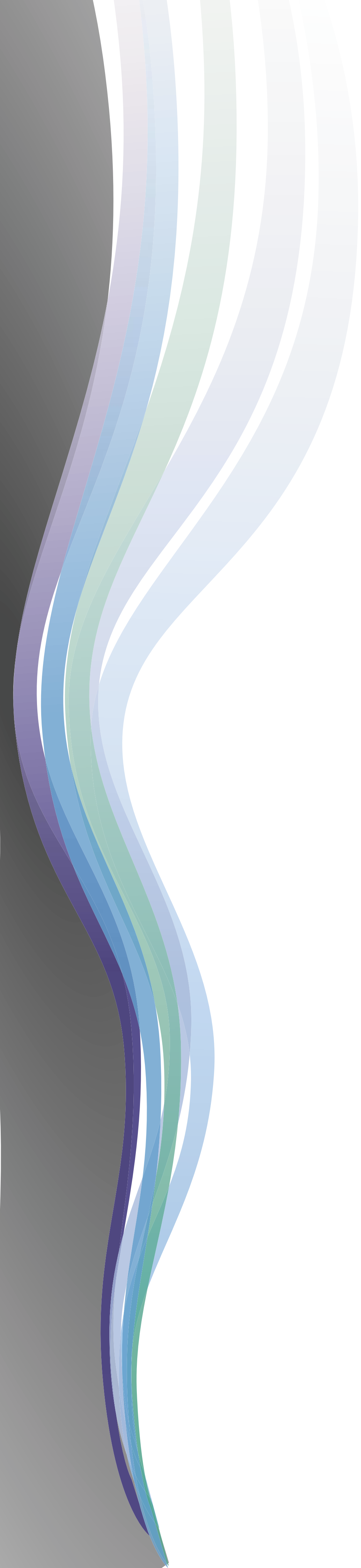
Annual Report 2009

LENMED HEALTH

LENMED INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
(Registration No 1980/003108/06)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28TH FEBRUARY, 2009



GENERAL INFORMATION

COUNTRY OF INCORPORATION:	South Africa	
NATURE OF BUSINESS:	Group of private hospitals	
EXECUTIVE DIRECTORS	Mr. P. Devchand	Chairman
	Dr. A.F. Kaka	Medical director
	Mr. A.A. Nana	Financial director
REGISTERED ADDRESS:	4th Floor 63 Dolly Rathebe Road Fordsburg 2092	
POSTAL ADDRESS:	P.O. Box 42270 Fordsburg 2033	
AUDITORS:	PKF Durban Chartered Accountants (SA) Registered Auditors Practice number - 906352E 2nd Floor, 12 on Palm Boulevard, Gateway, 4319 South Africa.	
COMPANY SECRETARY:	Mr. M. Noor Mohamed	
REGISTRATION NUMBER:	1980/003108/06	
BANKERS:	First National Bank Limited	
LEGAL ADVISORS:	Stan Fanaroff and Associates	

Prakash Devchand,
Chairman,
Lenmed Health

Dr A.F. Kaka,
Medical Director,
Lenmed Health

Mr A. Nana
Financial Director,
Lenmed Health

CONTENTS

CONTENTS

Chairman's Report

Prakash Devchand

Preamble: resilience in demanding times

There is an old English proverb that goes, 'Adversity doesn't build character, it reveals it'. The past year's positive achievements and activities are indicative of the group's preparedness, steadfastness and resilience in the face of an ever worsening economic crisis. Indeed, it is in the context of the global economic crunch that the group continues to show why it is at once a sound company and leading healthcare provider. Lenmed's business model, positive restructuring and continued expansion are and continue to be the primary contributors to growth and stability of the company.
In terms of the industry as a whole there are still many challenges that need to be overcome. There is however fresh optimism about the new leadership in the country and with President Zuma's renewed commitment to all areas of governance, expectations for the industry are high.

Financial Review

The group showed relatively good financial results for the last year particularly when viewed against the backdrop of the global economic crisis and in the context of increased negative economic data.

Beyond testimony to the group's sound financial grounding, it is fair to say that the net profit of R39,965,503 exceeds levels that could be characterised as buoyant.

Prior to the economic slowdown last year, indications were that the current financial year will yield a profit of 15-20% higher than that of previous years. We are extremely pleased that, in keeping with those expectations we achieved 21%, given that the drastic change in debt and consumer spending made the climate non-conducive to
profit taking and reaching that target.

The key financial performance indicators for the year ended 28 February 2009 are as follows:

	2009 R	2008 R
Revenue grew by 15%	190,279,822	166,064,228
Earnings before interest expense, taxation and depreciation increased by 16%	69,123,167	59,806,597
Net profit before taxation increased by 17%	56,262,892	47,905,599
Net profit after taxation increased by 21%	39,965,503	33,084,664
Total dividend paid to shareholders increased by17%	10,699,990	9,128,952

Contributions to the profit (after tax)

Lenmed Private Hospital	14,573,363	13,450,989
La Verna Hospital	13,437,787	10,876,830
Shifa Hospital	5,331,988	5,721,214
Zamokuhle Private Hospital	(441,414)	(368,258)
Lenmed Investments Limited	2,827,347	1,527,245
Maseru Private Hospital	(268,014)	77,567
Pharmed Pharmaceuticals	4,504,448	1,799,077

The good results are due in part, to the group's fine-tuning of its already sound business model through the strengthening of its patient base and creative initiatives in curbing spending, during this difficult period.

Tougher control measures and belt tightening where possible on the one hand, and a less than rigid approach to management policy and rollout on the other, have allowed Lenmed to respond to the changing climate.

It is also clear that the expansion and acquisitions process that Lenmed has initiated over the recent years is bearing fruit and contributing more meaningfully to financial results.

In all, the group has displayed an impressive overall versatility and ability to adapt to unpredictable and varying business environments.

Investor Confidence

Investor confidence is at its highest. There was again minimal movement in shares and with an increase of 17% in dividend payouts compared to last year, that position is likely to remain unchanged. Although this increase is marginally lower than that of last year, it is an extremely positive and welcome percentage under the current economic circumstances.

Industry and Challenges

The appointment of interim Health Minister Barbara Hogan was a clear acknowledgment of the dire state that the health sector found itself in and was clearly a move in the right direction. It is a direction that we are optimistic, will continue with the now newly appointed Health Minister, Dr Aaron Motsoaledi. We anticipate that, moving forward, the rhetoric will be sober and one of engagement, translating into a more meaningful and effective healthcare system both in the public and private realm.

With lack of clarity surrounding the introduction of the National Health Insurance (NHI), adding to the many frustrations that the industry is already experiencing with government, it is encouraging that the minister has made it clear that his intention is not to vilify nor see the demise of the private health care but rather see an equitable and overall balanced industry driven by mutual understanding. Whether this will translate into meaningful discourse however, remains to be seen.

Lenmed welcomes constructive engagement and has been at the forefront of a sound and moral but free-market healthcare system. We have also long acknowledged the need for public-private partnerships, not just as an ethical or social imperative but as a sound business model. We will continue to strive toward more realistic pricing as part of our ongoing 'higher service – lower margin' paradigm shift.

Decreases in patient numbers between September and December and intermittent slumps that we continue to experience are disconcerting. This as the economic crisis and ever-rising living costs impact the industry. Medical aids have seen a drastic downscaling from comprehensive to lower end 'hospital plans'.

Continued shortages and lack of a skilled workforce is an ongoing problem in the industry. Private health care does not operate in a vacuum and despite best efforts, morale among skilled workers across the industry as a whole remains low. The private sector is not immune to the shortage of nurses, particularly specialised nurses, and the lack of skill in certain technical areas, primarily due to the lure of greener pastures, continues to plague the industry.

Update

Board

Lenmed has long surpassed all the hallmarks of a sound and progressive company. The group has certainly grown and moved into a new phase in its development. This has necessitated the creation of a more effective organizational environment lead by a head office structure.

Dr Kaka and Mr. Nana have traditionally assumed duties well beyond their mandates. They will now concentrate primarily on key oversight roles and management duties at head office level. Theirs is the difficult task of continuing the judicious vision that they themselves were instrumental in shaping thus far.

Acquisitions

Lenmed increased its acquisition interest in Pharmed by acquiring a further 10%. The group owned a total of 30% at financial year end. Subsequent to financial year end, we have now acquired a further 10%. This will now bring our interest to 40%.

Lenmed Private Hospital

We are extremely pleased to welcome Dr Arthur Manning and Mr. Jagdeesh Bhana to the group who will assume the role of hospital manager and administrative manager for Lenmed hospital respectively.

Having held the top position at some of the most demanding hospitals including Chris Hani Baragwanath, as well as holding key advisory positions on a host of panels, Dr Manning brings with him a wealth of experience. His track record clearly shows him to be someone who is a manager, implementer and visionary. Mr Bhana is an experienced Chartered Acountant. He joins us from Transnet Ltd where he held a position as financial manager at one of its key plants. Mr Bhana brings with him vast experience and financial knowledge that will prove beneficial to the group.

The hospital's overall refurbishment plans are moving at a steady pace. Our uncompromising stand on quality, technical standards and patient comfort is paying dividends as patrons acknowledge these changes and the hospital sees a steady increase in patient numbers. As a state of the art hospital, Lenmed is becoming the preferred healthcare provider and slowly extending beyond its catchments area. Plans are also underway to open the pharmacy to the public as a retail operation with extended operating hours.

Maputo Private Hospital

Construction on the Maputo hospital is at an advanced stage. Much of the outer shell and structural component of the building is complete. The roofing and glazing will follow, the finishing stages of the building will commence thereafter. Marketing is underway and we are pleased to say that there is much interest from doctors already.

Zamokuhle Private Hospital

Zamokuhle is particularly encouraging and the hospital is showing a positive upward trend. With refurbishment of the casualty section having been completed, the hospital now has theatre equipment, which is catalytic to the success of any hospital. Specialists are consulting and there is a sustainable increase in theatre cases. Interest from doctors is increasing and patient numbers are growing, in part due to resident Matron Sono and Dr Kaka's efforts in engaging regional GP's and encouraging referrals to the hospital.

Shifa Hospital

Shifa boasts a number of refurbishments and additions that are now completed and in full use. These include a 20 bed nursery, 10 bed obstetrics and 18 bed gynaecology ward. A Laminaflow operating theatre with fully equipped orthopaedic rehabilitation unit, 10 bed day ward, 12 bed ICU/high care ward should be completed by the end of August 2009. The hospital is also operating its pharmacy as a full retail pharmacy.

La Verna Hospital

La Verna continues to be our premier private hospital in Kwa-Zulu Natal. The hospital again enjoyed a successful year both in terms of health delivery and in meeting its commitment to the group, despite frustrations at not being able to secure a license for much needed expansion, such as private suites for the medical, surgical and maternity wards.

Apart from routine upgrades, essential and inevitable to this one hundred year old building, the hospital has put up new awnings and is working on putting in a new lift. The establishment of the neonatal ICU and upgrades to both the nursery and maternity wards have added much aesthetic value as La Verna continues to enjoy many more neonatal referrals from the northern Natal area.

An ambitious and innovative satellite practice housing two consulting suites for visiting specialists has been set up in Escourt, 70km from La Verna Hospital. It is envisaged that some of our key specialists would service this Practice. With the procurement of a vehicle and paramedics to transport patients to and from Escourt, this satellite service will reciprocally benefit patients and the hospital.

Future Outlook

That the country is now officially in a recession could mean a slow down in growth and profit taking. Going forward the response will have to be measured and innovative. Pricing and costs will continue to remain a challenge and initiatives within the broader industry to draw a larger sector into the private health realm, need to be looked into.

However, although indications are that the recession will last longer than originally anticipated, the group does have sufficient buffers in place to see it through these times. We should also reiterate that the adaptability and flexibility that the group has displayed in a relentlessly harsh and competitive industry will ensure its sustainability and growth in coming and future years.

Furthermore, the results contained in this report reinforce the group's expansion aims and show that objectives in terms of restructuring and acquisitions are proving positive and fruitful. Our medium and long term goals are therefore firmly on track and our vision remains uninterrupted as the group moves into the next phase of its evolution.

Although legislation is yet to become friendlier, optimism at the new government's willingness to engage all role players in the industry including the private sector, bodes well for the future macro-economic and legislative framework. Although compromises will clearly have to be made, we are hopeful that outcomes will be positive and balanced.

The overall future outlook therefore, while cautious and trying, is an optimistic and positive one.

Social Responsibility

Our obligation to healthcare is understood and undertaken in its widest implication and extends beyond our primary services. Lenmed group again reiterated its commitment to social responsibility.

Student nurse and trainees in related fields are always welcome and once again took advantage of our open door policy to gain valuable training and insight alongside our skilled and motivated staff.

Our hospitals continue to be an interactive aid to schools and tour groups. Conferences, seminars and various health programmes are becoming a regular feature as we freely let out our venues.

Open Days for general health were held at Shifa. Two very positive Open Days were also held promoting breast cancer awareness. IPA meetings continue to be held at the Hospital on weekly and monthly basis as well as meetings by SASHA (Sexual Health Association). The hospital also hosted a seminar by Canadian doctor Dr Bill Code on Muscular Sclerosis. Dialysis cases for the underpriviledged continue to be accommodated and the hospital has started to do cataract operations for the needy as well.

Lenmed also held various successful open days. The hospital also matches national health awareness days on the calendar with events locally at its hospital. The hospital again carried out cataract operations in partnership with TIBA.

La Verna held a successful open day which included the participation of the department of health. Resident specialists engaged the community offering free advice and services. Ampath and Lancet provided free blood testing. La Verna also continues to offer personalized advice to expectant moms on an ongoing basis.

Acknowledgements

It is with the greatest of sadness and a deep sense of loss that we acknowledge the passing of Dr. M Lakhoo in May of this year. Dr. Lakhoo will be tremendously missed not just by staff and friends but by the community as a whole. His warm and pleasant disposition had come to symbolize the caring hand of the medical fraternity and all that Lenmed strives for.

The Lenmed Team

The Lenmed Health staff as a whole needs to be complimented. In these trying times they continue to strike a conscious and uncompromising balance between excellent health care and an aggressive business ethic. In meeting their commitment to patients vis-à-vis their responsibility to shareholders, our teams continue to push barriers with unfettered devotion, passion and efficacy.

The whole is only as good as its parts. Our directors and CEO's continue to inspire the various teams under their care and direction, tirelessly ensuring that the highest standards are maintained at all our hospitals. Dr Khan's resolve in trying to secure a much needed license, against unreasonable and even unfair odds, needs to be especially acknowledged.

A special mention should be made of Dr Kaka and Mr Nana. Their dynamism and vision expressed as a relentless aim at improvement and diversification within the industry, continues to be a significant factor in Lenmed's success and progress. They are continually looking for and researching niche markets and avenues to better grow the company and make it a key player in the industry.

Then there are the flag bearers, our medical practitioners and specialists, who together with very capable technical staff continue to maintain the impressive standards against which our hospitals are measured and our brand judged. That they are the best in the field is continuously acknowledged by our patrons and needs once again to be acknowledged here.

In all, considering how far we've come since our inception and the shared dedication that has brought here, ours is a collective that in its characterization has surpassed the word 'team' and is indeed more adequately and aptly described as the 'Lenmed family'.

Mr. P Devchand
Chairman

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Lenmed Investments Limited and its subsidiaries and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The auditors are engaged to express an independent opinion on the annual financial statements.

The financial statements have been audited by the independent accounting firm, PKF Durban , who was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate.

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

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

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

The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The annual financial statements of the company set out on pages 9 to 36, which have been prepared on the going concern basis, were approved by the board of directors on 1st September, 2009 and were signed on its behalf by:

....

MEDICAL DIRECTOR

....

FINANCIAL DIRECTOR

1 September, 2009

PKF
chartered accountants
& business advisers

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

LENMED INVESTMENTS LIMITED AND ITS SUBSIDIARIES

Report on the financial statements

We have audited the accompanying annual financial statements of Lenmed Investments Limited and the Group, which comprise the directors' report, the balance sheet at 28th February, 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 36.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act in South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Lenmed Investments Limited and the Group, as of 28th February, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 15 in the directors' report. The Maputo subsidiary has not been consolidated as the hospital is still under construction and has not commenced operations.

PKF Durban

PKF DURBAN
REGISTERED AUDITOR
CHARTERED ACCOUNTANT (SOUTH AFRICA)

1st September, 2009.

LEN 012 / 2009

PKF Durban
Chartered Accountants (SA) Registered Auditors
Telephone (+27) 031 573 5000 | FaxMail (+27) 0866 848 682
E-mail info.dbn@pkf.co.za

A member firm of PKF International Ltd
2nd Floor 12 on Palm Boulevard Gateway 4319 South Africa
PO Box 1858 Durban 4000 | Docex 263 Durban
www.pkf.co.za

STATEMENT OF COMPLIANCE BY THE COMPANY SECRETARY

I, M NOOR MOHAMED, the undersigned, being the Company Secretary of Lenmed Investments Limited, certify that all returns required by a public company in terms of the Companies Act 61 of South Africa, 1973, have, in respect of the financial year under review, been lodged with the Registrar of Companies, and that all such returns are true, correct and up-to-date.

M NOOR MOHAMED
COMPANY SECRETARY

1 September, 2009

Report of the Directors

1. NATURE OF BUSINESS

The principal activities of the company during the year were that of private hospitals, medical centres and 24-hour trauma units. There were no major changes in the nature of the business during the year under review.
The Lenmed Investments Group includes the following entities -

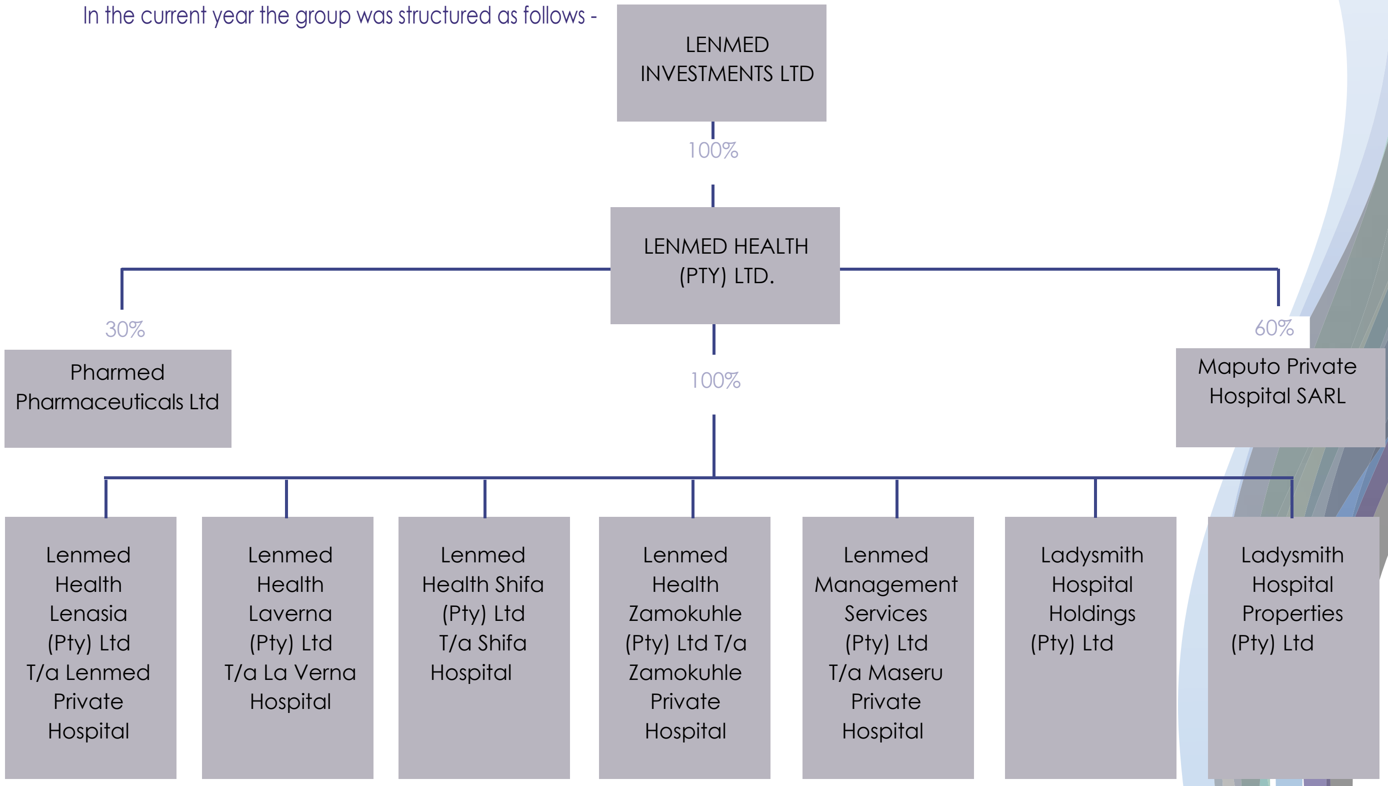
Subsidiaries

Lenmed Health (Pty) Ltd.	- Reg. No. 2005/022423/07
Lenmed Health Lenasia (Pty) Ltd. t/a Lenmed Private Hospital	- Reg. No. 2006/002764/07
Lenmed Health Laverna (Pty) Ltd. t/a La Verna Hospital	- Reg. No. 1988/004487/07
Lenmed Health Shifa (Pty) Ltd. t/a Shifa Hospital	- Reg. No. 2000/006080/06
Lenmed Health Zamokuhle (Pty) Ltd. t/a Zamokuhle Private Hospital	- Reg. No. 2005/017980/07
Lenmed Management Services (Pty) Ltd. t/a Maseru Private Hospital	- Reg. No. 2000/021905/07
Ladysmith Hospital Properties (Pty) Ltd.	- Reg. No. 1988/004497/07
Ladysmith Hospital Holdings (Pty) Ltd.	- Reg. No. 1992/003153/07
Maputo Private Hospital SARL	

Associate company

Pharmed Pharmaceuticals Ltd.	- Reg. No. 1985/005694/06

In the current year the group was structured as follows -



2. STATE OF AFFAIRS

The group's profit on ordinary activities after taxation for the year amounted to R39 965 503 (2008 : R33 084 664) after deducting taxation of R16 297 389 (2008 - R14 820 935).

3. STATEMENT OF RESPONSIBILITY

The directors' statement of responsibility is addressed on the approval page of these financial statements .

4. FINANCIAL RESULTS

The results of the group are set out in the attached financial statements and do not, in our opinion, require further comment.

5. DIVIDENDS

The company's policy is to pay dividends at the discretion of the directors. It is the intention of the company to pay an annual dividend once the company has achieved mature growth, and periodically thereafter in light of prevailing circumstances and future cash flow requirements. Initially all earnings generated by the company will be utilised to fund future growth and development.
The dividends already declared and payable to ordinary shareholders during the period amounted to R10 699 990 (2008 : R9 128 952).
Preference dividends of R262 500 (2008 - R262 500) were declared and paid during the period.

6. SHARE CAPITAL

6.1 Authorised

During the year under review no changes were made to the authorised share capital of R6 000 000 divided into 600 000 ordinary shares of R10 each.

6.2 Issued

During the year there were 11 121 shares issued.
The shares were issued as follows -
-7 380 shares were issued to targeted shareholders at the market value of R400 per share.
-2 806 shares were issued to Lenvestco Investments Ltd. at the market value of R400 per share.
-935 shares were issued to staff at a discounted price of R300 per share. The R100 discount represented a share based payment to employees and an amount of R93 500 (R100 x 935 shares) was thus accounted for as an employee cost in Lenmed Investments Ltd.

7. BORROWINGS

On behalf of the group, the directors have established credit facilities with various financial institutions for use by the various subsidiary companies. The directors did not exceed any authorised levels of borrowings during the year under review.

8. DIRECTORSHIP

Directors	Date appointed
Mr. P. Devchand (Chairman)	13/10/86
Dr. A.F. Kaka	08/08/90
Mr. A.A. Nana	16/02/06

9. SECRETARIES

The company secretary, Mr. M. Noor Mohamed, was appointed by the Board effective 1st March, 2006 . The Board is of the opinion that the secretary is suitably qualified and experienced to carry out his duties as stipulated under section 268G of the Companies Act. The company secretary provides guidance to the directors on their duties and ensures awareness of all relevant statutory requirements and legislation.

All directors have access to the advice and services of the company secretary, at the company's expense, where it has been requested by the directors.

The transfer secretary of the company is Aboo Kaloo and Company.

10. AUDITORS

PKF Durban Chartered Accountants (SA) is the company's auditors and will continue in office in accordance with section 270 (2) of the Companies Act.

11. MANAGEMENT BY THIRD PARTIES

Neither the business of the company nor its subsidiaries, nor any part thereof, has been managed by a third person or a company in which a director had an interest during the year under review.

12. CORPORATE GOVERNANCE

The directors acknowledge and subscribe to the values of good corporate governance as set out in the King II Report on Corporate Governance for the Republic of South Africa. By supporting this Code of Corporate Practices and Conduct, the Directors have recognised the need to conduct the business of the group with integrity and in accordance with generally accepted best corporate governance practices.

13. PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment to the amount of R15 463 358 (2008: R16 314 368)

14. EVENTS SUBSEQUENT TO YEAR-END

Lenmed Health (Pty) Ltd. has acquired a further 10% stake in Pharmed Pharmaceuticals Ltd, subsequent to the year-end, but before the date of this report.

15. OPERATIONS

The company owns 60% in Maputo Private Hospital which has not been consolidated. The hospital is still under construction and there have been administrative expenses incurred. The net loss for the period ended 28th February 2009 attributable to Lenmed Investments Ltd. is R380 578 and the advances to the subsidiary for shares and a loan account amounted to R10 984 731.

LENMED INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
(Registration No 1980/003108/06)
BALANCE SHEET AS AT 28TH FEBRUARY, 2009

		Group		Company	
	Note	2009	2008	2009	2008
ASSETS		R	R	R	R
NON-CURRENT ASSETS		235 336 030	203 829 641	177 541 980	169 463 522
Property, plant and equipment	3	159 212 531	148 237 239	-	-
Loan receivable	4	1 232 385	1 166 315	166 541 880	154 988 422
Goodwill	5	22 406 819	22 406 819	-	-
Investment in subsidiary	6	-	-	100	100
Investments	7	21 352 071	15 133 052	11 000 000	14 475 000
Investment in associate	8	31 023 814	16 886 216	-	-
Deferred taxation	9	108 410	-	-	-
CURRENT ASSETS		109 260 386	106 001 556	25 467 543	30 939 360
Inventory	10	5 256 419	4 676 936	-	-
Trade and other receivables	11	61 720 950	55 844 663	767 615	-
Loan receivable	4	-	-	-	500 010
Cash resources		42 283 017	45 479 957	24 699 928	30 439 350
TOTAL ASSETS		**344 596 416**	**309 831 197**	**203 009 523**	**200 402 882**
EQUITY AND LIABILITIES					
EQUITY AND RESERVES		253 041 085	221 376 243	190 939 572	187 936 345
Share capital	12	4 458 330	4 347 120	4 458 330	4 347 120
Share premium		97 036 583	92 699 393	97 036 583	92 699 393
Revaluation reserve		23 775 683	25 562 254	23 320 808	26 795 808
Accumulated profits		127 770 489	98 767 476	66 123 851	64 094 024
NON-CURRENT LIABILITIES		51 749 222	55 039 591	2 125 000	2 125 000
Long term liabilities	13	41 490 035	45 720 968	2 125 000	2 125 000
Deferred taxation	9	10 259 187	9 318 623	-	-
CURRENT LIABILITIES		39 806 109	33 415 363	9 944 951	10 341 537
Trade and other payables	14	16 451 107	8 616 400	52 324	10 094
Current portion of interest bearing borrowings	13	5 033 031	3 860 794	-	-
Provisions	15	3 095 075	2 654 223	-	-
Taxation		5 119 093	5 867 642	237 361	844 812
Bank overdraft		452 527	2 929 673	-	-
Dividend payable		9 655 276	9 486 631	9 655 266	9 486 631
TOTAL EQUITY AND LIABILITIES		**344 596 416**	**309 831 197**	**203 009 523**	**200 402 882**

LENMED INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
(Registration No 1980/003108/06)
INCOME STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY, 2009

	Note	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
REVENUE	2.1	190 279 822	166 064 228	-	-
OTHER INCOME		11 555 225	7 599 412	839 581	-
OPERATING COSTS		(148 652 730)	(130 297 878)	(668 980)	(10 000)
PROFIT before interest and taxation		53 182 317	43 365 762	170 601	(10 000)
INVESTMENT INCOME	17	4 679 383	7 052 858	13 351 638	8 382 057
FINANCE COSTS	18	(6 103 256)	(4 312 098)	-	-
SHARE OF ASSOCIATE PROFIT		4 504 448	1 799 077	-	-
PROFIT before taxation	19	56 262 892	47 905 599	13 522 239	8 372 057
TAXATION	20	(16 297 389)	(14 820 935)	(792 422)	(844 812)
PROFIT for the year		39 965 503	33 084 664	12 729 817	7 527 245

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28TH FEBRUARY, 2009

	Share capital	Share premium	Revaluation reserve	Accumulated profits	Total
GROUP	R	R	R	R	R
Balance at 1st March, 2007	4 347 120	92 699 393	29 976 235	75 074 264	202 097 012
Profit for the year	-	-	-	33 084 664	33 084 664
Dividend paid	-	-	-	(9 391 452)	(9 391 452)
Deferred tax rate change	-	-	236 019	-	236 019
Fair value adjustment on available for sale investment	-	-	(4 650 000)	-	(4 650 000)
Balance at 1st March, 2008	4 347 120	92 699 393	25 562 254	98 767 476	221 376 243
Profit for the year	-	-	-	39 965 503	39 965 503
Dividend paid	-	-	-	(10 962 490)	(10 962 490)
Revaluation of property, plant and equipment	-	-	1 688 429	-	1 688 429
Issue of shares	111 210	4 337 190	-	-	4 448 400
Fair value adjustment on available for sale investment	-	-	(3 475 000)	-	(3 475 000)
Balance at 28th February, 2009	**4 458 330**	**97 036 583**	**23 775 683**	**127 770 489**	**253 041 085**
COMPANY					
Balance at 1st March, 2007	4 347 120	92 699 393	31 445 808	65 695 731	194 188 052
Profit for the year	-	-	-	7 527 245	7 527 245
Dividend paid	-	-	-	(9 128 952)	(9 128 952)
Fair value adjustment on available for sale investment	-	-	(4 650 000)	-	(4 650 000)
Balance at 1st March, 2008	4 347 120	92 699 393	26 795 808	64 094 024	187 936 345
Profit for the year	-	-	-	12 729 817	12 729 817
Dividend paid	-	-	-	(10 699 990)	(10 699 990)
Issue of shares	111 210	4 337 190	-	-	4 448 400
Fair value adjustment on available for sale investment	-	-	(3 475 000)	-	(3 475 000)
Balance at 28th February, 2009	**4 458 330**	**97 036 583**	**23 320 808**	**66 123 851**	**190 939 572**

		Group		Company	
		2009	2008	2009	2008
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES		32 747 094	22 356 767	1 365 636	22 414 946
Cash generated by operating activities	21.1	61 759 125	35 174 067	(54 772)	23 806 671
Interest received		3 879 383	6 652 858	2 649 168	1 982 057
Interest paid		(6 103 256)	(4 312 098)	-	-
Dividends received		800 000	400 000	10 702 470	6 400 000
Dividends paid		(10 793 845)	(229 839)	(10 531 357)	32 660
Taxation paid	21.2	(15 902 063)	(14 422 514)	(1 399 873)	(9 533 547)
Secondary tax on companies paid		(892 250)	(905 707)	-	(272 895)
CASH FLOWS FROM INVESTING ACTIVITIES		(34 790 523)	(32 027 309)	-	81 852 074
Purchase of property, plant and equipment					
- To maintain operating capacity	3	(15 463 358)	(16 314 368)	-	-
Proceeds from sale of property, plant and equipment		-	-	-	72 927 425
Investment in associate		(9 633 150)	(15 087 139)	-	-
Increase in investments		(9 694 015)	(625 802)	-	-
Disposal of investments		-	-	-	8 924 649
CASH FLOWS FROM FINANCING ACTIVITIES		1 323 635	12 049 393	(7 105 058)	(109 566 593)
Issue of ordinary share capital net of expenses		4 448 400	-	4 448 400	-
Long term loans raised		(66 069)	12 026 650	(11 553 458)	81 024
Long term loans repaid		(4 230 933)	(13 480)	-	(109 647 617)
Increase in short term portion		1 172 237	36 223	-	-
(DECREASE)/INCREASE IN CASH RESOURCES		(719 794)	2 378 851	(5 739 422)	(5 299 573)
CASH RESOURCES at beginning of year	21.3	42 550 284	40 171 433	30 439 350	35 738 923
CASH RESOURCES at end of year	21.3	41 830 490	42 550 284	24 699 928	30 439 350

Report of the Directors

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, 1973. These policies have been applied consistently to all years presented, unless otherwise stated.

1. BASIS OF PREPARATION

The annual financial statements are prepared on the historical cost basis and incorporate the principal accounting policies listed below, except for the following assets and liabilities which are stated at fair value: derivative financial instruments and financial instruments classified as available-for-sale. Non-current and disposal groups held for sale are stated at the lower of carrying amount and fair value less cost to sell.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of
the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 26.

Standards in issue, not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective. Note: Amendments in italics represent amendments introduced under the Improvement Project.

Standard	Details of Amendment	Annual periods beginning on or after
IFRS 1 : First-time Adoption of International Financial Reporting Standards	Measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time.	1st January, 2009
IFRS 2 : Share-based Payment	Amendment relating to vesting conditions and cancellations	1st January, 2009
IFRS 3 : Business Combinations	Amendments to accounting for business combinations	1st July, 2009
IFRS 5 : Non-current Assets Held for Sale and Discontinued Operations	Plan to sell the controlling interest in a subsidiary	1st July, 2009
IFRS 7 : Financial Instruments : Disclosures	Presentation of finance costs	1st January, 2009
IFRS 8 : Operating Segments	New standard on segment reporting (replaces IAS 14)	1st January, 2009
IAS 1 : Presentation of Financial Statements	Amendments to the structure of the financial statements Current/non-current classification of derivatives	1st January, 2009
IAS 8 : Accounting Policies, Changes in Accounting Estimates and Errors	Status of the implementation guidance	1st January, 2009
IAS 10 : Events after the Reporting Period	Dividends declared after the end of the reporting period	1st January, 2009
IAS 16 : Property, Plant and Equipment	• Recoverable amount • Sale of assets held for rental	1st January, 2009
IAS 18 : Revenue	• Costs of originating a loan	1st January, 2009
IAS 20 : Accounting for Government Grants and Disclosure of Government Assistance	• Government loans with a below-market rate of interest • Consistency of terminology with other IFRSs	1st January, 2009

1. BASIS OF PREPARATION (Cont'd)
Standards in issue, not yet effective (Cont'd)

Standard	Details of Amendment	Annual periods beginning on or after
IAS 23 : Borrowing Costs	• Amendment requiring capitalisation only model • Components of borrowing costs	1st January, 2009
IAS 27 : Consolidated and separate financial statements	• Amendments dealing with measurement of the cost of investments when adopting IFRS for the first time. • Consequential amendments from change to Business Combinations. • Measurement of subsidiary held for sale in separate financial statements	1st January, 2009
IAS 28 : Investments in Associates	• Consequential amendments from changes to Business Combinations • Required disclosures when investments in associates are accounted for at fair value through profit or loss • Impairment of investment in associates	1st January, 2009
IAS 29 : Financial Reporting in Hyperinflationary Economies	• Consequential amendments from changes to Business Combinations • Required disclosures when interest in jointly controlled entities are accounted for at fair value.	1st January, 2009
IAS 32 : Financial Instruments : Presentation	• Certain financial instruments will be classified as equity whereas prior to these amendments they would have been classified as financial liabilities	1st January, 2009
IAS 34 : Interim Financial Reporting	• Earnings per share disclosures in interim financial reports	1st January, 2009
IAS 36 : Impairment of Assets	• Disclosure of estimates used to determine recoverable amount	1st January, 2009
IAS 38 : Intangible Assets	• Advertising and promotional activities • Unit of production method of amortisation	1st January, 2009
IAS 39 : Financial Instruments : Recognition and Measurement	• Reclassification of derivatives into or out of the classification of at fair value through profit or loss • Designating and documenting hedges at the segment level • Applicable effective interest rate on cessation of fair value hedge accounting	1st January, 2009
	• Clarifies two hedge accounting issues : • Inflation in a financial hedged item • A one-sided risk in a hedged item	1st July, 2009
IAS 41 : Agriculture	• Discount rate for fair value calculations • Additional biological transformation • Examples of agricultural produce and products • Point-of-sale costs	1st January, 2009

Interpretations

	IFRIC 12 : Service Concession Arrangements	1st January, 2009
	IFRIC 13 : Customer Loyalty Programmes	1st July, 2009
	IFRIC 14 : IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	1st January, 2009
	IFRIC 15 : Agreements for the Construction of Real Estate	1st January, 2009
	IFRIC 16 : Hedges of a Net Investment in a Foreign Operation	1st October, 2008
	IFRIC 17 : Distribution of non-cash assets to owners	1st July, 2009
	IFRIC 18 : Transfer of assets to customers The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group/company	1st July, 2009

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group/company

2. ACCOUNTING POLICIES

2.1 Revenue

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the group and the amount of revenue can be measured reliably.

Revenue comprises the invoiced value of fees in respect of medical services rendered and excludes investment, other non-operating income and value added tax. Revenue arising from clinic activities is recognised at the time of discharge of the patients. Interest income is recognised in the income statement using the effective interest rate method.

2.2 Inventory

Inventory is stated at the lower of cost or net realisable value. Cost comprises all costs of purchase and other costs which are incurred in bringing the inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2.3 Taxation

Current tax

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided on the balance sheet liability method computed as the difference between the tax base and carrying amounts of assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

The carrying amount of the deferred tax assets are reviewed at each balance sheet 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 asset to be recovered.

The group does not recognise deferred tax liabilities, or deferred tax assets, on temporary differences associated with investments in subsidiaries, joint ventures and associates as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the group's policy to reinvest undistributed profits arising in group companies.

Deferred tax assets and liabilities are not recognised if they arise in the following situations : the initial recognition of goodwill; or the initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

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

2.4 Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

2.5 Goodwill

The purchase method is used when an entity is acquired. On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities.

Fair values of the identifiable assets and liabilities are deemed by return to market value of those or similar items, where available, or by discounting expected future cash flows to achieve present values.

The cost of acquisition is the fair value of the group's contribution in the form of assets transferred, shares issued and liabilities assumed at the acquisition date plus costs attributable to the acquisition.

At acquisition date, goodwill is recognised when the costs of the acquisition exceeds the fair value of the group's interest in the net identifiable assets of the entity acquired. Goodwill is not amortised and subject to an annual impairment test, and any impairment is recognised in the income statement immediately and will not be subsequently reversed.

2.5 Goodwill (Cont'd)

The profit or loss realised on disposal of an entity is calculated after taking into account the carrying value of any related goodwill. To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the cost of acquisition, the excess is recognised in the income statement on acquisition date.

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed by allocating the depreciable amount of an asset on a systematic basis over its useful life. Residual values and useful lives are assessed at the end of every financial year and the year's depreciation determined.

The carrying amounts of property, plant and equipment are reviewed annually for an indication whether or not the relevant asset is impaired. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets or cash-generated units are written down to their recoverable amounts. Impairment losses and reversals are recognised directly in the income statement under the line item "other expenses", unless such reversals relate to previously recognised revaluation reserves in equity.

Property, plant and equipment is depreciated at the following estimated useful lives as follows :

Buildings	-	40 years
Plant and equipment	-	10 years
Motor vehicles	-	5 years
Furniture and fittings	-	10 years
Office equipment	-	10 years
Computer equipment	-	3 years

2.7 Impairment

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated as the higher of the net selling price and value in use.

In assessing value in use, the expected future cash flows are discounted to present value using pre-tax discount rates that reflects current market assessments of the time value of money and the risk specific to the asset. An impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. Impairment losses and reversals of impairment losses are separately disclosed in the income statement, above the income before tax subtotal.

A previous recognised impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

2.8 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and when a reliable estimate can be made of the amount of the obligation. Where the effect of discontinuing is material, provisions are discounted. The discount rate used is a pre-tax rate.

2.9 Basis of consolidation

Subsidiaries

Subsidiaries which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which the control is transferred to the group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries.

2.9 Basis of consolidation (Cont'd)

The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiaries acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Associates

An associate is an entity over which the group has significant influence. 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. The investment in an associate is initially recognised at cost and adjusted for the group's share of the changes in the net assets of the investee after the date of acquisition and for any impairment in value. If the group's share of losses of an associate exceeds its interest in the associate, the group discontinues recognising its share of further losses.

2.10 Employee benefits

Short-term employee benefits

The cost of all short-term benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the company has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement benefits

The company and its subsidiaries contribute to defined contribution funds. Contributions to defined contribution funds are charged against income as incurred.

2.11 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings as interest.

2.12 Financial instruments

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

Financial instruments are recognised on the balance sheet at fair value when the group becomes a party to the contractual provisions of the instrument. Transaction costs are included in the initial carrying value of the financial instrument except in the case of financial instruments classified at fair value through profit and loss, in which case the transaction costs are expensed as they are incurred.

The group has divided its financial instruments into the classes based on the manner in which the financial instruments are managed and reported on for internal management purposes.

Long term investments

These include available for sale financial instruments and financial instruments held to maturity. The purpose of such investment is to earn a return on surplus cash flows in excess of the investor's required rate of return.

Working capital balances

These include loan and trade receivables and loan and trade payables which arise in the normal course of the group's business.

Long term obligations

Long term obligations include shareholders' loans and inter-group loans payable. These obligations are categorised as trade and loans payable.

2.12 Financial instruments (Cont'd)

Subsequent to initial measurement, the constituents of the above classes of financial instruments are measured as follows :

Trade and other receivables

Trade and loans receivable are subsequently measured at amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts.

The group makes an assessment at each reporting date whether there is any objective evidence that trade and other receivables are impaired. Where objective evidence exists as a result of the occurrence of one or more events that occurred subsequent to the initial recognition of the receivable, the amount of the impairment is determined by estimating the impact of these loss events on the future cash flows expected to be generated from the receivable.

Trade and other payables

Trade and loans payables are subsequently measured at their amortised cost using the effective interest rate method.

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities and the company intends to settle on a net basis or to realise the asset and liability simultaneously, all related financial effects are netted.

2.13 Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Investments

Investments are initially recorded at cost on the trade date that the company commits to the purchase. Investments are subsequently carried at cost less any provision for impairment

2.15 Share capital

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

2.16 Related party transactions

All subsidiaries and associated companies of the group are related parties. A list of the major subsidiaries and associated companies are included in note 25 of this annual report. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Directors' and senior management emoluments as well as transactions with other related parties are set out in note 25. There were no other material contracts with related parties.

2.17 Contingencies and commitments

Transactions are classified as contingent liabilities where the group's obligations depend on uncertain events and principally consist of contract specific third party obligations underwritten by banking institutions. Items are classified as commitments where the group commits itself to future transactions, particularly in the acquisition of property, plant and equipment.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Land and buildings R	Plant and equipment R	Motor vehicles R	Furniture and fittings R	Office equipment R	Computer equipment R	Total R
2009							
Net carrying amount at beginning of year	119 272 445	23 451 426	15 506	3 844 024	1 368 494	285 344	148 237 239
Cost	130 708 010	51 014 288	382 139	6 780 152	3 181 282	2 230 936	194 296 807
Accumulated depreciation	(11 435 565)	(27 562 862)	(366 633)	(2 936 128)	(1 812 788)	(1 945 592)	(46 059 568)
Additions	8 399 494	5 716 380	-	544 176	289 756	513 552	15 463 358
Revaluations	2 268 953	-	-	-	-	-	2 268 953
Depreciation	(2 906 875)	(2 818 352)	(6 000)	(563 811)	(219 903)	(242 078)	(6 757 019)
Net carrying amount at end of year	127 034 017	26 349 454	9 506	3 824 389	1 438 347	556 818	159 212 531
Cost	141 376 457	56 730 668	382 139	7 324 328	3 471 038	2 744 488	212 029 118
Accumulated depreciation	(14 342 440)	(30 381 214)	(372 633)	(3 499 939)	(2 032 691)	(2 187 670)	(52 816 587)
2008							
Net carrying amount at beginning of year	112 475 672	22 476 695	55 674	3 060 708	1 092 152	350 870	139 511 771
Cost	121 319 257	45 972 031	382 139	5 572 963	2 662 879	2 082 946	177 992 215
Accumulated depreciation	(8 843 585)	(23 495 336)	(326 465)	(2 512 255)	(1 570 727)	(1 732 076)	(38 480 444)
Additions	9 388 753	5 042 257	-	1 207 188	518 403	157 767	16 314 368
Depreciation	(2 591 980)	(4 067 526)	(40 168)	(423 872)	(242 061)	(223 293)	(7 588 900)
Net carrying amount at end of year	119 272 445	23 451 426	15 506	3 844 024	1 368 494	285 344	148 237 239
Cost	130 708 010	51 014 288	382 139	6 780 152	3 181 282	2 230 936	194 296 807
Accumulated depreciation	(11 435 565)	(27 562 862)	(366 633)	(2 936 128)	(1 812 788)	945 592)	(46 059 568)

Certain assets are encumbered as security for liabilities of the group (refer to Note 13.)

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
4. LOANS RECEIVABLE				
Lenmed Health Shifa (Pty) Ltd.	-	-	2 359 163	-
Lenmed Health Lenasia (Pty) Ltd.	-	-	6 120 603	-
Nu Yale Trust	1 198 598	1 145 245	-	-
Lenvestco Investments Ltd.	33 787	21 070	12 717	-
Lenmed Health (Pty) Ltd.	-	-	158 049 397	154 988 422
	1 232 385	1 166 315	166 541 880	154 988 422
These loans are unsecured, interest-free and have no fixed terms of repayment.				
Lenmed Health Laverna (Pty) Ltd.	-	-	-	500 010
This loan is unsecured, interest-free and will be recalled within the next twelve months.				
5. GOODWILL				
Carrying amount at beginning of year	22 406 819	22 406 819	-	-
Carrying amount at end of year				
- Gross carrying amount	22 406 819	22 406 819	-	-

Goodwill relates to the excess of the purchase consideration over the fair value of the asset and liabilities of Ladysmith Hospital Holdings (Pty) Ltd. and Lenmed Health Shifa (Pty) Ltd. on acquisition. An annual impairment test is performed and any expense calculated is expensed to the income statement.

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
6. INVESTMENT IN SUBSIDIARY				
Shares at cost				
Lenmed Health (Pty) Ltd.			100	100
			100	100

The above subsidiary is incorporated in South Africa and is wholly-owned.

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
7. INVESTMENTS				
Listed shares - Available for Sale				
Brimstone - 2 500 000 "N" ordinary shares valued at R4,40 on 28th February, 2009	11 000 000	14 475 000	11 000 000	14 475 000
Unlisted shares				
National Hospital Network				
- Shares and loan account 151 ordinary shares	7 549	7 549	-	-
Maputo Private Hospital SARL				
- Shares and loan account	10 319 821	625 802	-	-
Inter Hospital Pharmaceuticals				
- Shares and loan account	24 701	24 701	-	-
	21 352 071	15 133 052	11 000 000	14 475 000

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R

8. INVESTMENT IN ASSOCIATE

The company's investment in its associate Pharmed Pharmaceuticals Limited is accounted for under the equity method of accounting. An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint venture of the company.

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Opening balance	16 886 216	15 087 139		
Acquisition	10 875 620	-		
Share of associates earnings	4 504 448	1 799 077		
Reallocation of dividends received	(1 242 470)	-		
Closing balance	31 023 814	16 886 216		

9. DEFERRED TAXATION

Deferred tax asset

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
The balance comprises				
- Property, plant and equipment	(24 460)	(488 578)	-	-
- Provision for bad debts	31 607	-	-	-
- Assessed loss	681 787	-	-	-
- Revaluation of property, plant and equipment	(580 524)	-	-	-
	108 410	(488 578)	-	-

Reconciliation of deferred tax asset

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Balance at beginning of year	(488 578)	326 221	-	-
Movements during the year attributable to :				
- Revaluation of property, plant and equipment	(580 524)	-	-	-
- Rate change	-	(23 864)	-	-
- Assessed loss	681 787	-	-	-
- Temporary differences	13 267	-	-	-
- Property, plant and equipment	-	(53 680)	-	-
- Provision for bad debts	-	-	-	-
- Prior year adjustment	484	(737 255)	-	-
- Reclassification to deferred tax liability	488 578	-	-	-
- Reclassification from deferred tax liability	(6 604)	-	-	-
Balance at end of year	108 410	(488 578)	-	-

Deferred tax liability

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
The balance comprises				
- Property, plant and equipment	5 532 110	3 305 130	-	-
- Provisions	(2 074 486)	(1 342 934)	-	-
- Revaluation of property, plant and equipment	6 608 509	6 608 509	-	-
- IAS 17 adjustment	82 479	-	-	-
- Prepaid expenses	2 217	-	-	-
- Income received in advance	(10 143)	-	-	-
- Prior year adjustment	118 501	259 340	-	-
	10 259 187	8 830 045	-	-

	Group		Company	
	2009	2008	2009	2008
9. DEFERRED TAXATION (Cont'd)	R	R	R	R
Reconciliation of deferred tax liability				
Balance at beginning of year	8 830 045	10 350 665	-	-
Reclassification from deferred tax asset	488 578	-	-	-
Reclassification to deferred tax asset	(6 604)	-	-	-
Movements during the year attributable to :	-	-	-	-
- Provisions	369 314	367 033	-	-
- Property, plant and equipment	355 374	(1 585 579)	-	-
- Prior year adjustment	237 600	-	-	-
- IAS 17 adjustment	(15 120)	-	-	-
- Rate change	-	(302 074)	-	-
Balance at end of year	10 259 187	8 830 045	-	-

10. INVENTORY

Amounts attributable to inventory is as follows -				
- Medical supplies	5 256 419	4 676 936	-	-

Inventory represents medical supplies held by Lenmed Health Lenasia (Pty) Ltd., Lenmed Health Zamokuhle (Pty) Ltd. and Lenmed Health Laverna (Pty) Ltd.

Inventory has been valued as stated in note 2.2.

11. TRADE AND OTHER RECEIVABLES

Trade receivables net of provision for doubtful debts	53 482 705	51 396 929	-	-
- Trade receivables	58 859 919	56 219 850	-	-
- Provision for bad debts	(5 377 214)	(4 822 921)	-	-
Other receivables	8 238 245	4 447 734	767 615	-
	61 720 950	55 844 663	767 615	-
Allowance for impairment				
Opening balance	4 822 921	4 875 377	-	-
Impairments recognised in profit and loss	(121 738)	(52 456)	-	-
Prior year provision	676 031	-	-	-
Closing balance	5 377 214	4 822 921	-	-
Trade receivables past due but not impaired				
Amounts in 30 to 60 days	13 251 630	9 710 884	-	-
Amounts in 60 to 90 days	3 107 760	3 239 793	-	-
Amounts in 90 days +	17 020 205	26 217 872	-	-
	33 379 595	39 168 549	-	-

The trade receivables of Lenmed Health Shifa (Pty) Ltd. amounting to R6 768 398 are ceded as security to Nedbank Limited for general banking facilities granted to the subsidiary for the financing of moveable assets.

		Group		Company	
		2009	2008	2009	2008
		R	R	R	R
12. SHARE CAPITAL					
Authorised					
600 000 Ordinary shares of R10 each		6 000 000	6 000 000	6 000 000	6 000 000
Issued					
445 833 (2008 : 434 712) Ordinary shares of R10 each		4 458 330	4 347 120	4 458 330	4 347 120

Preference dividends are payable every 6 months on 30th April and 31st October at 7,5% per annum.

The directors are authorised by resolution of the shareholders until the forthcoming annual general meeting, to issue and allot any of the unissued shares for any purpose and upon such terms and conditions as they deem fit. There have been no share issues subsequent to balance sheet date.

Reconciliation of outstanding shares at beginning and end of year

	No. of ordinary shares	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
Balance at beginning of year	434 712	4 347 120	4 347 120	4 347 120	4 347 120
Shares issued during the year					
- Staff issue	935	9 350	-	9 350	-
- Targeted shareholders	10 186	101 860	-	101 860	-
	445 833	4 458 330	4 347 120	4 458 330	4 347 120

13 LONG TERM LIABILITIES

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
13.1 Instalment sales	10 295 681	10 298 638	-	-
Nedbank Corporate Repayable in monthly instalments of R186 810 (2008 - R203 036). Interest has been charged at rates of interest linked to the prime lending rate. Secured by plant and equipment with a book value of R2 591 799 (2008 - R1 752 311)	4 018 395	4 148 574	-	-
Wesbank Repayable in monthly instalments of R211 122 (2008 - R237 741). Interest has been charged at rates of interest linked to the prime lending rate. Secured by plant and equipment with a book value of R10 168 677 (2008 - R10 024 202).	6 277 286	6 150 064	-	-

13 LONG TERM LIABILITIES (Cont'd)

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
13.2 Mortgage bonds	36 227 385	39 283 124	2 125 000	2 125 000
Nedbank Limited The loan bears interest at 13,5% (2008 - R13,5%) per annum and is secured by a mortgage on freehold land and buildings. It is repayable in monthly instalments of R57 664 (2008 - R75 664) inclusive of interest.	5 002 383	5 262 430	-	-
Loans payable to Ameer Khan Family Trust, Hafiza Mayat Charitable Trust and Yousuff Motala Family Trust These loans bear interest at 15,25% per annum and are secured over the company's property. It is further secured by the cession of the hospital licence and general notarial bond over the movables. Repayable in monthly instalments of R125 000.	8 163 225	8 396 373	-	-
First National Bank This loan is secured by a second mortgage bond on erf 7688, 7689, 7690, Lenasia, Extension 8 Township. The loan bears interest at First National Bank's prime rate of interest and is fixed for the first 24 months. Thereafter it is repayable in 96 monthly instalments of R191 752 plus any interest in arrears.	16 921 149	19 854 194	-	-
Lenmed Pharmacy CC This loan is unsecured, interest-free and has no fixed terms of repayment.	2 640 628	2 270 127	-	-
Cumulative redeemable preference shares owed to Nedbank Limited The cumulative preference shares may be redeemed in 5 annual minimum lots of 700 000 shares after 20th April, 2012. Preference dividends are payable every 6 months on 30th April and 31st October at 7,5% per annum.	3 500 000	3 500 000	-	-
Lenmed Management Services (Pty) Ltd. This loan is unsecured, interest-free and has no fixed terms of repayment	-	-	2 125 000	2 125 000
	46 523 066	49 581 762	2 125 000	2 125 000
Less: Current portion transferred to current liabilities	5 033 031	3 860 794	-	-
	41 490 035	45 720 968	2 125 000	2 125 000

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
14. TRADE AND OTHER PAYABLES				
Trade and other payables	6 791 937	4 032 185	52 324	10 094
Other payables	9 659 170	4 584 215	-	-
	16 451 107	8 616 400	52 324	10 094

15. PROVISIONS

	Provisions for leave pay R
GROUP 2009	
Opening carrying amount	2 654 223
Additional provisions	440 852
Closing carrying amount	3 095 075
GROUP 2008	
Opening carrying amount	567 232
Additional provisions	2 086 991
Closing carrying amount	2 654 223

Provision for leave pay

Provision is made for the unpaid portion of accumulated leave pay accruing to employees as a result of services rendered during the period. The amount is to be settled as and when employees take leave.

The carrying value of provisions approximates their fair value due to the short term nature of these instruments. The provisions have been determined based on assessments and estimates by management. Actual results could differ from estimates and there is no certainty as to the timing of the cash flows relating to these provisions.

16. CONTINGENCIES

16.1 The following are held by First National Bank as security for overdraft facilities of R2 500 000 extended to the company and an amount of R20 000 000 to secure various loans extended to the company :

- D/H No. B061257/04 - 2nd mortgage bond over Erf 7689, 7688 and 7690 Lenasia Extension 8 Township.
- D/T No. T74591/2001 and T61584/1996 over Erf 7688 and 7690 Lenasia Extension 8 Township.
- 1st D/H No. B28771/90 over Erf 7688 and 7689 Lenasia Extension 8 Township.
- 1st D/H No. B28771/90 over Erf 7689 Lenasia Extension 8 Township. Copy Notarial T/e agreement No. K217/1997 over Erf 7688 and 7689.

16.2 Alexander Forbes

Advanced payments on WCA debtors with recourse - R3 700 538

16.3 Lenmed Health Shifa (Pty) Ltd. has instituted a claim against a previous tenant, the outcome of which is unknown.

16.4 Lenmed Investments Ltd. has guaranteed the obligation of its Maputo subsidiary to the extent of USD 3 000 000.

	Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
17. INVESTMENT INCOME				
Interest received	3 879 383	6 652 858	2 649 168	1 982 057
Dividends received	800 000	400 000	10 702 470	6 400 000
	4 679 383	7 052 858	13 351 638	8 382 057

		Group 2009 R	Group 2008 R	Company 2009 R	Company 2008 R
18. FINANCE COSTS					
Interest on bank overdraft		16 726	43 684	-	-
Interest on interest bearing borrowing		6 086 530	4 268 414	-	-
		6 103 256	4 312 098	-	-
19. PROFIT before tax					
Is stated after -					
Auditors' remuneration		692 247	549 400	109 625	10 000
- Audit fee	- Current	502 836	549 400	11 000	10 000
	- Underprovision	89 411	-	46 625	-
- Other services	- Underprovision	100 000	-	52 000	-
Depreciation		6 757 019	7 588 900	-	-
Directors' emoluments		4 329 460	4 180 600	-	-
Secretarial fees		(19 364)	50 916	-	-
20. TAXATION					
South African taxation consists of -					
Current tax					
- Current year		14 149 054	14 385 031	789 537	571 917
- Prior year underprovision		1 004 460	-	2 885	-
Deferred tax		251 625	(469 803)	-	-
Secondary tax on companies		892 250	905 707	-	272 895
Tax expense		16 297 389	14 820 935	729 422	844 812

Tax rate reconciliation	%	%	%	%
Applicable tax rate	28,0	29,0	28,0	29,0
Reconciling items :				
Exempt differences				
- Disallowed expenditure	(1,0)	(5,0)	-	(22,0)
- STC	1,6	-	-	3,0
Underprovision of deferred tax for prior year	0,4	7,0	-	-
Average effective tax rate	29,0	31,0	28,0	10,0

21. NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2009	2008	2009	2008
	R	R	R	R
21.1 Net cash generated by/(utilised in) operating activities				
Profit before taxation	56 262 892	47 905 599	13 522 239	8 372 057
Adjustments for :	1 893 423	8 044 046	(10 702 470)	(7 127 240)
- Depreciation and amortisation	6 757 019	7 588 900	-	-
- Income from associate	(4 504 448)	(1 799 077)	-	-
- Movement in provision	440 852	2 654 223	-	(727 240)
- Dividends received	(800 000)	(400 000)	(10 702 470)	(6 400 000)
Adjustment for items disclosed separately on cash flow statement	2 223 873	(2 340 760)	(2 649 168)	(1 982 057)
- Interest paid	6 103 256	4 312 098	-	-
- Interest income	(3 879 383)	(6 652 858)	(2 649 168)	(1 982 057)
Operating profit/(loss) before working capital changes	60 380 188	53 608 885	170 601	(737 240)
Changes in working capital :	1 378 937	(18 434 818)	(225 373)	24 543 911
- Increase in inventory	(579 483)	(3 807 385)	-	-
- Increase in trade and other receivables	(5 876 287)	(4 582 066)	(267 605)	27 323 783
- Increase in trade and other payables	7 834 707	(10 045 367)	42 230	(2 779 872)
Cash generated by operations	61 759 125	35 174 067	(54 772)	23 806 671
21.2 Taxation paid				
Outstanding at beginning of year	(5 867 642)	(5 905 125)	(844 812)	(1 839 590)
Expense for the year	(16 297 389)	(14 820 935)	(792 422)	(844 812)
Adjustment for deferred tax and STC	1 143 875	435 904	-	(7 693 957)
Outstanding at end of year	5 119 093	5 867 642	237 361	844 812
Taxation paid	(15 902 063)	(14 422 514)	(1 399 873)	(9 533 547)
21.3 Cash resources				
Cash resources consist of cash on hand and balances with banks. Cash resources included in the cash flow statement comprise the following balance sheet amounts -				
Cash and bank balances	42 283 017	45 479 957	24 699 928	30 439 350
Bank borrowings	(452 527)	(2 929 673)	-	-
	41 830 490	42 550 284	24 699 928	30 439 350

22. FINANCIAL RISK MANAGEMENT

The group's principal financial liabilities comprise long-term liabilities, short-term liabilities, trade and other payables, taxation payables and bank overdrafts. The main purpose of these financial liabilities is to raise finance for the group's operations. The group has various financial assets such as loan accounts, trade receivables and cash and cash equivalents, which arise directly from its operations.

The group also enters into derivative transactions, namely forward currency contracts. The purpose is to manage the currency risks arising from the group's operations and its sources of finance. It is the group's policy that no trading in derivatives shall be undertaken.

The main risks arising from the group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board of directors reviews and agrees policies for managing each of these risks which are summarised below :

22.1 Interest rate risk

Interest rate risk is the risk that changes in the interest rate will affect the group's income or value of its financial instruments, namely its cash resources and interest-bearing borrowings.
The group is exposed to interest rate risk through its commitments in interest bearing borrowings, cash resources and instalment sale agreements. The group manages this risk by keeping the accounts payable days within a reasonable period and by keeping positive balances in the bank, serving as a natural hedge. As part of the process of managing the group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in prevailing interest rates.
The group's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit/(loss).

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, profit before taxation (through the impact on floating rate borrowings). There is no impact on equity.

	2009	2008
	R	R
GROUP		
Interest bearing loans payable	30 086 757	33 512 997
Instalment sale liabilities	10 295 681	10 298 638
Bank overdraft	452 527	2 929 673
	40 834 965	46 741 308
Increase of 100 basis points would result in a reduction in profit before tax of	(408 349)	(467 413)
Decrease of 100 basis points would result in an improvement in profit before tax of	408 349	467 413

22.2 Credit risk

The group trades only with recognised, creditworthy third parties. It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in note 11. There are no significant concentrations of credit risk within the group.

With respect to credit risk arising from the other financial assets of the group which comprise other loan accounts, other financial assets, short-term receivables and trade and other receivables, the group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

22.3 Financial liabilities

22.3.1 Liquidity risk

The group manages liquidity risk by monitoring forecasted cash flows and ensuring that adequate unutilised borrowing facilities are available. In addition, the group maintains a strong business relationship with its bankers. The table summarises the maturity profile of the financial liabilities as at 28th February, 2009 based on contractual undiscounted payments.

22.3.2 Maturity analysis - 2009	**Group**		**Company**	
	Less than 1 year	**Between 1 and 5 years**	**Less than 1 year**	**Between 1 and 5 years**
	R	**R**	**R**	**R**
Borrowings	5 033 031	41 490 035	-	2 125 000
Trade and other payables	16 451 107	-	52 324	-
	21 484 138	41 490 035	52 324	2 125 000
Maturity analysis - 2008				
Borrowings	3 860 794	45 720 968	-	2 125 000
Trade and other payables	8 616 400	-	10 094	-
	12 477 194	45 720 968	10 094	2 125 000

22.3.3 Long term liabilities and shareholders' loans

The directors consider the carrying amounts of the long term liabilities to approximate their values.

22.3.4 Capital management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Capital comprises all components of equity (i.e. ordinary shares, share premium, minority interest, retained earnings, and other reserves).

23. CAPITAL COMMITMENTS

	Group		**Company**	
	2009	**2008**	**2009**	**2008**
	R	**R**	**R**	**R**
23.1 Operating lease commitments				
Future minimum lease payments under non-cancellable operating leases are as follows -				
Within 1 year	2 183 040	1 837 613	-	-
Due thereafter but not later than 5 years	2 606 448	3 613 501	-	-
More than 5 years	137 652	247 774	-	-
	4 927 140	5 698 888	-	-

The group has entered into leases on its property, consisting of a certain portion the company's buildings. These non-cancellable leases have remaining non-cancellable lease terms of between 3 and 5 years. All leases include a clause to enable upward revision of the rental charged on an annual basis based on prevailing market conditions.

23.2 Commitments for capital expenditure				
Plant and machinery	5 000 000	9 457 393	-	-

This committed expenditure relates to the construction of a new theatre and expansion of wards for Lenmed Health Shifa at Randles Road Sydenham. It is intended to finance this expenditure from existing borrowing facilities and from internally generated funds.

24. DIRECTORS' EMOLUMENTS AND RELATED PAYMENTS

	For services as directors	For other services	Total
2009			
Mr. P. Devchand	183 700	996 300	1 180 000
Dr. A.F. Kaka	-	1 040 000	1 040 000
Mr. A. Nana	-	1 040 000	1 040 000
Mr. D.K. Motiram	83 500	-	83 500
Prof. D.B. Goolab	75 150	-	75 150
Dr. A. Latib	91 850	-	91 850
Mr. K. Daya	91 850	-	91 850
Mr. Ram Saloojee	91 850	-	91 850
Dr. A. Suleman	-	81 260	81 260
Dr. M. Khan	-	554 000	554 000
	617 900	3 711 560	4 329 460
2008			
Mr. P. Devchand	-	1 108 100	1 108 100
Dr. A.F. Kaka	-	1 002 000	1 002 000
Mr. A. Nana	-	947 000	947 000
Mr. D.K. Motiram	87 240	36 700	123 940
Prof. D.B. Goolab	87 240	63 200	150 440
Dr. A. Latib	87 240	8 200	95 440
Mr. K. Daya	87 240	71 200	158 440
Mr. Ram Saloojee	87 240	8 200	95 440
Mr. F. Fakir	72 700	6 700	79 400
Dr. A. Suleman	-	82 000	82 000
Dr. M. Khan	-	338 400	338 400
	508 900	3 671 700	4 180 600

25. RELATED PARTIES

The holding company, directors and subsidiaries are disclosed in the report of the directors.
Transactions and balances between the group and its subsidiaries, which are related parties of the group, have been eliminated on consolidation. The remuneration and benefits received by directors are disclosed in note 24.

	Dividends from related parties	Management fees from related parties	Amounts owing by related parties	Amounts owing to related parties
	R	R	R	R
Lenmed Health Shifa (Pty) Ltd.				
- 2009	-	-	2 359 163	-
- 2008	-	-	-	-
Lenmed Health (Pty) Ltd.				
- 2009	8 660 000	-	158 049 397	-
- 2008	6 000 000	-	154 988 422	-
Lenmed Management Services (Pty) Ltd.				
- 2009	-	-	-	2 125 000
- 2008	-	-	-	2 125 000
Nu Yale Trust				
- 2009	-	-	1 198 598	-
- 2008	-	-	1 145 245	-
Topaz Star Trading (Pty) Ltd.				
- 2009	-	767 615	767 615	-
- 2008	-	329 746	329 746	-
Lenvestco Investments Ltd.				
- 2009	-	-	33 787	-
- 2008	-	-	21 070	-
Lenmed Health Lenasia (Pty) Ltd.				
- 2009	-	-	6 120 603	-
- 2008	-	-	-	-

Share of income for the year from Nu Yale Trust amounted to R239 580 (2008 - R230 320).
Lenmed Health Shifa (Pty) Ltd. is the sole beneficiary of the Nu Yale Trust which owns the land on which the hospital parking lot is situated.
Entities are considered related parties if there is a common directorship or ownership by a Lenmed Health group director.
Transactions conducted with Topaz Star Trading (Pty) Ltd. were with subsidiary companies - Lenmed Health Lenasia (Pty) ltd., Lenmed Shifa (Pty) Ltd. and Lenmed Health Laverna (Pty) ltd.
The amount owing by Lenvestco Investments Ltd. is reflected in the subsidiary companies - Lenmed Health Lenasia (Pty) Ltd. and Lenmed Investments Ltd.
Inter-company loans eliminated between subsidiaries upon consolidation and not disclosed above were :

	R
Lenmed Health Lenasia (Pty Ltd. owing to Lenmed Health (Pty) Ltd.	51 178 474
Lenmed Health Zamokuhle (Pty) Ltd. owing to Lenmed Health Lenasia (Pty) Ltd.	5 152 186
Lenmed Health Lenasia (Pty Ltd. owing to Lenmed Investments Ltd.	6 120 603
Lenmed Health Shifa (Pty) Ltd. owing to Lenmed Investments Ltd.	2 359 163
Lenmed Health (Pty) Ltd. owing to Lenmed Investments Ltd.	158 049 397
Lenmed Health Shifa (Pty) Ltd. owing to Lenmed Health (Pty) Ltd	14 309 523
Lenmed Health Zamokuhle (Pty) Ltd. owing to Lenmed Health (Pty) Ltd.	4 516 980
Lenmed Management Services (Pty) Ltd. owing to Lenmed Health (Pty) Ltd.	176 633
Lenmed Investments Ltd. owing to Lenmed Management Services (Pty) Ltd.	2 125 000
Ladysmith Properties (Pty) Ltd. owing to Lenmed Health Laverna (Pty) Ltd.	791 509

26. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

26.1 Key sources of estimation uncertainty

Deferred taxation

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

The group considered the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses can be utilised:

- whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses can be utilised;

- whether it is probable that the entity will have taxable profits before the unused tax losses expire; and - whether the unused tax losses result from identifiable causes which are unlikely to recur.

To the extent that it is not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised, the deferred tax asset is not recognised. To determine the probability that taxable profit will be available against which the unused tax losses can be utilised, the company has reviewed its forecasts of secured work for the foreseeable future and compared that to its total tax losses.

Goodwill

Goodwill is tested for impairment at each balance sheet date. The recoverable amount of cash generating units have been estimated based on value in use calculations. Value in use calculations have been based on a subjective pre-tax discount rate.

Trade receivables and trade payables

Normal trade credit terms in South Africa have been judged to be equal to 60 days. Where trade receivables and payables are settled beyond the normal trade credit terms, the transaction is deemed to include a financing arrangement. The resulting trade receivables or trade payables are discounted from the date of settlement to day 60 using an appropriate discount rate. The group discounts its trade receivables using a discount rate equivalent to that which it could earn on funds placed on call for a similar term. Trade payables are discounted using the group's incremental borrowing rate which it could obtain from its commercial bank for borrowing funds on similar terms.

Residual values and useful lives of items of property, plant and equipment Plant and machinery

Due to the specialised nature of the group's plant and machinery the residual value attached to these assets has been estimated to be nil. The group estimates that the useful life of the plant and machinery, being the period of time for which the assets can be utilised without significant modifications, replacements or improvements, is 10 years based on current levels of production and repairs and maintenance costs incurred.

Motor vehicles

The entity has a policy of utilising all motor vehicles for a period of 3 years. It is estimated that passenger vehicles have a residual value approximating 30% of its initial purchase price. Heavy duty trucks are estimated to have a residual value at the end of 3 years equivalent to 40% of their initial carrying values.

Stock Impairments

The stock provision is based on average loss rates of stock in recent months. The provision makes use of stock counts performed which is considered to be representative of all stock items held.

Goodwill

Goodwill is tested for impairment at each balance sheet date. The recoverable amounts of cash generating units have been estimated based on value in use calculations. Value in use calculations have been based on a subjective pre-tax discount rate, being the weighted average cost of capital of the respective subsidiary companies.

Provisions

In determining the adequate discount rate to be used in respect of provisions that were required to be discounted, the group used its incremental borrowing rate, being the rate that could currently be obtained from its bankers for a similar term loan.

26.2 Critical judgements in applying the group's accounting policies

Operating lease commitments

The group has entered into property leases over a number of premises . As management have determined that the group has not transferred substantially all the risks and rewards of ownership of these properties, the leases have been classified as operating leases and accounted for accordingly.

Notice of Annual General Meeting

Notice is hereby given that the Twenty Seventh Annual General Meeting of members of the Company will be held at Lenmed Clinic, K43 Highway, Lenasia on Tuesday 1 December, 2009, at 20h00 (8:00pm) for the purpose of transacting the following business:

1. Notice of meeting.
2. To approve the minutes of the Twenty Sixth Annual General Meeting.
3. Chairman's Report.
4. To receive and consider the Annual Financial Statements of the Company for the year ended 28 February 2009 together with the respective reports of the directors and auditors thereon.
5. To elect directors in place of the present Directors, who retire in accordance with the Articles of Association, but who are eligible for re-election.
6. To approve directors' emoluments for the year ended 28 February 2009.
7. To confirm the appointment PKF Durban as auditors, until the next Annual General Meeting.
8. To extend the authority granted to the directors to issue the unissued shares in the capital of the Company at their discretion until the next Annual General Meeting.
9. To transact such other business as may be dealt with at an Annual General Meeting.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy so appointed need not be a member of the Company.

Proxy forms should be forwarded to reach the Secretary or the registered office of the Company at least 48 (forty eight) hours before the time appointed for the holding of this meeting. Saturday, Sunday and Public Holidays will not be taken into account in calculating the 48 hour period.

BY ORDER OF THE BOARD

M. NoorMohamed
Company Secretary
1 September, 2009

FORM OF PROXY
TWENTY SEVENTH ANNUAL GENERAL MEETING

I/We the undersigned, ____

____ (Print Name)

of ____ (Address)

being a member(s) of the abovenamed Company, hereby appoint:-

1. ____ (Print Name)

of ____ (Address)

failing him

2. ____ (Print Name)

of ____ (Address)

failing him

3. The Chairman of the meeting

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at Lenmed Clinic, K43 Highway, Lenasia on Tuesday 1 December, 2009 at 20h00 and at every adjournment thereof, unless otherwise instructed, my/our proxy may vote as he/she deems fi t or abstain from voting.

* (Indicate instructions to proxy by way of a cross in the spaces provided below).

		*In Favour of resolution	*Against resolution	*Abstain from voting
4.	Adopt Annual Financial Statements	☐	☐	☐
5.	Election of Directors	☐	☐	☐
6.	Approval of Directors' Emoluments	☐	☐	☐
7.	Confirm appointment of auditors	☐	☐	☐
8.	Authorise Directors to issue shares and debentures	☐	☐	☐
9.	Other matters	☐	☐	☐

Signed this ____________________ day of ____________________ 20__________

Signature(s) : ______________________________

____

LENMED INVESTMENTS LIMITED

PROXY NOTES

1. A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy (who need not to be a member of the Company) to attend, speak and on a poll, vote in his/her stead, or to abstain from voting.

2. Proxies must be lodged with the secretary or at the registered office of the Company not later than 48 (forty eight) hours before the time of the meeting (which excludes Saturdays, Sundays and Public Holidays).

3. Any alterations made on this form of proxy must be initialed.

4. The authority of a person signing this proxy under a power of attorney must be attached hereto unless that power of attorney has already been recorded by the Company. In the case of a body corporate, the proxy form or documents appointing a representative in terms of Section 188 (1) of the Companies Act, 1973, as amended, must be signed by a duly authorised officer and be accompanied by a certified copy of the resolution concerned.

5. This form of proxy must be signed by all joint shareholders. If more than one of those joint shareholders be present personally or by proxy, then that one of the said persons whose name stands first in the register shall alone be entitled to vote.