5. SEGMENT INFORMATION

The Group's Chief Executive Officer and Chief Financial Officer have restructured the operating segments due to Jasco Electronics Holdings Limited being classified as a non-current asset held for sale in the prior year (please refer to note 12 for further detail) and on the purchase of the new WAD assets in the current year. The operating segments identified are examined from a service perspective (total healthcare vs information technology) and geographical perspective (SA vs Africa). The geographical segments identified include all businesses outside of South Africa which include Botswana, Mauritius, Namibia, Kenya, Swaziland and Zimbabwe. Individually, each business outside of South Africa is not material hence management has taken the decision to disclose all business outside of South Africa as a separate operating segment. All segments have been disclosed according to what the Chief Operating Decision Maker reviews.

NATURE OF BUSINESS SEGMENTS:

- Healthcare SA – consists of medical scheme administration and health risk management services in South Africa. Please refer to note 11 which indicates Medscheme Holdings (Proprietary) Limited's summarised financial information.
- Healthcare Retail – consists of pharmaceutical sales/services from the WAD Acquisition. These services are rendered in South Africa.
- Healthcare Africa – consists of all healthcare services outside of South Africa. This includes associate earnings (Botswana, Kenya, Namibia, Zimbabwe, Swaziland and Mauritius).
- Information technology – This relates to all IT related services for the Group predominantly within South Africa.

Current year	Healthcare SA R'000	Healthcare Retail R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
Gross revenue	2 066 327	748 477	180 534	2 995 338	499 411	(346 603)	3 148 146
Other income	–	–	–	–	–	–	–
Administration expenses	(1 893 117)	(701 287)	(117 651)	(2 712 055)	(382 940)	306 599	(2 788 396)
Amortisation of intangibles	(1 385)	(8 171)	(336)	(9 892)	(55 629)	(13 811)	(79 332)
Depreciation	(11 935)	(2 531)	(2 242)	(16 708)	(21 302)	(1)	(38 011)
Net finance income	21 348	2 343	3 508	27 199	640	–	27 839
– Finance income	31 109	3 001	3 530	37 640	689	(5 943)	32 386
– Finance cost	(9 761)	(658)	(22)	(10 441)	(49)	5 943	(4 547)
Share-based payment expense	(6 444)	–	–	(6 444)	–	–	(6 444)
Net fair value gain/ impairment of assets	20 995	–	–	20 995	–	1 232	22 227
– Fair value gain/ impairment of assets	25 853	–	–	25 853	–	1 232	27 085
– Impairment of intangibles	(4 858)	–	–	(4 858)	–	–	(4 858)
Net share of profit of associate	(713)	7 479	3 352	10 118	–	–	10 118
– Share of profit of associate	(713)	7 479	3 352	10 118	–	–	10 118
Profit/(loss) before taxation	195 076	46 310	67 165	308 551	40 180	(52 584)	296 147
Income tax expense	(35 020)	(14 545)	(13 663)	(63 228)	(11 342)	(3 003)	(77 573)
Profit/(loss) for the year	160 056	31 765	53 502	245 323	28 838	(55 587)	218 574
Net segments assets	3 328 479	238 198	160 739	3 727 416	310 001	(996 701)	3 040 716
Segments assets	3 328 479	238 198	160 739	3 727 416	310 001	(996 701)	3 040 716
Segment liabilities	1 059 074	163 482	26 159	1 248 715	129 339	99 080	1 477 134

ADJUSTED PROFIT (EBITDA) EARNINGS FOR MANAGEMENT EARNINGS

EBITDA excludes the effects from significant items of income and expenditure which may have an impact on the quality of earnings such as depreciation, amortisation and impairments. It also excludes the effects of equity-settled share-based payments.

Current year	Healthcare SA R'000	Healthcare Retail R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
Profit/(loss) before taxation	**195 076**	**46 310**	**67 165**	**308 551**	**40 180**	**(52 584)**	**296 147**
Depreciation and amortisation	**13 320**	**19 323**	**2 578**	**35 221**	**76 932**	**5 190**	**117 343**
Reversal of impairment	**(20 995)**	**–**	**–**	**(20 995)**	**–**	**(1 232)**	**(22 227)**
Share-based payment expense	**6 444**	**–**	**–**	**6 444**	**–**	**–**	**6 444**
Net finance income	**(21 348)**	**(2 343)**	**(3 509)**	**(27 200)**	**(639)**	**–**	**(27 839)**
Adjusted profit/(loss) for the year (EBITDA)	**172 497**	**63 290**	**66 234**	**302 021**	**116 473**	**(48 626)**	**369 868**

Below is the restated operating segments that would have been disclosed if the decision was taken last year to change the operating segments as they are disclosed this year:

2015	Healthcare SA R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
Gross revenue	1 913 529	157 818	2 071 347	401 454	(374 489)	2 098 312
Other income	–	17 729	17 729	165	(165)	17 729
Administration expenses	(1 682 750)	(105 860)	(1 788 610)	(311 455)	373 825	(1 726 240)
Amortisation of intangibles	(113)	(267)	(380)	(34 448)	(13 906)	(48 734)
Depreciation	(11 141)	(1 906)	(13 047)	(22 680)	–	(35 727)
Net finance income	15 488	2 680	18 168	627	7	18 802
– Finance income	33 531	2 724	36 255	681	(8 137)	28 799
– Finance cost	(18 043)	(44)	(18 087)	(54)	8 144	(9 997)
Share-based payment expense	(9 395)	–	(9 395)	–	–	(9 395)
Net fair value gain/impairment of assets	2 068	(14 904)	(12 836)	–	(23 861)	(36 697)
Fair value gain/impairment of assets	19 773	(14 904)	4 869	–	(19 774)	(14 905)
Impairment of Jasco	(17 705)	–	(17 705)	–	(4 087)	(21 792)
Net share of profit of associate	(105)	766	661	–	647	1 308
Share of profit of associate	(105)	766	661	–	–	661
Share of profit from Jasco	–	–	–	–	647	647
Profit/(loss) before taxation	227 581	56 056	283 637	33 663	(37 942)	279 358
Income tax expense	(73 024)	(17 718)	(90 742)	(10 406)	564	(100 584)
Profit/(loss) for the year	154 557	38 338	192 895	23 257	(37 378)	178 774
Net segments assets	2 013 236	126 357	2 139 593	465 035	(1 019 022)	1 585 606
Segment assets	1 988 448	126 357	2 114 805	465 035	(1 019 022)	1 560 818
Held for sale asset	24 788	–	24 788	–	–	24 788
Segment liabilities	314 999	24 254	339 253	314 834	(235 560)	418 527

ADJUSTED PROFIT (EBITDA) EARNINGS FOR MANAGEMENT EARNINGS

EBITDA excludes the effects from significant items of income and expenditure which may have an impact on the quality of earnings such as depreciation, amortisation and impairments. It also excludes the effects of equity-settled share-based payments.

2015	Healthcare SA R'000	Healthcare Africa R'000	Total Healthcare R'000	Information Technology R'000	Elimination R'000	Group R'000
Profit/(loss) before taxation	227 581	56 056	283 637	33 663	(37 942)	279 358
Depreciation and amortisation	11 254	2 173	13 427	57 128	13 906	84 461
Reversal of impairment	(2 068)	14 904	12 836	–	23 861	36 697
Share-based payment expense	9 395	–	9 395	–	–	9 395
Net finance income	(15 488)	(2 680)	(18 168)	(627)	(7)	(18 802)
Adjusted profit/(loss) for the year (EBITDA)	230 674	70 453	301 127	90 164	(182)	391 109