ANNEXURE 1: CARVE-OUT HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF ACQUISITIONCO FOR THE THREE YEARS ENDED 30 SEPTEMBER 2022, 30 SEPTEMBER 2021 AND 30 SEPTEMBER 2020 AND THE SIX-MONTH PERIOD ENDED 31 MARCH 2023

The definitions and interpretations commencing on page **Error! Bookmark not defined.** of the Circular apply, mutatis mutandis, to this Annexure 1.

The Carve-Out Historical Consolidated Financial Information for the three years ended 30 September 2022, 30 September 2021 and 30 September 2020 is set out below, comprising the Carve-Out Historical Consolidated Statement of Profit or Loss, the Carve-Out Historical Consolidated Statement of Comprehensive Income, the Carve-Out Historical Consolidated Statement of Financial Position, the Carve-Out Historical Consolidated Statement of Changes in Equity, the Carve-Out Historical Consolidated Statement of Cash Flows and notes to the Carve-Out Historical Consolidated Financial Information.

The Carve-Out Historical Consolidated Financial Information for the three years ended 30 September 2022, 30 September 2021, and 30 September 2020 is the responsibility of the Directors. The Independent Reporting Accountant's Report on the Carve-Out Historical Consolidated Financial Information for the three years ended 30 September 2022, 30 September 2021, and 30 September 2020 is set out in Annexure 2.

Commentary

AMG has delivered to our expectations with all three major geographies (UK, Italy and Ireland) delivering higher scan volumes than in FY2021. However, the financial results in FY2021 included COVID-19-related contracts that came to an end in September 2021. This once-off benefit distorts the financial comparison against FY2021.

In the United Kingdom, Diagnostic Imaging volumes grew 2.0% year-on-year in FY2022. The mobile units that delivered COVID-19-related CT contracts for the NHS through to 30 September 2021 have been redeployed in the UK for both NHS and private work, and tariffs for this work have reverted to normal pricing. This has resulted in lower revenue and normalised EBITDA per scan when compared with the prior year, although this impact was in-line with our expectations.

PET-CT volumes in the UK have continued to grow strongly in FY2022 and were 11.1% higher than FY2021 volumes. We expect robust demand for PET-CT scanning to continue due to ongoing efforts to identify cancer and treat cancer while in its early stages. We have made progress during FY2022 in expanding our footprint of CDCs and currently have seven operational CDCs and a further two CDCs in development.

In Italy, volumes for the FY2022 period were 7.5% higher year-on-year relative to FY2021, supported by additional budgets being awarded by ASL in certain locations to assist clinics in reducing waiting lists.

In Ireland, the business has delivered another exceptional performance in FY2022. The business continued to benefit from a rebound in activity and increased public sector contracting resulting in FY2022 volumes being 24.4% higher relative to FY2021.

These operational results have resulted in AMG delivering 4.9% revenue growth year-on-year for the FY2022 period. However, normalised EBITDA has declined by 10.1% during FY2022 due to the impact of the COVID-19-related contracts ending at the end of FY2021 and also the impact of higher salary inflation and increased energy costs. These factors have led the normalised EBITDA margin for AMG to moderate to 20.8% versus the 24.2% we reported in FY2021.

Basis of preparation

The Carve-Out Historical Consolidated Financial Information of AcquisitionCo, its subsidiaries and joint ventures ("**Consolidated Company**") has been prepared in accordance with IFRS and interpretations of those standards as issued by the IASB, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements. The additional disclosure required in terms of paragraph 8.12 (being the commentary) of the Listings Requirements has been included above in the Carve-Out Historical Consolidated Financial Information.

Presentation and functional currency

The Carve-Out Historical Consolidated Financial Information has been prepared in pound sterling (GBP) as the functional currency of AcquisitionCo is Pound Sterling. This differs to the currency of Life Healthcare, which is South African rand.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currencies at reporting date closing rates are recognised in the statement of profit or loss.

Foreign exchange gains and losses are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain and loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance income/(costs). All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income/(expenses).

Rounding principles

Rounded to the nearest thousand, unless otherwise stated. Amounts less than £1,000 will therefore round down to £nil and are presented as a dash.

Historical financial information

The Carve-Out Historical Consolidated Financial Information has been extracted and compiled from the audited consolidated financial statements of Life Healthcare for the years ended 30 September 2022, 2021 and 2020 using historical results of operations, assets and liabilities attributable to the Consolidated Company. The Carve-Out Historical Consolidated Financial Information excludes LMI.

The Life Healthcare directors have relied on the fact that the Carve-Out Historical Consolidated Financial Information, which has been extracted from the consolidated financial statements of Life Healthcare for the years ended 30 September 2022, 2021 and 2020, is free from material misstatement, whether due to fraud or error, and that the Life Healthcare directors were responsible for the compilation of Life Healthcare's audited consolidated financial statements for the years ended 30 September 2022, 2021 and 2020 and the internal controls as they determined are necessary to enable the preparation and presentation of the aforementioned consolidated financial statements.

Carve-Out Historical Consolidated Statement of Profit or Loss
for the years ended 30 September

	Notes	Audited 2022 £000	Reviewed 2021 £000	Reviewed 2020 £000
Revenue	2	379,450	367,776	303,953
Other income		-	23	717
Drugs and consumables		(43,983)	(42,493)	(32,006)
Employee benefits expense	3	(106,767)	(95,809)	(82,158)
Retirement benefit asset income		(52)	12	17
Depreciation on property, plant and equipment		(39,409)	(38,538)	(35,361)
Amortisation of intangible assets		(21,481)	(22,122)	(22,534)
Repairs and maintenance expenditure on property, plant and equipment		(20,271)	(20,878)	(19,266)
Occupational expenses		(14,674)	(13,356)	(13,384)
Communication expenses		(3,648)	(4,291)	(8,157)
Radiology service costs		(85,686)	(75,287)	(66,547)
Professional, legal and secretarial fees		(2,823)	(3,606)	(2,208)
Expected credit losses		(724)	(992)	(1,375)
Other expenses	5	(22,305)	(22,403)	(16,619)
Loss on disposal of property, plant and equipment	7	(124)	(283)	(237)
Transaction costs relating to acquisitions and disposals		(443)	(116)	(338)
Operating profit		17,060	27,637	4,497
Finance income	4	10,441	-	4,541
Finance cost	4	(13,998)	(20,077)	(16,131)
Impairment of investment in joint venture	9	-	(235)	-
Share of joint ventures' net profit after tax	9	627	524	495
Profit / (loss) before tax	5	14,130	7,849	(6,598)
Tax expense	6	220	4,698	1,021
Profit/ (loss) after tax		14,350	12,547	(5,577)
Profit/ (loss) after tax attributable to:				
Ordinary equity holders of the parent		14,357	12,561	(5,609)

Non-controlling interest	(7)	(14)	32
	14,350	12,547	(5,577)

Carve-Out Historical Consolidated Statement of Comprehensive Income
for the years ended 30 September

	Audited 2022 £000	Reviewed 2021 £000	Reviewed 2021 £000
Profit/ (loss) after tax	14,350	12,547	(5,577)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve (FCTR)	1,242	1,995	(2,887)
Items that will not be reclassified to profit or loss			
Retirement benefit asset income, net of tax	598	-	-
Total comprehensive income/ (loss) for the year	16,190	14,542	(8,464)
Total comprehensive income/ (loss) attributable to:			
Ordinary equity holders of the parent	16,197	14,556	(8,496)
Non-controlling interest	(7)	(14)	32
	16,190	14,542	(8,464)

Carve-Out Historical Consolidated Statement of Financial Position
at 30 September

	Notes	Audited 2022 £000	Reviewed 2021 £000	Reviewed 2020 £000
ASSETS				
Non-current assets		961,958	950,707	958,359
Property, plant and equipment	7	267,409	240,575	241,034
Intangible assets	8	672,312	688,092	707,197
Investment in joint ventures	9	2,659	3,104	3,094
Deferred tax assets	11	18,482	18,014	6,070
Other assets		1,096	922	964
Current assets		168,929	139,431	137,632
Cash and cash equivalents	12	56,165	47,928	62,566
Trade and other receivables	13	70,465	68,514	56,999
Inventories	14	3,406	2,940	2,559
Income tax receivable		287	218	719
Loans to group companies	15	38,606	19,831	14,789
Total assets		1,130,887	1,090,138	1,095,991
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	16	147,537	147,537	147,537
Other reserves	17	371,152	373,253	373,500
FCTR		(2,588)	(3,830)	(5,825)
Retained Earnings		152,147	137,192	124,631
Non-controlling interest		46	53	67
Total equity		668,294	654,205	639,910
LIABILITIES				
Non-current liabilities		91,079	91,355	86,202
Interest-bearing borrowings	18	53,728	51,246	51,297

Employee benefit liabilities	10	6,524	7,222	7,377
Deferred tax liabilities	11	20,870	24,775	21,866
Provisions	20	6,070	5,842	4,304
Contingent consideration liabilities	21	194	234	85
Cash-settled share-based payment liability	22	3,693	2,036	1,273
Current liabilities		371,514	344,578	369,879
Trade and other payables	19	113,620	102,125	104,152
Interest-bearing borrowings	18	13,329	16,165	20,579
Provisions	20	1,639	1,807	1,642
Contingent consideration liabilities	21	20	20	-
Cash-settled share-based payment liability	22	1,651	1,076	-
Income tax payable		1,536	2,460	1,247
Loans from group companies	15	239,719	220,925	242,259
Total liabilities		462,593	435,933	456,081
Total equity and liabilities		1,130,887	1,090,138	1,095,991

Carve-Out Historical Consolidated Statement of Changes in Equity
for the years ended 30 September

	Attributable to equity holders of the Company					
	Stated capital	**Other reserves**	**FCTR**	**Retained earnings**	**Non-controlling interest**	**Total equity**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 October 2021	147,537	373,253	(3,830)	137,192	53	654,205
Total comprehensive income for the year	-	-	1,242	14,955	(7)	16,190
Profit for the year	-	-	-	14,357	(7)	14,350
Other comprehensive income	-	-	1,242	598	-	1,840
Movement in share-based payment scheme	-	81	-	-	-	81
Contribution to co-investment scheme (CIP)	-	(2,676)	-	-	-	(2,676)
Transferred in terms of CIP	-	494	-	-	-	494
Balance at 30 September 2022	147,537	371,152	(2,588)	152,147	46	668,294
Notes		17				
Balance at 1 October 2020	147,537	373,500	(5,825)	124,631	67	639,910
Total comprehensive income for the year	-	-	1,995	12,561	(14)	14,542
Profit for the year	-	-	-	12,561	(14)	12,547
Other comprehensive income	-	-	1,995	-	-	1,995
Movement in share-based payment scheme	-	(247)	-	-	-	(247)
Balance at 30 September 2021	147,537	373,253	(3,830)	137,192	53	654,205
Notes		17				
Balance at 1 October 2019	147,537	373,500	(2,938)	130,240	35	648,374
Total comprehensive (loss) for the year	-	-	(2,887)	(5,609)	32	(8,464)
Loss for the year	-	-	-	(5,609)	32	(5,577)
Other comprehensive loss	-	-	(2,887)	-	-	(2,887)

Balance at 30 September 2020	147,537	373,500	(5,825)	124,631	67	639,910
Notes		17				

Carve-Out Historical Consolidated Statement of Cash Flows
for the years ended 30 September

	Notes	Audited 2022 £000	Reviewed 2021 £000	Reviewed 2020 £000
Cash flows from operating activities				
Cash generated from operations	24	85,877	77,338	78,657
Transaction costs paid relating to acquisitions		(443)	(116)	(338)
Tax paid		(5,146)	(2,622)	(1,934)
Net cash generated from operating activities		80,288	74,600	76,385
Cash flows from investing activities				
Purchase of property, plant and equipment		(48,235)	(36,740)	(35,855)
Purchase of intangible assets		(1,504)	(1,670)	(1,204)
Proceeds on disposal of property, plant and equipment		458	968	712
Payments relating to loans to group companies		(18,776)	(5,042)	(5,185)
Acquisition of subsidiaries, net of cash acquired	25	(906)	(4,307)	(372)
Acquisition of investment in joint venture	9	(489)	(264)	-
Contingent considerations paid	21	-	-	(405)
Dividends received from joint ventures		1,587	383	308
Net cash utilised in investing activities		(67,865)	(46,672)	(42,001)
Cash flows from financing activities				
Repayment of bank loans	18	(141)	(3,013)	(10,481)
Repayment of lease liabilities	18	(16,934)	(6,198)	(7,347)
Payments relating to loans from group companies		-	(21,333)	-
Proceeds relating to loans from group companies		18,794	-	22,283
Finance cost paid		(4,919)	(4,910)	(4,862)
Net cash utilised in financing activities		(3,200)	(35,454)	(407)
Net increase/(decrease) in cash and cash equivalents		9,223	(7,526)	33,977
Cash and cash equivalents - beginning of the year		47,928	62,566	36,572
Effect of foreign currency rate movements		(986)	(7,112)	(7,983)
Cash and cash equivalents at the end of the year	12	56,165	47,928	62,566

1. BASIS OF PREPARATION, CRITICAL JUDGEMENTS, ACCOUNTING ESTIMATES AND ASSUMPTIONS

1.1 Going concern principles

The directors believe that the Consolidated Company has adequate financial resources to continue in operation for the foreseeable future, whilst part of Life Healthcare and accordingly the historical financial information has been prepared on a going concern basis.

Although the current liabilities exceed the current assets, the loans from group companies will be settled by the Purchaser as part of the Transaction on or immediately after the Completion Date.

The directors have therefore satisfied themselves that the Consolidated Company is in a sound financial position and has sufficient accessible capital and liquidity to continue to meet its obligations as they fall due.

1.2 Critical judgements, accounting estimates and assumptions

The preparation of the audited consolidated financial statements of Life Healthcare, from which the Carve-Out Historical Consolidated Financial Information has been extracted, requires the use of critical accounting estimates and assumptions and requires management to exercise judgements (refer 1.2.1) in the process of applying Life Healthcare's accounting policies. Estimates, assumptions 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 Consolidated Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. A description of the accounting estimates, assumptions and judgements that were critical to preparing specific financial statement items as well as the processes employed to do so, are set out as follows:

1.2.1 Critical judgements

Non-financial assets

Impairment – goodwill

The recoverable amounts of cash-generating units (CGUs) have been determined based on the higher of value-in-use calculations and fair value less cost to sell. These calculations require the use of estimates. An impairment loss is recognised for CGUs if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order: first, to reduce the carrying amount of any goodwill allocated to the CGU and then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The COVID-19 pandemic significantly impacted future cash flows, scan volumes and operating profit margins in the past two financial years (FY2021 and FY2020). During the financial year ended 30 September 2022, AMG's scan volumes exceeded pre-COVID-19 levels and are assumed to continue to grow throughout FY2023. A level of judgement is required in estimating future activities, scan volumes and the related cash flows.

The recoverable amounts of most CGUs were determined based on value-in-use.

Recoverable amounts based on value in use

The value-in use calculations for the CGUs were determined by discounting the expected future cash flows over a period of five years after which a terminal growth rate is applied.

The key assumptions used in the value-in-use calculations are:

Average discount rates	The weighted average cost of capital (WACC) was determined by considering the respective debt and equity costs and ratios. To determine the discount rates, the local risk-free rate was used based on the in-country government bond yield adjusted for a risk premium to reflect the increased risk of investing in equities. The discount rates used are pre-tax and reflect the specific risks relating to the industry and the countries in which they operate.
Growth rates in activities/volumes	Based on historical experience, capacity availability and the expected developments in the market.
Tariff and inflation increases/tariff adjustment	Based on the latest available economic forecasts and management's expectations of the outcome of annual tariff negotiations.
Cost inflation/growth in overhead costs	Based on management knowledge, prior history or trends and latest available economic forecasts.

Terminal growth rates	These rates are country specific and determined based on the forecast market growth rates.

The Consolidated Company operates in the UK and various European countries, and the countries' growth rates differ. The growth assumed is a combination of tariff increases/decreases as well as volume increases. The tariff and volume assumptions are also different for each modality (diagnostic imaging, molecular imaging and radiopharmacy) with the majority trending upwards to mitigate the current inflationary environment where we are seeing larger spikes across smaller cost items. Inflation metrics across the European zone in which the Consolidated Company operates have traditionally been low, with the current economic forecasts increasing in the short term, but stabilising thereafter.

The key assumptions used in the value-in-use calculations were as follows:

	2022 (%)	**2021 (%)**	**2020 (%)**
Contract renewals	90	90	90
Growth in activities (across all markets)[1]	0.0 – 15.0	0.0 – 17.0	0.0 – 13.0
Tariff adjustment (across all markets)	(2.0) – 3.5	(2.0) – 0.0	(3.0) – 1.5
Cost inflation, excluding energy costs (across all markets)	1.0 – 9.0	1.0 – 3.0	1.5 – 3.0
Energy costs (approximately 2.9% of cost base)	17.10	1.0 – 3.0	1.5 – 3.0
Average discount rate			
Pre-tax	8.36	7.39	7.46
Post-tax	7.30	6.11	6.48
Terminal growth rate	2.00	2.00	2.00

[1]*The compound growth rate is calculated at 5.25% (2021:5.37%, 2020:4.47%) with the higher end of the range specifically relating to PET-CT in the UK*

Sensitivity analysis

Sensitivity analysis included fluctuations in activity/volume growth, discount rates and tariffs. The assumption with the most significant impact on the value-in-use calculation is tabled below.

Significant assumption	**Impact**
Average pre-tax discount rate	If the average discount rate increases to 10.1% (2021: 8.2%, 2020: 7.6%), the headroom will reduce to nil

Financial instruments

Impairment of financial assets

Trade receivables

The Consolidated Company uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables (ECL model).

The ECL model is based on days past due for groupings of various customer segments that have similar loss patterns (mainly by customer type).

The Consolidated Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Consolidated Company's past history and existing market conditions.

The most fundamental assumption in the ECL model is that the default definition can be applied when one or more of the following are true:

- Days past due (DPD) are greater than 90 days
- Default is considered likely, namely those accounts handed over to attorneys, deceased estates or where the debtor has negotiated a payment plan
- An account has been flagged as non-performing

The Consolidated Company established an ECL model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment affecting the ability of the customer to settle outstanding balances. For trade receivables, the Consolidated Company is unlikely to experience significant change in economic conditions over the credit risk exposure period, therefore the forward-looking factors do not have a material impact on the Consolidated Company. The Consolidated Company does not track significant increases in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Credit losses are included as a separate line item in the statement of profit or loss.

Information regarding the ECLs is disclosed in note 13 and Schedule A - significant accounting policies (section 1.11 financial instruments).

Employee benefits

Long-term incentive schemes effective from 2019

Determining the fair value

Effective from 2021

1. Cash-settled share-based payment	Vesting in terms of this scheme takes place in three years from allocation.

The key assumptions used in the model were as follows:

	2022	2021	2020
Average consumer price inflation (CPI)	7.41%	4.35%	3.10%
Expected forfeiture rates	4.00%	4.00%	4.00%
Average discount rate	7.10%	6.40%	11.70%
Life core purposes	100% achievement	100% achievement	100% achievement

Co-investment policy (CIP)

Determining the fair value

Effective from 2022

CIP - equity-settled shared-based	In terms of the CIP, participants elected to invest in Life Healthcare's securities in lieu of a portion of their performance bonus relating to the 2021 financial year (bonus shares). Life Healthcare matched each bonus shares awarded with the purchase of three matching shares (Life Healthcare matched shares). The bonus shares and Life Healthcare's matched shares will be restricted and will vest in the 2025 financial year. In addition, the participants were awarded Life Healthcare performance shares, which will be restricted and vest in the 2025 financial year, subject to specified performance conditions being achieved over a specific period of time. Refer note 17. The bonus and matching shares methodology is based on Life Healthcare's share price at grant date multiplied by an attrition factor to allow for expected forfeitures over the vesting period. The fair value of performance shares is determined using a Monte-Carlo valuation model. This methodology takes into consideration risk-neutral principles, independent volatility assumptions, Life Healthcare's share price and expected dividends over the vesting period. The attrition factor is applied outside of the Monte Carlo model.

The key assumptions used in the model were as follows:

	2022	**2021**	**2020**
Risk-free rates	Zero-coupon RSA spot swap curve [1]	n/a	n/a
Expected forfeiture rates	2.00%	n/a	n/a
Volatility [2]	32.63%	n/a	n/a

[1] *Zero-coupon RSA spot swap curve at grant date was 4.66%.*

[2] The volatility is based on the average historic data over the last five years of the annualised share price of Life Healthcare and two comparator companies.

The target is expected to be achieved, with probability of 70% which is incorporated in the grant date fair value.

Refer notes 17 and 22 and Schedule A under 1.2 – Share-based payments

Other

Deferred tax assets

The Consolidated Company recognises the future benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of the deferred income tax assets requires the Consolidated Company to make estimates related to expectations in future taxable income. Estimates of future taxable income are based on forecast cash flows from operations, assumptions regarding economic growth, interest rates, inflation rates and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Consolidated Company to realise the deferred tax assets recorded at the reporting date could be impacted. The deferred tax asset is reviewed at the end of the reporting period and adjusted if required. Additionally future changes in tax laws could limit the ability of the Consolidated Company to obtain tax deductions in future periods. Refer note 11.

Uncertain tax position

All uncertain tax positions that were challenged by tax authorities and that materially affected the disclosures in the Consolidated Company's financial information are disclosed in full, except where management assessed the likelihood of an outflow of resources as remote. The raising of a corresponding provision for the tax position will be dependent on management's best judgement of the probable outcome of the uncertain tax position.

2. REVENUE

The revenue note below disaggregates revenue based on primary geographical areas, type of customer and timing of revenue recognition that is applicable to the Consolidated Company.

Management believes that the disaggregations depict how the nature, amount, timing and uncertainty of the Consolidated Company's revenue and cash flows are affected by economic factors.

	2022 £000	2021 £000	2020 £000
Primary geographical areas			
UK	207,759	196,574	159,534
Italy	103,766	104,307	88,120
Ireland	47,726	37,635	27,756
Other	20,199	29,260	28,543
	379,450	367,776	303,953
Type of customer			
Contract from customers			
Private (including private medical aids and cash paying patients)	46,530	47,178	35,469
Government and public healthcare facilities	262,601	253,795	205,018
Corporate institutions	70,319	66,803	63,466
	379,450	367,776	303,953
Timing of revenue recognition			
Over time	-		
At a point in time	379,450	367,776	303,953
	379,450	367,776	303,953

3. EMPLOYEE BENEFITS EXPENSE

	2022 £000	2021 £000	2020 £000
Salaries	85,265	78,745	67,190
Equity-settled share-based payment - CIP [1]	494	-	-
Cash-settled share-based payment - long term incentive schemes[2]	3,526	1,720	696
Pension fund costs - defined contribution plans	3,469	3,049	2,941
Social security costs	13,321	11,818	10,768
Other	692	477	563
	106,767	95,809	82,158

[1] *Refer statement of changes in equity.*

[2] *Refer note 22.*

4 FINANCE INCOME AND COST

	2022 £000	2021 £000	2020 £000
Finance income	(10,441)	-	(4,541)
Foreign exchange gains	(10,441)	-	(4,541)
Finance cost	13,998	20,077	16,131
Interest on lease liabilities	2,766	2,882	2,828
Foreign exchange losses	-	9,147	1,388
Intercompany interest	9,028	5,968	9,829
Other [3]	2,204	2,080	2,086
Net finance cost	3,557	20,077	11,590

[3] *Other includes mainly factoring interest and similar charges*

5 PROFIT BEFORE TAX

	2022 £000	2021 £000	2020 £000
The following items have been included as part of other expenses in arriving at profit before tax:			
Lease rentals - expense relating to short-term leases	467	445	211
Auditor's remuneration	894	910	875
Advertising and marketing expenses	1,352	1,300	875
Insurance premiums	2,322	2,187	1,723
IT costs	6,538	5,609	4,508
Travelling and accommodation expenses	1,809	4,612	1,188
Irrecoverable VAT	8,543	7,145	6,892
Other [4]	380	195	347
	22,305	22,403	16,619

[4] *Other comprises mainly of general expenses and smaller overhead costs*

6 TAX EXPENSE

	2022 £000	2021 £000	2020 £000
Current income tax			
Current year	(4,283)	(4,222)	(2,746)
Prior year underprovision	181	239	1,126
Deferred income tax			
Origination and reversal of temporary differences	4,062	3,526	3,766
Prior year under provision	260	9,573	(116)
Benefit from previously utilised capital allowances and trading losses	-	(4,139)	(1,009)
Withholding taxes	-	(279)	-
Total tax expense	220	4,698	1,021

	2022 £000	2021 £000	2020 £000
Reconciliation of the tax rate	%	%	%
Tax rate	19.00	19.00	19.00
Adjustments for non-cash items:			
Permanent differences - income not taxable/ expenses not deductible	(12.30)	27.62	(37.24)
Depreciation for the year different from capital allowances	0.17	0.42	(7.15)
Timing differences	3.24	5.05	(7.10)
Deferred tax not recognised	(0.19)	(16.19)	18.67
Change in tax rate	0.66	24.10	-
Prior year underprovision	(3.13)	(124.79)	15.23
Group relief (UK corporate tax grouping)	(19.18)	(6.94)	22.32
Effect of conversion of international tax rates to UK normal tax rate	10.18	11.87	(8.25)
Effective rate	(1.55)	(59.86)	15.48

7. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings owned £000	Improvements to right-of-use assets £000	Medical equipmen t £000	Motor vehicles and other equipment £000	Right-of-use assets £000	Assets under construction £000	Total £000
Carrying value at 1 October 2021	32,029	37,940	112,535	12,015	33,824	12,232	240,575
Additions	-	-	6,806	3,898	16,000	37,531	64,235
Arising on acquisition of subsidiaries	-	-	50	22	-	-	72
Disposals, scrappings or derecognitions	-	-	(284)	(413)	(32)	-	(729)
Transfers	107	8,908	12,846	1,928	(22)	(23,767)	-
Depreciation	(2,441)	(4,597)	(22,162)	(4,925)	(5,284)	-	(39,409)
Effect of foreign currency movement	278	431	530	453	525	448	2,665
Carrying value at 30 September 2022	29,973	42,682	110,321	12,978	45,011	26,444	267,409
Comprising:							
Cost	51,944	88,276	301,269	37,780	61,299	26,444	567,012
Accumulated depreciation and impairment losses	(21,971)	(45,594)	(190,948)	(24,802)	(16,288)	-	(299,603)
	29,973	42,682	110,321	12,978	45,011	26,444	267,409
Carrying value at 1 October 2020	26,382	39,395	109,261	10,474	34,805	20,717	241,034
Additions	1,142	2,129	6,671	4,038	6,323	22,760	43,063
Arising on acquisition of subsidiaries	834	82	67	574	-	-	1,557
Disposals, scrappings or derecognitions	-	(5)	(786)	(445)	-	(15)	(1,251)
Transfers	6,360	2,053	21,580	1,237	-	(31,230)	-
Depreciation	(1,618)	(5,121)	(22,097)	(3,704)	(5,998)	-	(38,538)
Effect of foreign currency movement	(1,071)	(593)	(2,161)	(159)	(1,306)	-	(5,290)
Carrying value at 30 September 2021	32,029	37,940	112,535	12,015	33,824	12,232	240,575
Comprising:							
Cost	48,966	78,963	287,097	33,269	46,441	12,232	506,968

Accumulated depreciation and impairment losses	(16,937)	(41,023)	(174,562)	(21,254)	(12,617)	-	(266,393)
	32,029	37,940	112,535	12,015	33,824	12,232	240,575
Carrying value at 1 October 2019	19,604	45,285	103,265	8,746	-	23,121	200,021
Adjustment as a result of adopting IFRS 16	-	-	-	-	37,385	-	37,385
Additions	493	1,454	10,864	2,410	2,779	20,634	38,634
Arising on acquisition of subsidiaries	-	8	168	13	-	-	189
Disposals, scrappings or derecognitions	-	(190)	(124)	(630)	(6)	-	(950)
Transfers	8,292	(3,152)	15,011	2,965	-	(23,116)	-
Depreciation	(2,303)	(4,224)	(20,402)	(3,079)	(5,353)	-	(35,361)
Effect of foreign currency movement	296	214	479	49	-	78	1,116
Carrying value at 30 September 2020	26,382	39,395	109,261	10,474	34,805	20,717	241,034
Comprising:							
Cost	44,851	77,102	279,557	29,200	40,006	20717	491,433
Accumulated depreciation and impairment losses	(18,469)	(37,707)	(170,296)	(18,726)	(5,201)	-	(250,399)
	26,382	39,395	109,261	10,474	34,805	20,717	241,034

Additional information on leases

	2022 £000	2021 £000	2021 £000
Right-of-use assets			
Land and buildings	44,866	33,788	34,739
Motor vehicles and other equipment	145	36	66
	45,011	33,824	34,805
Depreciation charge of right-of-use assets			
Land and buildings	(5,284)	(5,939)	(5,267)
Motor vehicles and other equipment	-	(59)	(86)
	(5,284)	(5,998)	(5,353)

Proceeds from sales of property, plant and equipment

	2022 £000	2021 £000	2020 £000
Proceeds on disposal	458	968	712
Net book value property, plant and equipment disposed	(2,315)	(582)	(1,251)
Disposals, scrappings or derecognitions	(582)	(1,251)	(949)
Relating to derecognitions of right-of-use assets	-	-	-
Loss on disposal of property, plant and equipment	(124)	(283)	(237)

8 INTANGIBLE ASSETS

	Goodwill £000	Customer relations £000	Brand name £000	Purchased technology licences £000	Total £000
Carrying value at 1 October 2021	579,174	101,306	4,916	2,696	688,092
Additions	-	-	-	1,503	1,503
Arising on acquisition of subsidiaries	2,687	-	-	-	2,687
Amortisation	-	(19,559)	(685)	(1,237)	(21,481)
Effect of foreign currency movement	1,379	68	-	64	1,511
Carrying value at 30 September 2022	583,240	81,815	4,231	3,026	672,312
Comprising:					
Cost	583,240	196,665	8,049	10,476	798,430
Accumulated amortisation and impairment losses	-	(114,850)	(3,818)	(7,450)	(126,118)
	583,240	81,815	4,231	3,026	672,312
Carrying value at 1 October 2020	577,651	120,685	5,600	3,261	707,197
Additions	-	-	-	1,670	1,670
Arising on acquisition of subsidiaries	3,321	364	-	-	3,685
Disposals or scrappings	-	-	-	(182)	(182)
Amortisation	-	(19,461)	(684)	(1,977)	(22,122)
Effect of foreign currency movement	(1,798)	(282)	-	(76)	(2,156)
Carrying value at 30 September 2021	579,174	101,306	4,916	2,696	688,092
Comprising:					
Cost	579,174	196,436	8,049	9,131	792,790
Accumulated amortisation and impairment losses	-	(95,130)	(3,133)	(6,435)	(104,698)
	579,174	101,306	4,916	2,696	688,092
Carrying value at 1 October 2019	595,936	121,239	7,370	2,039	726,584
Additions	-	-	-	1,204	1,204
Arising on acquisition of subsidiaries	733	5	-	-	738
Amortisation	(20,077)	(687)	(1,770)	-	(22,534)
Effect of foreign currency movement	1,059	128	-	18	1,205
Carrying value at 30 September 2020	577,651	120,685	5,600	3,261	707,197
Comprising:					
Cost	577,651	196,621	8,050	7,738	790,060
Accumulated amortisation and impairment losses	-	(75,936)	(2,450)	(4,477)	(82,863)
	577,651	120,685	5,600	3,261	707,197

9 INVESTMENT IN JOINT VENTURES

	2022 £000	2021 £000	2020 £000
Unlisted ordinary shares			
Balance at 1 October	3,104	3,094	2,828
Share of net profit after tax	627	524	495
Share of current year profit before tax	627	524	495
Share of current year tax	-	-	-
Arising on acquisition of joint venture	489	264	-
Impairment loss[1]	-	(235)	-
Dividends declared by joint ventures	(1,587)	(383)	(308)
Effect of foreign currency movement	26	(160)	79
Balance at 30 September	2,659	3,104	3,094

[1] 20:20 Imaging Limited ceased trading and was liquidated on 27 September 2021, and therefore the investment was fully impaired

Refer Schedule C – joint venture undertakings.

10. EMPLOYEE BENEFIT ASSETS AND LIABILITIES

	2022 £000	2021 £000	2020 £000
Employee benefit liabilities			
Trattamento di Fine Rapporto (TFR) retirement benefit obligation	(6,524)	(7,222)	(7,377)

TFR retirement benefit obligation (AMG)

Italian employees are entitled to a payment when they cease to be employed by the Company under a TFR scheme. The scheme is not defined as a defined benefit pension but is an unfunded liability, and therefore not all requirements under IAS 19 (revised) are applicable and accordingly limited disclosure is provided below:

	TFR scheme		
	2022 %	**2021 %**	**2020 %**
Actuarial assumptions applied in the valuation of the unfunded liability			
Discount rate for liabilities	3.2	0.8	0.7
Inflation rate	2.1	0.8	1.2
Future salary increases	1.0	1.0	1.0
Future pension increases	3.1	2.1	2.4
Reconciliation of the unfunded liability			
Balance at 1 October	(7,222)	(7,377)	(7,008)
Service costs	(645)	(620)	(716)
Interest cost	(55)	(50)	(53)
Remeasurements	830	204	186
Arising on acquisition of subsidiaries	(106)	-	-
Contributions by plan participants	-	-	11
Benefits paid	834	237	382
Effect of foreign currency movement	(160)	384	(179)
Balance at 30 September	(6,524)	(7,222)	(7,377)

Sensitivity analysis

	2022		2021		2020	
	Increase £000	**Decrease £000**	**Increase £000**	**Decrease £000**	**Increase £000**	**Decrease £000**
0.25% movement in the key assumptions:						
Effect on TFR unfunded liability						
Discount rate	(35)	+270	(192)	+200	+199	(93)
Inflation rate	+231	(2)	+145	(142)	(39)	+154
Future salary increases	+155	(76)	+50	(49)	+20	+250

11. DEFERRED INCOME TAX

	2022 £000	2021 £000	2020 £000
Deferred tax comprises:			
Deferred tax assets	18,482	18,014	6,070
Deferred tax liabilities	(20,870)	(24,775)	(21,866)
	(2,388)	(6,761)	(15,796)

The movement in the deferred tax account is as follows:

	2022 £000	2021 £000	2020 £000
Balance at 1 October	(6,761)	(15,796)	(18,302)
Arising on acquisition of subsidiaries	-	-	2
Effect of foreign currency movement	19	7	6
Current year charge through profit or loss	4,322	8,961	2,642
Other movements	32	67	(144)
Carrying amount at 30 September	(2,388)	(6,761)	(15,796)

Deferred income tax assets and liabilities attributable to the following items:

	2022 £000	2021 £000	2020 £000
Employee benefit liabilities	1,401	183	89
Other liabilities	778	255	729
Provision for ECL	272	263	260
Share-based payment liability	-	12	-
Accelerated wear and tear for tax purposes on property, plant and equipment	12,818	15,376	(45)
Tax loss carried forward	2,514	-	-
Intangible assets on acquisition of subsidiaries	(20,851)	(24,687)	(21,779)
Capital allowance pool	680	1,837	4,950
	(2,388)	(6,761)	(15,796)

Analysis of recoverability period of deferred tax assets and deferred tax liabilities is as follows:

	Deferred tax assets			Deferred tax liabilities		
	2022	2021	2020	2022	2021	2020
	£000	£000	£000	£000	£000	£000
Within 12 months	-	-	-	-	-	-
After more than 12 months	18,482	18,014	6,070	(20,870)	(24,775)	(21,866)
	18,482	18,014	6,070	(20,870)	(24,775)	(21,866)

Management considers a number of factors in assessing whether to raise deferred tax assets on unutilised tax losses and capital allowances. These include a yearly analysis of trends in current and past performance of the entity which forms the base of a five-year forecast to determine if an entity will be in a position to utilise such tax losses or capital allowances in the foreseeable future, as well as any other key considerations that may affect current or future performance of the entity. Deferred tax assets on unutilised tax losses and capital allowances are only raised where forecasts indicate a reasonable expectation that such tax losses or capital allowances may be utilised to reduce a potential future tax liability.

The Consolidated Company has not recognised deferred tax assets to the value of £25 million (2021: £26 million, 2020: £20 million) relating to tax losses available to carry forward against future taxable income in the Carve-Out Historical Consolidated Financial Information due to uncertainties regarding the utilisation of these losses in the foreseeable future. None of these losses are expected to expire.

12. CASH AND CASH EQUIVALENTS

	2022 £000	2021 £000	2020 £000
Bank accounts and petty cash	56,165	47,928	62,566

The cash at bank is on call and is immediately available.

Cash and cash equivalents includes £0.8 million (2021: £0.8 million, 2020: £1.2 million) restricted cash which is held by various third parties in Italy and is not available for general use by other entities within the Consolidated Company.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was negligible. The provision was calculated using a simplification of the general provision method.

13. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000	2020 £000
Trade receivables	49,557	48,716	45,244
Less: Provision for ECL	(7,338)	(8,234)	(9,796)
Net trade receivables	42,219	40,482	35,448
Accrued income	22,140	19,145	14,639
Other receivables[1,3]	4,481	5,048	3,857
Prepaid expenses	1,625	3,839	3,055
Balance at 30 September	70,465	68,514	56,999
Reconciliation of provision for ECL[2]			
Balance at 1 October	(8,234)	(9,796)	(8,982)
ECL raised	(677)	(954)	(1,299)
Debt written off	1,690	2,227	616
Effect of foreign currency movement	(117)	289	(131)
Balance at 30 September	(7,338)	(8,234)	(9,796)

[1] While other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was negligible. The provision was calculated using a simplification of the general provision method.
[2] Refer note 29 - risk management (credit risk).
[3] Other receivables consist mainly of guarantee deposits in Italy.

14. INVENTORIES

	2022 £000	2021 £000	2020 £000
Ethical drugs and consumable products (including surgicals consumed as well as consumables related to the production of doses)	3,406	2,940	2,559
Less: Provision for obsolete stock	-	-	-
Balance at 30 September	3,406	2,940	2,559

No inventories were written off as expired stock.

15. LOANS WITH GROUP COMPANIES

	2022 £000	2021 £000	2020 £000
LOANS FROM GROUP COMPANIES			
Loans from holding companies			
Life UK Healthcare Limited	(228,826)	(210,311)	(231,744)
The loan is unsecured, bears interest at SONIA plus 2.85% and is repayable on demand.			
Life UK Healthcare Limited	(10,893)	(10,614)	(10,515)
The loan is unsecured, bears interest at SONIA plus 2.20% and is repayable on demand.			
	(239,719)	(220,925)	(242,259)
LOANS TO GROUP COMPANIES			
Loans to holding companies			
Alliance Medical Group Limited	2,732	1,670	705
The loan is unsecured, bears no interest and is repayable on demand.			
Loans to fellow subsidiaries			
Life Molecular Imaging Limited [1]	35,874	18,161	14,084
The loan is unsecured, bears interest at 5% and is repayable on demand.			
	38,606	19,831	14,789

[1] *Refer to Schedule B, footnote 1.*

16. STATED CAPITAL

	2022 £000	2021 £000	2020 £000
Stated capital comprises:			
Share capital	147,537	147,537	147,537
Reconciliation of number of shares			
Ordinary shares	**000**	**000**	**000**
Authorised (Share capital of £1 each)	147,537	147,537	147,537
Issued and fully paid:			
Balance at 30 September	147,537	147,537	147,537

17. OTHER RESERVES

	2022 £000	2021 £000	2020 £000
Distributable reserves	373,500	373,500	373,500
Long-term incentive schemes and CIP	(2,348)	(247)	-
	371,152	373,253	373,500

	Long-term incentive schemes and CIP		
	2022 £000	2021 £000	2020 £000
Balance at 1 October	(247)	-	-
Charge for the year	81	(247)	-
Contribution to CIP	(2,676)	-	-
Vested during the year	-	-	-
Transferred in terms of CIP	494	-	-
Balance at 30 September	(2,348)	(247)	-

Terms and conditions

	Long-term incentive scheme – Consolidated Company CEO
Type	An equity-settled scheme
Background	During the 2021 financial year, Life Healthcare offered a once-off opportunity of company matched shares to the Consolidated Company CEO based on his investment. The intention of this offer is to retain the executive as well as to encourage shareholding in Life Healthcare thereby aligning to shareholder interests. In terms of this arrangement Life Healthcare matched a maximum investment of GBP100,000 by the Consolidated Company CEO in Life Healthcare with a share purchase to a maximum value of GBP300,000 in the market at the ruling market price.
Qualifying employees	Available to Consolidated Company CEO

Vesting requirements	**2021 scheme:** Life Healthcare matched shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025, respectively and are subject to the following conditions: • Growth on TSR over predetermined thresholds relative to the TSR of listed comparator groups - In the case of unusual market conditions, the vesting will be subject to Board discretion • The employee will be required to retain a level of investment in Life Healthcare shares of at least the initial investment over the vesting period
Method of settlement	Shares
Leavers	If the employees leave, other than as a good leaver, they will be entitled to all their co-investment shares but will forfeit the entire Life Healthcare matched shares that have not vested.
2021 granted shares	522,714 @ ZAR21.97
2022 granted shares	None
Forfeited (number of shares)	92,892
Exercised (number of shares)	None
Vested (number of shares)	92,895
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees.

	Co-investment plan (CIP)
Type	Equity-settled performance share schemes
Background	In response to the risk of Life Healthcare losing key personnel stationed throughout the Group and to align management interests with that of shareholders, Life Healthcare's board of directors approved the introduction of a once-off additional long-term incentive scheme, the co-investment plan (CIP). The once-off allocation was made to selected executives and senior managers who have been deemed critical to retain due to their ability to influence long-term performance and sustainability of the Group. Participants are held to an extended notice period of 12-months, as well as a six month's international restraint of trade for the duration of the scheme. The grant was made on 1 December 2021 (award date). Participants elected to defer 70% of their awarded short-term performance bonus relating to the 2021 financial year into shares in Life Healthcare (Bonus shares). For each bonus share awarded Life Healthcare awarded three matching shares (Matching shares). In addition, Life Healthcare awarded performance shares to the value of 75% of the participants annual guaranteed package (Performance shares). The employees are entitled, at vesting date, to all dividends declared on the shares over the period from the grant date to the vesting date. Malus and clawback provisions are included.
Qualifying employees	Available to selected executives and senior managers in the Group.

<table>
<tr><td>Vesting requirements</td><td colspan="3">Vesting in terms of this scheme takes place in four years from award date. The vesting of the awards is subject to the following market and non-market performance conditions:</td></tr>
<tr><td></td><td>Bonus shares</td><td>Matched shares</td><td>Performance shares</td></tr>
<tr><td></td><td>No vesting condition exists.</td><td>The vesting of the shares is subject to continued employment for the period vesting.</td><td>The vesting of the shares is subject to Life Healthcare achieving a total shareholder return (TSR) of at least 75% of the average TSR of two comparator companies over the vesting period.</td></tr>
<tr><td></td><td>Shares will be released on the expiry of the holding period.</td><td>Shares will vest to the participant upon fulfilment of the employment service condition.</td><td>Shares will vest to the participant when the below conditions are met:
the date on which the participant has fulfilled the employment service condition; and
the date on which the remuneration committee has determined that the performance conditions have been achieved</td></tr>
<tr><td>Method of settlement</td><td>Shares</td><td>Shares</td><td>Shares</td></tr>
<tr><td>Leavers</td><td>If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:
Good leavers: shares will be released to the participant
Bad leavers:
the shares will not be forfeited but will only be released to the participant after the vesting period.
should a participant leave to be employed by a direct competitor then the bonus shares will be forfeited.</td><td>If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:
Good leavers:
retirement / redundancy: a pro rata number of shares will vest, based on the number of months of completed employment compared to the total number of months in the vesting period. The remaining shares will be forfeited.
death / disability: all unvested shares will vest.
Bad leavers: the shares will be forfeited.</td><td>If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:
Good leavers: a pro rata number of shares will vest, based on the number of months of completed employment compared to the total number of months in the vesting period and the extent to which the performance condition has been achieved between award date and termination date. The remaining shares will be forfeited.
Bad leavers: the shares will be forfeited.</td></tr>
<tr><td>2022 granted shares</td><td>365,829 shares at ZAR23.51</td><td>1,130,281 shares at ZAR23.51</td><td>1,041,444 shares at ZAR23.51</td></tr>
<tr><td>Forfeited (number of shares)</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Vested (number of shares)</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Contribution</td><td>Participants elected to defer 70% of their awarded short-term performance bonus relating to the</td><td>For each bonus share awarded Life Healthcare awarded three matching shares.</td><td>Life Healthcare awarded performance shares to the value of 75% of the</td></tr>
</table>

	2021 financial year into shares in Life Healthcare.		participants annual guaranteed package.

18. INTEREST-BEARING BORROWINGS

	2022		2021		2020	
	Non-current portion £000	Current portion £000	Non-current portion £000	Current portion £000	Non-current portion £000	Current portion £000
Unsecured borrowings						
Bank loan	876	-	362	159	395	3,227
Secured borrowings						
Lease liabilities	52,852	13,329	50,884	16,007	50,902	17,352
Total borrowings - 30 September	53,728	13,329	51,246	16,166	51,297	20,579

Terms and repayment schedule

	Interest rate at 30 September 2022	Repayment terms	Date of maturity/ final settlement	Carrying value 2022 £000	Carrying value 2021 £000	Carrying value 2020 £000
Bank loan	1.03% - 3.17%	Monthly/quarterly instalments	31 April 2031	876	521	3,622
Unsecured borrowings				876	521	3,622
Lease liabilities: Property, equipment and other	0.0% - 6.67%	Repayable in either quarterly or monthly instalments over 1 to 24 years ending Oct 2046.		66,181	66,891	68,254
Secured borrowings				66,181	66,891	68,254
Total borrowings				67,057	67,412	71,876

	Bank loans 2022 £000	Lease liabilities 2022 £000	Bank loans 2021 £000	Lease liabilities 2021 £000	Bank loans 2020 £000	Lease liabilities 2020 £000
Reconciliation of opening balance to closing balance						
Balance at 1 October	521	66,891	3,622	68,254	13,822	35,359
Cash flow movements						
Repayment of interest-bearing borrowings	(141)	(16,934)	(3,013)	(6,198)	(10,481)	(7,347)
Interest paid	(2,153)	(2,766)	(2,029)	(2,882)	(2,034)	(2,828)
Non-cash items						

Interest accrued	2,153	2,766	2,029	2,882	2,034	2,828
Additional lease liabilities recognised	-	16,000	-	6,323	-	40,165
Effect of foreign currency movement	496	224	(88)	(1,488)	281	77
Balance at 30 September	876	66,181	521	66,891	3,622	68,254

	Property, plant and equipment		
	2022	**2021**	**2020**
	£000	**£000**	**£000**
Carrying value of assets held as security for borrowings			
Lease liabilities	131,265	136,389	143,580

Borrowing facilities

	Total 2022 £000	**Available 2022 £000**	**Total 2021 £000**	**Available 2021 £000**	**Total 2020 £000**	**Available 2020 £000**
The Group has the following borrowing facilities:						
Factoring facility EUR and GBP	22,242	18,823	27,403	22,364	42,547	36,868
	22,242	18,823	27,403	22,364	42,547	36,868

19. TRADE AND OTHER PAYABLES

	2022 £000	**2021 £000**	**2020 £000**
Under current liabilities:			
Trade payables	37,316	28,249	28,498
Accruals	57,609	56,499	58,603
Employee-related payables	11,712	11,696	10,316
Value added tax	2,176	2,453	5,249
Other payables	4,807	3,228	1,486
Balance at 30 September	113,620	102,125	104,152

The employee-related payables include:

- the employee benefits payable to revenue tax authorities at year-end; and
- accrued annual leave and a performance bonus scheme payable in November.

20. PROVISIONS

	Property related £000	Cyclotron decommissioning £000	Insurance provision £000	Total £000
Balance at 1 October 2021	4,719	2,616	314	7,649
Raised during the year	136	94	25	255
Utilised during the year	(234)	-	(38)	(272)
Effect of foreign currency movement	46	25	6	77
Balance at 30 September 2022	4,667	2,735	307	7,709
Included under non-current liabilities	3,028	2,735	307	6,070
Included under current liabilities	1,639	-	-	1,639
	4,667	2,735	307	7,709
Balance at 1 October 2020	3,882	2,064	-	5,946
Raised during the year	1,223	656	314	2,193
Utilised during the year	(313)	-	-	(313)
Effect of foreign currency movement	(73)	(104)	-	(177)
Balance at 30 September 2021	4,719	2,616	314	7,649
Included under non-current liabilities	2,912	2,616	314	5,842
Included under current liabilities	1,807	-	-	1,807
	4,719	2,616	314	7,649
Balance at 1 October 2019	3,584	1,930	-	5,514
Raised during the year	685	110	-	795
Utilised during the year	(426)	-	-	(426)
Effect of foreign currency movement	39	24	-	63
Balance at 30 September 2020	3,882	2,064	-	5,946
Included under non-current liabilities	2,240	2,064	-	4,304
Included under current liabilities	1,642	-	-	1,642
	3,882	2,064	-	5,946

21. CONTINGENT CONSIDERATION LIABILITIES

	2022 £000	2021 £000	2020 £000
Contingent consideration liabilities			
Balance at 1 October	254	85	463
Arising on acquisition of subsidiaries - refer note 25	-	174	21
Payment	-	-	(405)
Effect of foreign currency movement	(40)	(5)	6
Balance at 30 September	214	254	85
Included under non-current liabilities	194	234	85
Included under current liabilities	20	20	-
	214	254	85

	2022 £000	2021 £000	2020 £000
22. Cash-settled share-based payment liability			
Balance at 1 October	3,112	1,273	332

Charge for the year	3,526	1,736	1,021
Vested during the year	(1,076)	-	-
Effect of foreign currency movement	(218)	103	(80)
Balance at 30 September	5,344	3,112	1,273
Included under non-current liabilities	3,693	2,036	1,273
Included under current liabilities	1,651	1,076	-
	5,344	3,112	1,273

23. FINANCIAL INSTRUMENTS BY CATEGORY

	2022	**2021**	**2020**
	£000	**£000**	**£000**
Assets			
Amortised cost			
Trade and other receivables	68,840	64,675	53,944
Cash and cash equivalents	56,165	47,928	62,566
Other assets	1,096	922	964
Total assets	126,101	113,525	117,474
Liabilities			
Fair value through profit or loss			
Contingent consideration liabilities	214	254	85
Amortised cost			
Trade and other payables	99,732	87,976	88,587
Interest-bearing borrowings	67,057	67,412	71,876
Total liabilities	167,003	155,642	160,548

24. CASH GENERATED FROM OPERATIONS

	2022 £000	2021 £000	2020 £000
Reconciliation of profit before tax to cash generated from operations			
Profit before tax	14,130	7,849	(6,598)
Adjusted for:			
Share of joint ventures' net profit after tax	(627)	(524)	(495)
Depreciation on property, plant and equipment	39,409	38,538	35,361
Amortisation of intangible assets	21,481	22,122	22,534
Net finance costs (refer note 4)	3,557	20,077	11,590
Impairment of investments	-	235	-
Dividends received	(1,587)	(383)	(308)
Loss on disposal of property, plant and equipment	124	283	237
Transaction costs relating to acquisitions	443	116	338
Retirement benefit asset and post-employment medical aid income	52	(12)	(17)
Operating cash flow before working capital changes	76,982	88,301	62,642
Working capital changes:			
Inventories	(510)	192	(798)
Trade and other receivables	(2,600)	(10,892)	5,705
Trade and other payables (including provisions)	12,005	(263)	11,108
Cash generated from operations	85,877	77,338	78,657

25. ACQUISITIONS AND DISPOSALS

Acquisitions that resulted in business combinations

	2022	**2022**	2021	2021	2020
	Centro Diagnostico Signa SRL (Signa)*	**Istituto Diagnostico Pistoiese SRL (IDP)***	ZAG Zyklotron AG (ZAG)	Monza Medicina SRL	Priamar SRL
Acquirer	Alliance Medical Italia SRL	Alliance Medical Italia SRL	Life Radiopharma f-con GmbH, Holzhausen	Alliance Medical Italia SRL	Alliance Medical Italia SRL
Country of incorporation	Italy	Italy	Germany	Italy	Italy
Acquisition date	28 Oct 2021	29 Dec 2021	1 Jan 2021	30 Jun 2021	30 Dec 2019
Total purchase consideration	£0.6 million	£1.1 million	£4.3 million	£0.9 million	£0.6 million
Goodwill recognised	£0.6 million	£2.1 million	£2.9 million	£0.5 million	£0.7 million
Percentage voting equity interest acquired	100%	100%	100%	100%	100%
Primary reasons for business combination	This is in line with the strategy to grow the businesses.				
Qualitative factors that make up goodwill recognised	Goodwill is attributable to the acquired workforce and expected synergies from combining the acquired operations within the international operations.				
Contingent liabilities at acquisition	None	None	None	None	None

** Provisionally accounted for in terms of IFRS 3 Business Combinations.*

None of the goodwill recognised is expected to be deductible for income tax purposes.

The acquisitions qualify as a business as defined in IFRS 3.

Details of the fair value of net assets acquired and goodwill are as follows:

	Centro Diagnostico Signa SRL (Signa)*	Istituto Diagnostico Pistoiese SRL (IDP)*	ZAG Zyklotron AG (ZAG)	Monza Medicina SRL	Priamar SRL
	£000	**£000**	£000	£000	£000
Total purchase consideration	(581)	(1,101)	(4,318)	(870)	(607)
Cash portion	(436)	(826)	(4,318)	(696)	(586)
Deferred payment	(145)	(275)	-	-	-
Contingent consideration	-	-	-	(174)	(21)
Fair value of net assets acquired	(33)	(972)	1,462	405	(126)
Property, plant and equipment	35	37	1,407	151	189
Customer relations	-	-	364	-	5
Trade and other receivables	142	57	624	111	50
Cash and cash equivalents	177	179	276	431	214
Inventories	-	-	560	14	12
Interest-bearing borrowings	-	-	-	-	-
Deferred tax asset	-	-	-	-	2
Borrowings	-	-	(244)	-	-
Provisions	-	-	(437)	-	-
Current tax asset/ liability	-	-	-	4	(3)
Trade and other payables	(387)	(1,245)	(1,088)	(306)	(595)
Goodwill	614	2,073	2,856	465	733
Cash outflow to acquire businesses, net of cash acquired					
Initial cash considerations	(436)	(826)	(4,318)	(696)	(586)
Less: Cash at acquisitions	177	179	276	431	214
	(259)	(647)	(4,042)	(265)	(372)
Impact on consolidated information from date of acquisitions					
Revenue	572	539	1,102	413	849
Net profit	(77)	47	148	(16)	(127)
Impact on consolidated information if the business combinations took place on 1 October					
Revenue	572	848	1,541	2,092	1,186
Net profit	(77)	74	69	85	(120)

Investment in joint venture (Altakassusi Alliance Medical LLC)

The Consolidated Company acquired 45% of Altakassusi Alliance Medical LLC in Saudi Arabia on 10 November 2020, with additional investments during 2022. The amount invested was £0.6 million. Refer to Schedule C

26. RELATED PARTIES

Joint ventures - refer to Schedule C

The Consolidated Company has investments in a number of joint ventures. Details are disclosed in note 9 and Schedule C.

Subsidiary companies - refer to Schedule D

During the year, certain companies in the Consolidated Company entered into transactions with other companies in the Consolidated Company. These intra-group transactions have been eliminated on consolidation.

Related-party transactions

Transactions between entities within the Consolidated Company and with fellow subsidiaries of Life Healthcare.

Interest	Interest is charged or paid on all inter-group balances at agreed-upon rates.
Rentals	Mobile scanners are leases between certain group companies at market-related rates.
Royalties	AMG charges a 3% fee of the relevant revenue where countries use the AMG brand.

Key management

Key management is defined as all executive management and functional heads.

	2022 £000	2021 £000	2020 £000
Remuneration			
Salaries	5,893	5,689	5,530
Share-based payment - long term incentive schemes	2,273	1,267	483
Pension fund costs - defined contribution plans	277	262	257
	8,443	7,218	6,270

27. COMMITMENTS AND CONTINGENCIES

Capital commitments

Capital expenditure approved for property, plant and equipment	23,796	20,033	35,534

Funds to meet capital expenditure will be provided by the Life UK HoldCo resources, for as long as the Consolidated Company falls under Life Healthcare.

Contingent liabilities

Certain subsidiary companies have issued letters of support to other fellow subsidiary companies, when required.

28. EVENTS AFTER THE REPORTING PERIOD

Life Healthcare received several unsolicited proposals from third parties to acquire the Consolidated Company after the reporting period. The Sale and Purchase Agreement was signed on 5 October 2023 and the Transaction is subject to shareholder approval.

29. RISK MANAGEMENT

Overall risk management programme

The Consolidated Company's overall financial risk management programme focuses, *inter alia*, on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Consolidated Company's financial performance. Financial risk management is carried out by Life Healthcare's central treasury department (treasury) under policies approved by Life Healthcare's investment committee. Treasury identifies, evaluates and economically hedges financial risks in close cooperation with the Consolidated Company's operating units. Life Healthcare has written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Capital risk management

The Consolidated Company's capital structure is monitored and managed by Life Healthcare and borrows mostly at a Life Healthcare Group level. The objective when managing capital is to safeguard the Consolidated Company's ability to continue as a going concern in order to provide returns to shareholders and to provide for sufficient capital expansion. The capital structure of the Consolidated Company consists of debt, which includes the interest-bearing borrowings disclosed in note 18, cash and cash equivalents disclosed in note 12 and equity as disclosed in the statement of financial position.
Life Healthcare uses the net debt to normalised EBITDA ratio, as defined in the debt agreements, to measure the funding requirements in the form of debt or equity. Normalised EBITDA is defined as earnings before interest, tax, depreciation and amortisation, adjusted for non-recurring items.

In order to maintain or adjust the capital structure, the Consolidated Company may issue new shares, issue new debt, refinance existing debt or sell assets to manage the debt level, in consultation with Life Healthcare.
There have been no changes to what the Consolidated Company manages as capital and the strategy for capital maintenance.

Financial risk

The Consolidated Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk, liquidity risk and fair value risk.

Market risk

Foreign exchange risk

Risk exposure	The Consolidated Company interacts with international suppliers and is exposed to foreign exchange risk arising from various currency exposures. The foreign currency transactions are mainly denominated in: European euro The Consolidated Company's presentation currency is GBP, but as it operates internationally with investments in foreign operations, it is exposed to a number of currencies, including the exposure to European euro (EUR), Polish zloty (PLN) and Norwegian krone (NOK). As the subsidiaries trade mainly in European currency, there is no material foreign exchange effect.
How the risk arises	Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Consolidated Company's functional currency and from net investments in foreign operations. These transactions include certain inter-company loans which expose the Consolidated Company to foreign exchange risk.
Objectives, policies and processes for managing the risk and methods used to measure risk	The Consolidated Company reviews its foreign currency exposure on an ongoing basis.
Concentration of risk	The Company has investments in foreign operations in Italy, Spain, northern Europe, Ireland and other smaller investments across Europe. The net assets of the Italy, Spain, northern Europe, Ireland and other smaller investments are exposed to foreign currency translation risk as the companies are subsidiaries of the Company.

Liquidity risk

Risk exposure	Those financial liabilities of the Consolidated Company with contractual cash flows and maturity dates are exposed to liquidity risk.
How the risk arises	Liquidity risk arises should the Consolidated Company not be able to meet its obligations as they become due.

Objectives, policies and processes for managing the risk and methods used to measure risk	Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed banking facilities and the ability to close out market positions. The Consolidated Company's liquidity risk is mitigated by the availability of funds to cover future commitments. The Consolidated Company manages liquidity risk through an ongoing review of future commitments and banking facilities. Due to the dynamic nature of the underlying businesses, Life Healthcare's treasury maintains flexibility in funding by maintaining availability under committed credit lines through the Consolidated Company's holding company. The Consolidated Company has sufficient available bank facilities through its holding company that can be utilised to service short-term commitments. Cash flow forecasts are prepared and utilised facilities are monitored on a regular basis. Longer-term cash flow forecasts are updated quarterly. LIBOR transition The Consolidated Company had GBP intercompany loans referenced to LIBOR and engaged with lenders through Life UK Holdco to switch the underlying reference rate from LIBOR to the Sterling Overnight Indexed Average (SONIA). The Consolidated Company effected the changes by directly amending the benchmark rate in the agreements on an economically equivalent basis. The effective date was 31 December 2021, being the cessation date of GBP LIBOR. No additional risks were identified and there was no change to the carrying amount of the liability. The Consolidated Company has EUR intercompany loans referenced to EURIBOR which are unaffected, as EURIBOR falls outside the scope of reference rate reform. Financial liabilities transitioned: **Interest bearing borrowings** / **Currency** / **Interest rate benchmark** / **New reference rate** Loans from holding companies / Pound sterling / LIBOR / Sterling Overnight Indexed Average "SONIA" Refer note 15.
Concentration of risk	The table below analyses the Consolidated Company's financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2022 £000	2021 £000	2020 £000
Lease liabilities	66,181	66,762	68,254
Less than 1 year	13,814	16,007	17,352
1 to 2 years	15,080	12,009	13,378
2 to 5 years	18,564	22,216	18,986
Over 5 years	18,723	16,530	18,538
Trade and other payables	**113,620**	**102,125**	**104,152**
Less than 1 year	113,620	102,125	104,152
Contingent consideration liabilities	**214**	**254**	**85**
Less than 1 year	20	20	-
1 to 2 years	-	-	-
2 to 5 years	-	-	-
Over 5 years	194	234	85
Loans from group companies	**239,719**	**220,925**	**242,259**
Less than 1 year	239,719	220,925	242,259
Total	**419,734**	390,066	414,750

Credit risk

Risk exposure	Credit risk arises mainly from cash and cash equivalents, trade and other receivables and other assets. Trade receivables comprise a widespread customer base.
How the risk arises	Credit risk is the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations.
Objectives, policies and processes for managing the risk and methods used to measure risk	The Consolidated Company evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. If there is no independent rating, each region's credit risk function assesses the credit quality of the non-government customer, taking into account its financial position, past experience and other factors. Credit guarantee insurance is not purchased. In certain territories, use is made of invoice factoring facilities which are on a non-recourse basis, further reducing the credit risk from individual customers.
Concentration of risk	The maximum exposures to credit risk at the reporting date are cash and cash equivalents, the carrying value of each class of trade and other receivables as well as other assets. The Consolidated Company does not hold any collateral as security.

Maximum exposure to credit risk by class of financial instrument

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

	2022 £000	2021 £000	2020 £000
Trade and other receivables	68,840	64,675	53,944
Cash and cash equivalents	56,165	47,928	62,566
Loans to group companies	38,606	19,831	14,789
Other assets	1,096	922	964

Cash and cash equivalents

The cash and cash equivalents carrying amount is denominated in the following currencies:

	2022 £000	2021 £000	2020 £000
British pound sterling	31,453	18,939	42,220
European euro	24,558	28,632	20,339
Polish zloty	105	189	5
Norwegian krone	49	168	2
Balance at 30 September	56,165	47,928	62,566

Trade and other receivables

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

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events and current conditions. Trade receivables are written off when the Consolidated Company has exhausted all options regarding the debt. Refer 1.2.1 Critical judgements and Schedule A - significant accounting policies (section 1.10 financial instruments).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in this note. The Consolidated Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Consolidated Company's trade receivables using a provision matrix:

£'000	Current	31 - 60 days	61 - 90 days	91 - 180 days	>180 days	Total
2022						
Private patients	18	21	8	27	645	719
Private organisations	9,869	3,249	876	1,280	6,909	22,183
Government and public healthcare facilities	8,617	8,182	2,375	1,826	5,655	26,655
UK	4,204	7,529	2,044	1,356	1,594	16,727
Italy	1,546	(31)	1	64	3,171	4,751
Ireland	2,449	598	223	199	229	3,698
Other	418	86	107	207	661	1,479
Trade receivables	18,504	11,452	3,259	3,133	13,209	49,557
ECL (£'000)	10	19	18	153	7,138	7,338
Weighted average ECL rate	0.1%	0.2%	0.6%	4.9%	54.0%	

	Current	31 - 60 days	61 - 90 days	91 - 180 days	>180 days	Total
2021						
Private patients	3	-50	24	81	997	1,055
Private organisations	6,632	3,377	1,255	2,363	6,820	20,447
Government and public healthcare facilities	11,187	7,752	1,408	2,106	4,761	27,214
UK	5,110	7,096	1,057	1,446	785	15,494
Italy	3,372	153	22	141	3,145	6,833
Ireland	2,213	411	270	259	262	3,415
Other	492	92	59	260	569	1,472
Trade receivables	17,822	11,079	2,687	4,550	12,578	48,716
ECL (£'000)	8	14	25	59	8,128	8,234
Weighted average ECL rate	0.0%	0.1%	0.9%	1.3%	64.6%	

	Current	31 - 60 days	61 - 90 days	91 - 180 days	>180 days	Total
2020						
Private patients	212	58	814	19	851	1,954
Private organisations	9,544	1,851	709	1,005	7,412	20,521
Government and public healthcare facilities	10,259	5,699	1,520	894	4,397	22,769
UK	3,757	4,403	934	541	711	10,346
Italy	4,346	372	23	-138	3,157	7,760
Ireland	895	358	79	103	146	1,581
Other	1,261	566	484	388	383	3,082
Trade receivables	20,015	7,608	3,043	1,918	12,660	45,244
ECL (£'000)	1,815	17	45	42	7,877	9,796
Weighted average ECL rate	9.1%	0.2%	1.5%	2.2%	62.2%	

Other assets

While other assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was negligible. There has been no significant deterioration in the credit risk associated with these loans.

SCHEDULE A

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the Carve-Out Historical Consolidated Financial Information are set out below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

<table>
<tr><th colspan="5">Summary of significant accounting policies</th></tr>
<tr><td colspan="5">1.1 Revenue | Other income | Finance income | Operating profit</td></tr>
<tr><td colspan="2">1.1.1 Revenue from contracts with customers</td><td>1.1.2 Finance income</td><td colspan="2">1.1.3 Operating profit</td></tr>
<tr><td colspan="5">1.2 Employee benefits</td></tr>
<tr><td>Short-term benefits</td><td>Termination benefits</td><td>Post-employment benefits</td><td colspan="2">Share-based payments</td></tr>
<tr><td colspan="5">Group Accounting</td></tr>
<tr><td colspan="2">1.3 Consolidation</td><td>1.4 Equity accounting</td><td colspan="2">1.5 Translation of foreign operations</td></tr>
<tr><td colspan="5">Operating assets</td></tr>
<tr><td colspan="2">1.6 Property, plant and equipment</td><td>1.7 Intangible assets</td><td>1.8 Leases</td><td>1.9 Inventories</td></tr>
<tr><td colspan="5">1.10 Financial instruments</td></tr>
<tr><td colspan="2">Initial recognition and measurement</td><td>Subsequent measurement</td><td colspan="2">Offsetting</td></tr>
<tr><td colspan="5">1.11 Provisions</td></tr>
<tr><td colspan="5">1.12 Capital and reserves</td></tr>
<tr><td colspan="5">Share capital and equity</td></tr>
<tr><td colspan="5">1.13 New and amended accounting standards adopted by the Consolidated Company</td></tr>
<tr><td colspan="5">1.14 New accounting standards and IFRS Interpretations Committee (IFRIC) interpretations not yet effective</td></tr>
</table>

1.1 Revenue and other income

1.1.1 Revenue from contracts with customers

Recognition of revenue

The Consolidated Company is in the business of providing diagnostic services. Revenue is measured at the amount which the Consolidated Company expects to become entitled to as a result of providing those services under the specific contract.

Credit risk is accounted for separately as part of the impairment consideration for financial instruments.

Diagnostic services

Performance obligations include the provision of diagnostic imaging services, molecular imaging services and patient services as well as the manufacturing and distribution of radiopharmaceuticals.

Imaging services focus on MRI, CT and molecular imaging via PET-CT services across the UK and Europe.

These services are predominantly supplied to public funders, such as the NHS in the UK and ASL in Italy, and numerous public and private funders across Europe.

Revenue is provided on a fixed fee basis for imaging services (per scan or per day rate) depending on the terms of the contract.

Radiopharmaceuticals are manufactured and distributed for PET-CT scanning operations and clinical trials.

Revenue is provided on a fixed fee basis (per dose or per delivery) for manufacturing activities and on reaching contractual obligations.

Revenue is recognised at the point of time when the goods are used, distributed or sold.

1.1.2

1.1.2 Interest income

	Includes	Recognition	Measurement
Interest income	Interest income on funds invested and foreign exchange gains.	Recognised, in profit or loss, using the effective interest rate (EIR) method, unless it is doubtful.	**Effective interest method** When a loan and receivable is impaired, the Consolidated Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original EIR.

1.1.3 Operating profit

Operating profit is the result generated from the Consolidated Company's continuing revenue-producing activities (considered core operations), thus excluding finance income, finance cost and taxes. Operating profit also excludes, as non-core, any profit earned from investments in joint ventures.

1.2 Employee benefits

Short-term employee benefits

Includes	Paid leave, sick leave, bonuses and non-monetary benefits.
Accounting treatment	The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service.
	Accruals for employee entitlement to wages, salaries, bonuses and annual leave represent the amount which the Consolidated Company has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on the current wage and salary rates and are included in trade and other payables in the statement of financial position.
	The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the related liability, and a reliable estimate of the obligation can be made.

Termination benefits

Includes	Benefits when an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.
Accounting treatment	The Consolidated Company recognises termination benefits at the earlier of the following dates: (a) when the Consolidated Company can no longer withdraw the offer of those benefits; and (b) when the Consolidated Company recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Post-employment benefits

Defined contribution plan		
Scheme	TFR scheme	A pension plan under which the Consolidated Company pays fixed contributions into a separate entity. The Consolidated Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Accounting treatment	The payments to defined contribution retirement benefit plans are charged as an expense as they fall due.	
	Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.	

Shared-based payments (IFRS 2)

Cash-settled	
Includes	***Long-term incentive scheme effective from 2019***
	Life Healthcare granted awards to its international Group and country executives as well as senior management (qualifying employees) on 1 January each year (from 2019). The value of awards will be tier-based and linked to individual performance. A modifier of between 0.5 and 2 for the 2021 and 2022 schemes and between 1 and 2 for the 2019 and 2020 schemes can be applied to the allocation for key talent retention, this is applicable to all participants at the discretion of the Group CEO. Each award will be converted into notional performance shares. Vesting in terms of the scheme takes place in three years from allocation, with vesting subject to a range of non-market performance conditions. The benefits payable to these qualifying employees will be determined in ZAR and converted to their local currency at the prevailing exchange rates at the time, on vesting date. The number of awards that vest are dependent on a service condition as well as various performance conditions, set out below:

		weighting %			
		2022	2021	2020	2019
	Group executives:				
	Capital efficiency	**n/a**	n/a	40	40
	Normalised Group HEPS	**60**	60	40	40
	Life core purpose outcome	**40**	20	20	20
	Retention shares	**n/a**	20	n/a	n/a
	Country executives:				
	Capital efficiency	**n/a**	n/a	35	30
	Normalised country EBIT	**n/a**	n/a	35	30
	Life core purpose outcome	**40**	40	30	40
	Normalised Group HEPS	**60**	60	n/a	n/a
	Country managers:				
	Capital efficiency	**n/a**	n/a	20	15
	Normalised country EBIT	**n/a**	n/a	40	35
	Life core purpose outcome	**40**	40	40	50
	Normalised Group HEPS	**60**	60	n/a	n/a

Shared-based payments (IFRS 2)

<table>
<tr><th colspan="2">Cash-settled (continued)</th></tr>
<tr><td>Includes</td><td>Long-term incentive scheme effective from 2019 (continued)

Capital efficiency is measured as return on capital employed compared to WACC.

Normalised Group HEPS is based on growth of HEPS in excess of CPI.
Normalised country EBIT is based on growth of EBIT in excess of CPI.
Life Healthcare core purpose outcomes is based on country-specific non-financial measures that drive long-term sustainability of the Group.
The retention notional performance shares are not subject to performance conditions and will vest on the vesting date, subject to continued employment.
The value of the notional performance shares, paid out in cash to the qualifying employees, is based on the 30-day VWAP of ordinary shares in Life Healthcare as at the vesting date.
If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:

Good leavers with a date of termination of employment:

that is more than one year before the vesting date of the grant:

2019 scheme: will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration
2020 to 2022 schemes: the participant shall retain a pro rata number of notional performance shares based on number of months completed service relative to the vesting period of 36 months, the balance of notional performance shares shall be forfeited and cancelled for no consideration; or
that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated (2019 to 2022 schemes)

Bad leavers with a date of termination of employment prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration (2019 to 2022 schemes)
</td></tr>
</table>

Cash-settled (continued)	
Accounting treatment	The benefits are measured at the fair value of the liability at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. The value of the services received (expense), and the related liability are recognised over the vesting period and disclosed in note 22.

Equity-settled		
Includes	***Long-term incentive scheme***	***Co-investment plan (CIP)***
Accounting treatment	The Consolidated Company operates these incentive schemes as equity-settled share-based payment schemes. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the grant date. At the end of the reporting period, Life Healthcare revises its estimate of the number of awards that are expected to vest, based on the number of employees remaining in the scheme and it recognises the corresponding impact of the revision of original estimates, if applicable, in profit or loss with a corresponding adjustment to equity. Refer note 17.	

Group accounting

1.3 Consolidation

Subsidiaries

Initial recognition and measurement

Entities (including structured entities) over which the Company has control are consolidated. The acquisition method is applied to account for business combinations. The financial results of the Company and its subsidiaries are consolidated into the Consolidated Company's results from acquisition date until control ceases. The financial statements of the subsidiaries are prepared for the same period as the parent Company. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Consolidated Company's accounting policies.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the adjustment is recognised in profit or loss.

At the date of acquisition, acquired deferred income tax assets may not be fully recognised under IFRS. Adjustments to the initial recognition of acquired deferred tax assets under IFRS, subsequent to the acquisition date, are recognised in profit or loss unless the adjustment qualifies as a measurement period adjustment in which case it is recognised as an adjustment to goodwill.

Non-controlling interest

On an acquisition-by-acquisition basis, the Consolidated Company recognises any non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Contingent consideration

Contingent consideration is recognised at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and the settlement thereof is accounted for wholly within equity. Alternatively other contingent considerations are remeasured at fair value at each reporting date and subsequent changes in fair value are recognised in profit or loss.

Inter-company transactions

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated on consolidation.

Changes in ownership without change in control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals to non-controlling interest are also recorded in equity.

Loss of control

When the Consolidated Company ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Consolidated Company had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The profit or loss realised on disposal or termination of a subsidiary is calculated after taking into account the carrying amount of any related goodwill.

1.4 Equity accounting

Equity-accounted investments consists of joint ventures.

Initial recognition and measurement

Interests in joint ventures are initially recognised at cost in accordance with the equity method of accounting.

Changes in ownership interest

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss where appropriate. If the ownership interest is increased, without gaining control, the cost of the additional interest is added to the carrying value of the joint venture.

Subsequent measurement

Subsequent to initial recognition, the Consolidated Company recognises its share of profit or loss and other comprehensive income until the date on which joint control ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Consolidated Company does not recognise further losses, when the Consolidated Company's share of losses in a joint venture equals, or exceeds, its interest in the joint venture, unless the Consolidated Company has incurred legal or constructive obligations, issued guarantees or made payments on behalf of the joint venture.

Impairment

The Consolidated Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in "share of joint ventures' net profit after tax" in profit or loss.

Unrealised gains and losses

Unrealised gains on transactions between the Consolidated Company and its joint ventures are eliminated to the extent of the Consolidated Company's interest in the joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.5 Translation of foreign operations

Procedures followed to translate to presentation currency

The results and financial position of all the Consolidated Company entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency using the following procedures:

- Assets and liabilities including goodwill and fair value adjustments arising on acquisition, are translated at the closing rate at reporting date
- Income and expenses are translated at an average exchange rate which is a reasonable approximation of the prevailing exchange rate at the date of each transaction

The resulting differences in translation between these rates are recognised in the FCTR in other comprehensive income.

Exchange differences on monetary items

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in other comprehensive income and recognised in profit or loss on disposal of the net investment as part of the profit or loss on the sale.

Cash flows

The cash flows of a foreign subsidiary are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case cash flows are translated at the dates of the transactions).

Operating assets

Useful lives and impairment for 1.6 property, plant and equipment and 1.7 intangible assets

Useful lives	The Consolidated Company depreciates or amortises its assets over their estimated useful lives. The useful lives of assets are based on historic performance as well as expectations about future use and therefore requires a degree of judgement to be applied. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes. The useful lives are reviewed at each reporting date to assess whether useful life estimates need to be adjusted.
Impairment	The Consolidated Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Consolidated Company estimates the recoverable amount of the asset. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. Impairment indications include: **External sources of information:** • Significant adverse changes that have taken place or are expected in the near future in the technological, competitive market, economic or legal environment in which the Consolidated Company operates • Increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount • The carrying amount of the Consolidated Company's net assets exceeds the Consolidated Company's market capitalisation **Internal sources of information:** • Obsolescence or physical damage affecting the asset • Idle or unutilised assets • Plans to discontinue or restructure the operations to which the asset belongs or the asset's disposal • Significant decline in management's forecasts of future net cash inflows

1.6 Property, plant and equipment

Categories	Initial measurement and recognition	Subsequent measurement	Estimated useful life
Land	Cost	Cost less accumulated impairment losses	Not depreciable
Assets under construction			
Buildings - owned		Cost less accumulated depreciation and impairment losses	40 - 50 years
Medical equipment			5 - 25 years
Other equipment- owned			
Motor vehicles			3 - 5 years
Improvements to right-of-use assets			Shorter of useful life or lease term
Right-of-use assets • Land and buildings • Medical equipment • Motor vehicles and other equipment	Present value (refer 1.8)		

1.7 Intangible assets

Categories	Initial measurement and recognition	Subsequent measurement	Estimated useful life
Goodwill	Excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired, and liabilities and contingent liabilities assumed.	Cost less accumulated impairment losses	Not amortised
Customer relations	Cost represents the fair value as at the date of the business combination, valued on the royalty method or the multi-period earnings excess method (MEEM).	Cost less accumulated amortisation and impairment losses	5 - 15 years
Brand name			12 years
Purchased technology licences	Cost		Duration of respective agreements

Costs associated with the developing or maintaining of computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software and internally generated intangible assets in respect of product development costs controlled by the Consolidated Company that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets when the criteria per IAS 38 have been met.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Other development expenditures that do not meet these criteria are recognised as an expense, in profit or loss, as incurred.

Goodwill

Goodwill is tested for impairment annually or when there is an indication of impairment.

At acquisition date, goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. CGUs are defined as the individual operating units.

The original goodwill and intangible assets are allocated to the various CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill and intangibles arose. Goodwill and intangibles arising from subsequent additions are allocated to the specific CGUs.

1.8 Leases

Consolidated Company as lessee

The Consolidated Company leases various properties, medical equipment, motor vehicles and IT equipment. Rental contracts are typically entered into for fixed periods of between 1 to 25 years but may have extension options as described under 1.2.1 Critical judgements. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for bank borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Consolidated Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Initial measurement and recognition	Subsequent measurement	Depreciation method:
Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments: • Fixed payments (including in-substance fixed payments), less any lease incentives receivable • Variable lease payments that are based on CPI or WIBOR • The exercise price of a purchase option if the lessee is reasonably certain to exercise that option • Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option The discount rate used in calculating the present value of the lease liability and right-of-use asset is the incremental borrowing rate, which is the rate that the relevant business unit (lessee) would have to pay to borrow funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The incremental borrowing rate was calculated using an adjusted Group WACC approach by extracting the pre-tax cost of debt element from the WACC rate, which was adjusted for the following: • Local borrowing rates • The unsecured/secured nature • Lessee-specific credit risk • Lease start date and term	• Right-of-use asset at cost less accumulated depreciation and impairment • Liability at amortised cost	Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets (defined as assets with a value of less than GBP5,000) comprise IT equipment and contracts for general business services.

See note 1.2 for the critical judgements, accounting estimates and assumptions.

1.9 Inventories

Inventories are measured at the lower of cost or net realisable value on the first-in-first-out basis.

The cost of inventories written off as expired stock, is recorded as an expense and included in drugs and consumables in profit or loss.

1.10 Financial instruments

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

Financial assets

The Consolidated Company has the following financial assets:

- Cash and cash equivalents
- Trade and other receivables
- Loans to group companies
- Other assets

Initial recognition and measurement

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

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

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

On initial recognition:

- financial assets held at fair value through profit or loss are measured initially at fair value, excluding transaction costs;
- trade receivables, which do not have a significant financing component, are initially measured at the transaction price determined under IFRS 15, including transaction costs; and
- all other financial assets are initially measured at fair value, including transaction costs.

Subsequent measurement

Financial assets are subsequently measured at amortised cost.

Financial assets at amortised cost

The Consolidated Company's financial assets at amortised cost includes trade and other receivables, loans receivable and cash and cash equivalents.

The Consolidated Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held with the objective to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment is referred to as the solely payments of principal and interest test (SPPI) and is performed at an instrument level.

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

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

Derecognition

The Consolidated Company derecognises a financial asset (i.e. removed from the Consolidated Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Consolidated Company has transferred its rights to receive cash flows from the asset or has assumed an obligation and either:
    - the Consolidated Company has transferred substantially all the risks and rewards of the asset; or
    - the Consolidated Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Consolidated Company has transferred its rights to receive cash flows from an asset it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Consolidated Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Consolidated Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Consolidated Company has retained.

Impairment of financial assets

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

Trade receivables

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for critical judgements, accounting estimates and assumptions - refer note 1.2
- Risk management - credit risk relating to trade receivables note 29

For trade receivables, the Consolidated Company applies a simplified approach in calculating ECLs.

The Consolidated Company established an ECL model that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment affecting the ability of the customer to settle outstanding balances. For instance, if the forecast economic conditions (i.e. GDP, unemployment, repo rate, impact of the pandemic) are expected to lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The Consolidated Company considers a financial asset in default when contractual payments are past due (described under 1.2.1 Critical judgements relating to trade receivables). However, in certain cases, the Consolidated Company may also consider a financial asset to be in default when internal or external information indicates that the Consolidated Company is unlikely to receive the outstanding contractual amounts in full.

The Consolidated Company considers the following factors:

- The history of the specific customer
- Indications of financial difficulties of the specific customer
- Credit terms specific to the customer
- General economic conditions

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. This is when the Consolidated Company has exhausted all options regarding the debt, and it also includes the following factors:

- The account is handed back from the debt collectors as uncollectable, i.e. the Consolidated Company has followed full legal process
- The debtor is deceased and the estate is insolvent
- The debtor cannot be traced

Financial liabilities

The Consolidated Company has the following financial liabilities:

- Interest-bearing borrowings

- Contingent consideration liabilities
- Loans from group companies
- Trade and other payables

Initial recognition and measurement

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

On initial recognition:

- financial liabilities held at fair value through profit and loss are measured initially at fair value, excluding transaction costs; and
- all other financial liabilities are initially measured at fair value, including transaction costs.

Subsequent measurement

Financial liabilities are subsequently measured as either:

- financial liabilities at amortised cost; or
- financial liabilities at fair value through profit or loss.

Financial liabilities at amortised cost

Within the Consolidated Company, this category applies to interest-bearing borrowings and trade and other payables.

After initial recognition, these financial liabilities are subsequently measured at amortised cost, using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

This EIR amortisation is included as finance costs in the statement of profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR.

Financial liabilities at fair value through profit or loss

Within the Consolidated Company, this category applies to contingent consideration liabilities.

As a result, gains and losses on the liabilities are recognised in the statement of profit or loss.

The Consolidated Company has not designated any financial liability at fair value through profit or loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Company prior to the end of the financial year, which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables also include employee-related payables, which represent a performance bonus scheme. Refer 1.2 "Short-term employee benefits".

Derecognition

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

1.11 Provisions

Provisions are recognised when the Consolidated Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Consolidated Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Property related and cyclotron decommissioning

Represents the decommissioning costs of cyclotrons used in the production of radiopharmacy products and property restoration costs.

- Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as a provision. The cash flows are discounted at a current pre-tax rate.
- Property restoration provisions include the estimated costs to restore leased properties to their original condition when the lease term expires.

1.12 Capital and reserves

Stated capital comprises ordinary share capital.

Share capital and equity

Share capital issued by the Company is recorded at the proceeds received, net of issue costs. Incremental costs directly attributable to the issue of new shares or options, other than in connection with a business combination, are shown in equity as a deduction, net of tax, from the proceeds.

1.13 New and amended accounting standards adopted by the Consolidated Company

The Consolidated Company has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing 1 October 2021:

- Amendments to IFRS 7, IFRS 9 and IAS 39 - interest rate benchmark reform phase 2
- Amendments to IFRS 16 - COVID-19 related rent concessions beyond 30 June 2021

Impact

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

1.14 New accounting standards, amendments and IFRIC interpretations not yet effective and not early adopted (at September 2022)

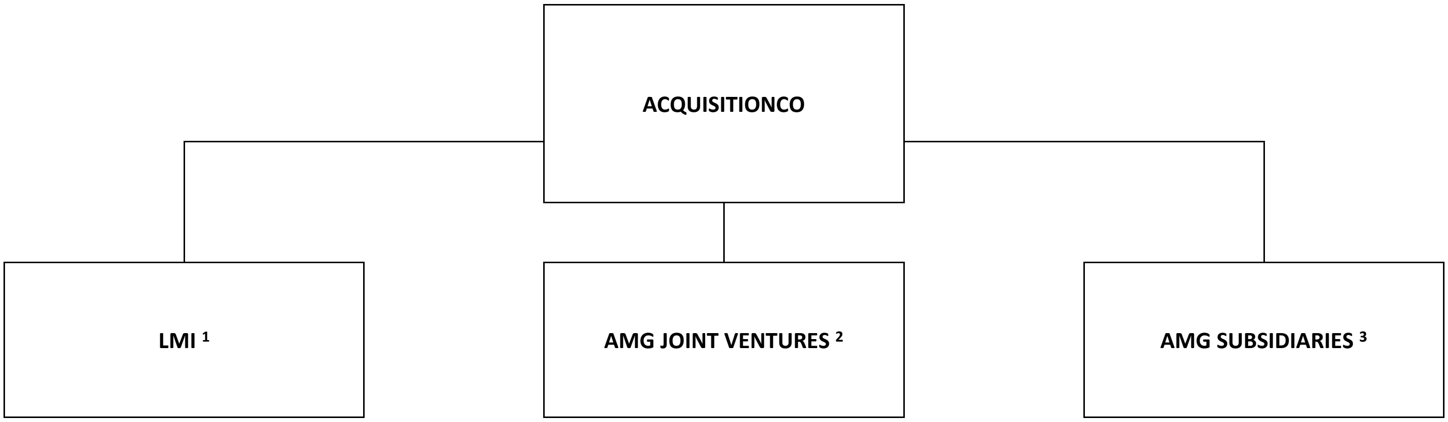
The following amendments and IFRICs are effective for annual periods beginning on or after 1 January 2022:

- Amendments to IFRS 3 to update an outdated reference to the conceptual framework in IFRS 3 without significantly changing the requirements in the standard (1 January 2022)
- Amendment to IAS 16 - the amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management (1 January 2022)
- Amendment to IAS 37 Onerous contracts - the amendment specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract (1 January 2022)
- Amendment to IAS 1 - the amendment aims to promote consistency in applying the requirements by helping companies determine whether debt and other liabilities with an uncertain settlement date should be classified as current or non-current (1 January 2023)
- Amendment of IAS 1 and IFRS Practice Statement 2 - the amendment requires that an entity discloses its material accounting policies, instead of its significant accounting policies (1 January 2023)
- Amendment of IAS 8 - the amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates (1 January 2023)

- Amendment of IAS 12 - The amendment clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition (1 January 2023)
- Annual improvements 2018-2020 cycle - amendments and clarifications to existing IFRS standards (1 January 2022)
- All the amendments and IFRICs listed above are not expected to have a material impact on the Consolidated Company in the current or future periods.

SCHEDULE B

SIMPLIFIED GROUP STRUCTURE FOR THE YEAR ENDED 30 SEPTEMBER 2022, 30 SEPTEMBER 2021 AND 30 SEPTEMBER 2020



[1] *AcquisitionCo historically held various subsidiaries relating to AMG and LMI. Following an internal restructure implemented during 2023, LMI is now 100% held by Life Healthcare through its wholly owned subsidiary AMGL. As such, AcquisitionCo holds only the subsidiaries relating to AMG. LMI will not form part of the disposal and hence was excluded from the Carve-Out Historical Consolidated Financial Information.*
[2] *Refer to Schedule C for list of AMG joint ventures*
[3] *Refer to Schedule D for list of AMG subsidiaries*

SCHEDULE C

JOINT VENTURE UNDERTAKINGS FOR THE YEARS ENDED 30 SEPTEMBER

Joint Ventures

		Issued share capital			Interest in share capital			Book value of the shares			Amounts owing by/(to) joint ventures		
		2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
Name of joint venture	**Functional Currency**	**Total**	**Total**	**Total**	**%**	**%**	**%**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Unlisted investments													
Barringtons MRI Limited[1]	EUR	100	100	100	50	50	50	2,059	2,993	2,796	-	-	-
Altakassusi Alliance Medical LLC[2]	SAR	100	100	-	45	45	-	600	111	-	-	-	-
20:20 Imaging Limited [3]	EUR	-	-	300	-	-	30	-	-	302	-	-	-
								2,659	3,104	3,098	-	-	-

[1]*The Company is incorporated in the Republic of Ireland and the issued shares are reflected in euros*
[2]*The Company is incorporated in Saudi Arabia and the issued shares are reflected in saudi riyal*
[3]*Liquidated during FY21*

SCHEDULE D

Subsidiary undertakings for the years ended 30 September

		2022		2021		2020		
Name	**Country of incorporation**	**Value of investment in ordinary share capital £0**	**Effective % ownership**	**Value of investment in ordinary share capital £0**	**Effective % ownership**	**Value of investment in ordinary share capital £0**	**Effective % ownership**	**Principal activities**
Alliance Medical Holdings Limited	England)	-	100	-	100	-	100	Management services
Alliance Medical Leasing Limited	England	-	100	-	100	-	100	Finance Services
Alliance Medical Limited	England	38,563	100	38,563	100	38,563	100	Medical diagnostic imaging services and parent of English operating subsidiaries
*Alliance Medical Radiopharmacy Limited	England	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Alliance Medical Molecular Imaging Limited	England	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Alliance Diagnostic Services Limited	England	-	100	-	100	-	100	Medical diagnostic imaging services
*Lodestone Patient Care Limited	England	-	100	-	100	-	100	Holding company
*Piramal Imaging Limited	England	-	100	-	100	-	100	Development and production of PET radio pharmaceuticals
* Priamar srl	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
Alliance Medical Limited Sede secondaria	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Alliance Medical Italia S.r.l.	Italy	78,367	100	78,367	100	78,367	100	Management services and parent of Italian operating subsidiaries
*Alliance Medical S.r.l.	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Alliance Medical Technologies S.r.l.	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic S.r.l.	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Radioterapia Aurelia S.r.l.	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Opportunity srl	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Laboratorio Albaro srl	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Il Centro srl Diagnostica e Terapia Medica	Italy	-	100	-	100	-	100	Medical diagnostic imaging services

Name	Country of incorporation	2022 Value of investment in ordinary share capital £0	2022 Effective % ownership	2021 Value of investment in ordinary share capital £0	2021 Effective % ownership	2020 Value of investment in ordinary share capital £0	2020 Effective % ownership	Principal activities
*Centro Polispecialistico valli Stura e Orba Scrl	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Imed srl	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Centro Diagnostico Castellano srl	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Centro di Radiologia srl	Italy)	-	100	-	100	-	100	Medical diagnostic imaging services
*Centro Alfa srl	Italy)	-	100	-	100	-	100	Medical diagnostic imaging services
*Charter Medical Diagnostic Imaging Limited	Ireland	-	100	-	100	-	100	Medical diagnostic imaging services
*Alliance Medical Diagnostic Imaging Limited	Ireland	-	100	-	100	-	100	Management services and parent of Irish operating subsidiaries
*Alliance Medical Diagnostic Imaging (Northern Ireland) Limited	Ireland	-	100	-	100	-	100	Medical diagnostic imaging services
*Cork Community Imaging Limited	Ireland	-	100	-	100	-	100	Medical diagnostic imaging services
*Barringtons MRI Limited	Ireland	-	50	-	50	-	50	Medical diagnostic imaging services
*20/20 Imaging Limited	Ireland	-	0	-	0	-	33	Medical diagnostic imaging services
*BSM Diagnostica Gesellschaft mbH	Austria	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Alliance Medical GmbH	Germany	-	100	-	100	-	100	Medical diagnostic imaging services and parent of German operating subsidiaries
*Tomovation GmbH	Germany	-	100	-	100	-	100	Medical diagnostic imaging services
*Life Radiopharma f-con GmbH	Germany)	-	67	-	67	-	67	Medical diagnostic imaging services
*Life Radiopharma Bonn GmbH	Germany)	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Life Radiopharma Berlin GmbH	Germany	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Alliance Medical BV	Holland	-	100	-	100	-	100	Medical diagnostic imaging services

		2022		2021		2020		
Name	**Country of incorporation**	**Value of investment in ordinary share capital £0**	**Effective % ownership**	**Value of investment in ordinary share capital £0**	**Effective % ownership**	**Value of investment in ordinary share capital £0**	**Effective % ownership**	**Principal activities**
*Life Radiopharma Warszawa SP Zoo	Poland	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Alliance-Servicos Diagnosticos por Imagen Unipessoal LDA	Portugal	-	100	-	100	-	100	Dormant company
*Imagen Medical Digital Servicios Diagnosticos S.A.	Spain	-	80	-	80	-	80	Medical diagnostic imaging services
*Alliance Medical La Rioja S.L.	Spain	-	100	-	100	-	100	Medical diagnostic imaging services
*European Scanning Centre (Harley Street) Limited	England	-	100	-	100	-	100	Medical diagnostic imaging services
*European Scanning Centre LLP (Harley Street)	England	-	84.5	-	84.5	-	84.5	Medical diagnostic imaging services
*European Scanning Centre LLP 2 (Harley Street)	England	-	92.5	-	92.5	-	92.5	Medical diagnostic imaging services
*European Scanning Centre LLP MSK (Harley Street)	England	-	97	-	97	-	97	Medical diagnostic imaging services
*European Scanning Centre LLP (Manchester)	England)	-	98.5	-	98.5	-	98.5	Medical diagnostic imaging services
*European Scanning Centre LLP (Cardiff)	England)	-	100	-	100	-	100	Medical diagnostic imaging services
*ZAG Zyklotron AG	Germany	-	100	-	100	-	100	Production of PET radio pharmaceuticals
*Monza Medicina SRL	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Centro Diagnostico Signa SRL (1)	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
*Istituto Diagnostico Pistoiese (2)	Italy	-	100	-	100	-	100	Medical diagnostic imaging services
		116,930		**116,930**		**116,930**		

**held indirectly*

Excluded from the Consolidated Company:

*Life Molecular Imaging GmbH	Germany	-	100	-	100	-	100	Development and production of PET radio pharmaceuticals
Life Molecular Imaging SA	Switzerland	23,612	100	23,612	100	23,612	100	Development and production of PET radio pharmaceuticals
*Life Molecular Imaging Inc	USA	-	100	-	100	-	100	Development and production of PET radio pharmaceuticals

REVIEWED CONDENSED CARVE-OUT HISTORICAL CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 MARCH 2023

The Condensed Carve-Out Historical Consolidated Financial Information for the six months ended 31 March 2023 is set out below, comprising the Carve-Out Historical Consolidated Statement of Profit or Loss, the Carve-Out Historical Consolidated Statement of Comprehensive Income, the Carve-Out Historical Consolidated Statement of Financial Position, the Carve-Out Historical Consolidated Statement of Changes in Equity, the Carve-Out Historical Consolidated Statement of Cash Flows and notes to the Carve-Out Historical Consolidated Financial Information for the six months ended 31 March 2023.

The Carve-Out Historical Consolidated Financial Information for the six months ended 31 March 2023 is the responsibility of the directors. The Independent Reporting Accountant's Report on the Carve-Out Historical Consolidated Financial Information for the six months ended 31 March 2023 is set out in Annexure 2.

COMMENTARY

In the UK, revenue grew by 10.5% compared to prior year (31 March 2022). This was driven by PET-CT volumes growing by 9.9% year-on-year on the back of continued demand for PET-CT scanning due to ongoing efforts to identify cancer while in its early stages. Diagnostic Imaging volumes grew 4.4% year-on-year. We have made progress in expanding our footprint of CDCs. With the recent completion of the Oldham Northern Care Alliance CDC and the acquisition of the Taunton Diagnostic Centre, AMG now has seven CDCs in operation and a healthy pipeline of CDCs which are in advanced negotiation phase.

In Italy volumes for the current period were 4.4% lower year-on-year, largely attributable to higher-than-expected scan volumes in the prior period related to the COVID-19 scan backlog and weaker volumes in December 2022 than the business typically sees at the end of each calendar year. ASL budget cycles typically start in January of each year in most regions, and so we have seen volumes improving through February and March. Revenue grew by 6.6% year-on-year with scanning case mix changes and pricing increases for private scans offsetting the lower volumes.

In Ireland, the business continues to benefit from strong demand and increased public sector contracting resulting in volumes in the current period being 16.8% higher than in H1-2022. Revenue grew by 30.1% year-on-year due to scanning case mix changes and price increases for private scans.

These operational results have resulted in AMG delivering 12.8% growth in revenue for the current period. Normalised EBITDA grew by 8.3% during H1-2023 with the normalised EBITDA margin moderating to 20.3% (versus 21.1% at H1-2022 and 20.8% reported for the full 2022 financial year). The impact of higher headcount, salary inflation and increased energy and transport costs all contributed to the lower margin. While inflation remains elevated in many geographies across Europe, energy costs have declined, and the impact of rising interest rates is likely to result in general inflation moderating further during the course of 2023.

Condensed Carve-Out Historical Consolidated Statement of Profit or Loss

for the six months ended 31 March 2023

	Notes	**Reviewed 31 March 2023**
		£000
Revenue	1	208,457
Operating expenses		(166,178)
Depreciation on property, plant and equipment		(20,314)
Amortisation of intangible assets		(10,722)
Impairment of investment	4	(1,546)
Profit on disposal of property, plant and equipment		193
Transaction costs		(22)
Operating profit		9,818

Finance income		230
Finance cost	2	(9,053)
Share of joint ventures' net profit after tax		358
Profit before tax		1,353
Tax expense		(183)
Profit after tax		1,170
Profit after tax attributable to:		
Ordinary equity holders of the parent		1,170
Non-controlling interest		-
		1,170

Condensed Carve-Out Historical Consolidated Statement of Comprehensive Income

for the six months ended 31 March 2023

	Reviewed 31 March 2023
	£000
Profit after tax	1,170
Other comprehensive income	
Items that may be reclassified to profit or loss	
Movement in FCTR	(477)
Total comprehensive income for the period	693
Total comprehensive income attributable to:	
Ordinary equity holders of the parent	693
Non-controlling interest	-
	693

Condensed Carve-Out Historical Consolidated Statement of Financial Position

as at 31 March 2023

	Notes	Reviewed 31 March 2023 £000
ASSETS		
Non-current assets		954,685
Property, plant and equipment	3	265,501
Intangible assets	4	660,562
Deferred tax assets		19,758
Other non-current assets	5	8,864
Current assets		162,526
Cash and cash equivalents		37,418
Loans to group companies		44,448
Other current assets		80,660
TOTAL ASSETS		1,117,211
EQUITY		
Attributable to equity holders of the Company		669,237
Stated capital		147,537
Reserves		521,700
Non-controlling interest		57
TOTAL EQUITY		669,294
LIABILITIES		
Non-current liabilities		86,098
Interest-bearing borrowings	**6**	49,662
Deferred tax liabilities		19,717
Other non-current liabilities		16,719
Current liabilities		361,819
Interest-bearing borrowings	**6**	13,917
Loans from group companies		241,181
Other current liabilities		106,721
TOTAL LIABILITIES		447,917
TOTAL EQUITY AND LIABILITIES		1,117,211

Condensed Carve-Out Historical Consolidated Statement of Changes in Equity

for the six months ended 31 March 2023

	Reviewed Stated capital	Reviewed FCTR	Reviewed Retained earnings	Reviewed Other Reserves	Reviewed Non-controlling interest	Reviewed Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 October 2022	147,537	(2,588)	152,147	371,152	46	668,294
Total comprehensive (loss) / income for the period	-	(477)	1,170	-	-	693
Profit for the period	-	-	1,170	-	-	1,170
Other comprehensive loss	-	(477)	-	-	-	(477)
Transactions with non-controlling interest					11	11
Contribution to CIP	-		-	(583)	-	(583)
Transferred in terms of CIP	-	-	-	521	-	521
Share-based payment charge for staff benefit schemes	-	-	-	358	-	358
Balance at 31 March 2023	147,537	(3,065)	153,317	371,448	57	669,294

Condensed Carve-Out Historical Consolidated Statement of Cash Flows

for the six months ended 31 March 2023

	Reviewed 31 March 2023
	£000
Cash generated from operations	32,742
Finance income received	230
Tax paid	(2,274)
Net cash generated from operating activities	30,698
Purchase of property, plant and equipment	(25,748)
Purchase of intangible assets	(561)
Loan to group companies	(4,381)
Loan to joint venture	(4,758)
Net cash utilised in investing activities	(35,448)
Repayment of interest-bearing borrowings	(5,817)
Finance costs paid	(8,089)
Net cash utilised in financing activities	(13,906)
Net decrease in cash and cash equivalents	(18,656)
Cash and cash equivalents - beginning of the period	56,165
Effect of foreign currency rate movements	(91)
Cash and cash equivalents at end of the period	37,418

Basis of presentation and accounting policies

The Condensed Carve-Out Historical Consolidated Financial Information for the six months ended 31 March 2023 is prepared in accordance with the requirements of the Listings Requirements. The accounting policies are in terms of IFRS and are consistent with those applied in the Carve-Out Historical Consolidated Financial Information for the three years ended 30 September 2022, 30 September 2021 and 30 September 2020. There were no material changes to the critical judgements, accounting estimates and assumptions applied as disclosed in the Carve-Out Historical Consolidated Financial Information for the three years ended 30 September 2022, 30 September 2021 and 30 September 2020. The Condensed Carve-Out Historical Consolidated Financial Information for the six months ended 31 March 2023 is prepared in accordance with and contains the information required by IAS 34 Interim Financial Reporting, and Financial Pronouncements as issued by the Financial Reporting Standards Council.

Interim comparatives

Paragraph 8.7 of the Listings Requirements states that no comparative results need to be shown if the interim financial information has been prepared using accounting policies that are identical to those contained in the historical financial information and if being prepared for the purposes of this requirement. The results for the six months ended 31 March 2023 have been prepared using the same accounting policies as those in the historical financial information for the years ended 30 September 2022 and 30 September 2021. The Condensed Carve-Out Historical Consolidated Financial Information has been prepared specifically to meet the requirements of the Listings Requirements

NOTES TO THE CONDENSED CARVE-OUT HISTORICAL CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 MARCH 2023

1. Revenue

The table below illustrates the disaggregation disclosure by primary geographical areas, type of customer and timing of revenue recognition.

Management believes that the disaggregations depict how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

	£000
Primary geographical areas	
UK	105,248
Italy	56,528
Ireland	28,548
Other	18,133
	208,457
Type of customer	
Contract from customers	
Private (including private medical aids and cash paying patients)	25,944
Government and public healthcare facilities	143,786
Corporate institutions	38,727
	208,457
Timing of revenue recognition	
At a point in time	208,457
	208,457

2. Finance costs	**£000**
Intercompany interest	7,433
Interest on lease liabilities	1,620
	9,053

3. Property, plant and equipment

	£000
Carrying value at 30 September 2022	267,409
Additions	18,586
Additions other than right-of-use assets recognised[1 2]	15,874
Right-of-used assets recognised	2,712
Depreciation	(20,314)
Effect of foreign currency movement	(180)
Carrying value at 31 March 2023	265,501

[1] Consist of purchase of property, plant and equipment per statement of cash flows (£25,748) less movement in accruals (£9,874)

[2] Additions mainly relate to medical equipment

4. Intangible assets

	£000
Carrying value at 30 September 2022	672,312
Additions	561
Amortisation	(10,772)
Impairment of goodwill [1]	(1,546)
Effect of foreign currency movement	7
Carrying value at 31 March 2023	660,562

[1] A site in the UK was closed due to a change in market conditions. The goodwill allocated to the site was impaired.

5. Other non-current assets

The increase from 30 September 2022 relates to loan advanced to joint venture of £4,758,000.

6. Interest-bearing borrowings

	£000
Total borrowings at 30 September 2022	**67,057**
Repayment of interest-bearing borrowings	(5,817)
Additional lease liabilities recognised	2,712
Other non-cash movement	228
Effect of foreign currency movement	(601)
	63,579

7. Events after reporting period

Life Healthcare Group received an offer from Andromeda Bidco Limited to acquire the Group's interest in AcquisitionCo. The Group accepted the offer, and the Sale and Purchase Agreement was signed on 5 October 2023. The Transaction is expected to close by Q1 2024. This is considered as a non-adjusting event.

8. Capital commitments

Capital expenditure approved for the year ended September 2023 is £76,237,000, of which £31,567,000 was spent for the period to 31 March 2023.