



**Notice of annual general meeting and
abridged shareholder report 2011**

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Notice of annual general meeting

for the year ended 30 September 2011

Life Healthcare Group Holdings Limited
Registration number: 2003/002733/06
Share code: LHC
ISIN: ZAE000145892
("Life Healthcare" or "the Company")

Notice of annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Life Healthcare Group Holdings Limited will be held at The Wanderers Club, 21 North Street, Illovo, Johannesburg on Thursday, 26 January 2012 at 14:30.

The following business will be transacted and resolutions proposed, with or without modification:

Ordinary business

1. Approval of annual financial statements

Ordinary resolution number 1

Resolved that the audited annual financial statements, including the directors' report, auditor's report and the report by the audit committee, of the Company and the Group for the year ended 30 September 2011 be accepted and approved.

2. Election of director

Ordinary resolution number 2

Resolved that Prof GJ Gerwel, who retires in terms of article 24 of the Company's articles of association and who has offered himself for re-election, be re-elected as a director of the Company.

3. Election of director

Ordinary resolution number 3

Resolved that Mr MA Brey, who retires in terms of article 24 of the Company's articles of association and who has offered himself for re-election, be re-elected as a director of the Company.

4. Election of director

Ordinary resolution number 4

Resolved that Mr GC Solomon, who retires in terms of article 24 of the Company's articles of association and who has offered himself for re-election, be re-elected as a director of the Company.

An abbreviated curriculum vitae in respect of each of the current directors offering themselves for re-election is contained in the explanatory notes forming part of this notice.

5. Re-appointment of external auditors

Ordinary resolution number 5

Resolved that the re-appointment of the auditors, PricewaterhouseCoopers Inc., as independent auditors of the Company and the Group, and FJ Lombard as the designated audit partner, for the ensuing year be approved.

6. Appointment of member of the audit committee

Ordinary resolution number 6

Resolved that Mr PJ Golesworthy be and is hereby appointed as a member of the audit committee for the financial year ending 30 September 2012.

7. Appointment of member of the audit committee

Ordinary resolution number 7

Resolved that Mr TS Munday be and is hereby appointed as a member of the audit committee for the financial year ending 30 September 2012.

Notice of annual general meeting continued

for the year ended 30 September 2011

8. Appointment of member of the audit committee

Ordinary resolution number 8

Resolved that Ms LM Mojela be and is hereby appointed as a member of the audit committee for the financial year ending 30 September 2012.

9. Appointment of member of the audit committee

Ordinary resolution number 9

Resolved that Adv F du Plessis be and is hereby appointed as a member of the audit committee for the financial year ending 30 September 2012.

An abbreviated curriculum vitae in respect of each of the independent directors proposed to be appointed to the audit committee is contained in the explanatory notes forming part of this notice.

10. Remuneration policy of the Company

Ordinary resolution number 10

To endorse the Company's remuneration policy as set out in the remuneration report attached to this notice as Annexure A, by way of a non-advisory vote.

11. Remuneration of auditors

Ordinary resolution number 11

Resolved that the directors of the Company be authorised to determine the remuneration of the auditors.

12. Placement of authorised but unissued shares under the control of the directors

Ordinary resolution number 12

Resolved that 5% of the authorised but unissued shares in the capital of the Company be and is hereby placed under the control of the directors of the Company and, further, that the directors be and are hereby authorised and empowered to allot and issue all or any of these shares upon such terms and conditions as they may determine and deem fit, subject to the provisions of the Companies Act (No. 71 of 2008), as amended (Companies Act) and the Listings Requirements of the JSE Limited and provided that this authority shall not extend beyond the next annual general meeting or 15 (fifteen) months from the date of this annual general meeting, whichever date is earlier.

13. Authority for an executive director to sign necessary documents

Ordinary resolution number 13

Resolved that any one executive director be authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of the resolutions to be proposed at the annual general meeting.

Special business

Shareholders are requested to consider and, if deemed fit, pass the following special resolutions with or without amendment:

14. General authority to repurchase Company shares

Special resolution number 1

Resolved that the board of directors of the Company be hereby authorised, by way of a renewable general authority in terms of the provisions of the Listings Requirements of the exchange operated by the JSE Limited (JSE) (Listings Requirements), Companies Act (No. 71 of 2008), as amended (Companies Act) and as permitted in terms of the articles of association of the Company, to approve the purchase of its own ordinary shares by the Company, or to approve the purchase of ordinary shares in the Company by any subsidiary of the Company, upon such terms and conditions as the board of directors of the Company may from time to time determine, provided that:

- this general authority shall be valid until the Company's next annual general meeting or for 15 months from the date of passing of this resolution, whichever period is shorter;
- the ordinary shares be purchased through the order book of the trading system of the JSE and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and

the counterparty, provided that, if the Company purchases its own ordinary shares from any wholly owned subsidiary of the Company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction;

- an announcement complying with paragraph 11.27 of the JSE Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time when the general authority was given (the initial number) and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
- the repurchase by the Company of its own ordinary shares shall not in the aggregate in any one financial year exceed 20% of the Company's issued ordinary share capital, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued ordinary shares of the Company at the relevant times are held by or for the benefit of the subsidiaries of the Company taken together;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- subject to the exceptions contained in the JSE Listings Requirements, the Company and the Group will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements), unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- such general repurchase is subject to exchange control regulations and approval at that point in time;
- prior to the repurchase, a resolution has been passed by the board of directors of the Company, confirming that the board has authorised the repurchase, that the Company satisfies the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group; and
- such repurchases will be subject to the applicable provisions of the Companies Act, (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to the particular repurchase), the Company's articles of association, the JSE Listings Requirements and the Exchange Control Regulations 1961. It is the intention of the board of directors to use this general authority should prevailing circumstances (including the tax dispensation and market conditions) warrant it, in their opinion.

The Company's directors undertake that they will not implement any such repurchases while this general authority is valid, unless:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the general repurchase;
- the assets of the Company and the Group will exceed their liabilities for a period of 12 months after the date of the general repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the Company's latest audited annual group financial statements;
- the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 months after the date of the general repurchase;
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
- upon entering the market to proceed with the repurchase, the Company's sponsor has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE.

Reason for and effect of special resolution number 1

The reason for and the effect of special resolution number 1 is to grant the Company's board of directors a general authority to approve the Company's repurchase of its own ordinary shares and to permit a subsidiary of the Company to purchase ordinary shares in the Company.

Notice of annual general meeting continued

for the year ended 30 September 2011

For the purposes of considering special resolution number 1 and in compliance with paragraph 11.26 of the Listings Requirements, the JSE Listings Requirements require the following disclosures, which are disclosed in Annexure B attached to this notice:

- Directors and management.
- Major shareholders.
- Directors' interests in securities.
- Share capital of the Company.

The directors, whose names appear in Annexure B to this notice, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution number 1 and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard and that this resolution contains all information required by law and the JSE Listings Requirements.

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware), which may have or have had a material effect on the Company and the Group's financial position over the last 12-month period.

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

15. Approval of non-executive directors' remuneration

Special resolution number 2

Resolved that the determination of the non-executive directors' fees for the financial year ending 30 September 2012 on the basis set out below be hereby approved by way of a special resolution of the shareholders in terms of section 66(9) of the Companies Act:

Committee	Number of meetings in 2012	Entity	2011		2012	
			Current fee R	Current annual cost R	Proposed fee R	New annual cost R
Directors' fees	4	Chairperson	75 000	300 000	150 000	600 000
		Board member	35 000	140 000	37 500	150 000
Audit	4	Chairperson	42 500	170 000	45 600	182 400
		Committee member	25 000	100 000	26 800	107 200
Remuneration	3	Chairperson	43 333	130 000	46 500	139 500
		Committee member	21 667	65 000	23 300	69 900
Nominations	2	Chairperson	43 350	86 700	46 500	93 000
		Committee member	21 650	43 300	23 300	46 600
Risk	2	Chairperson	43 350	86 700	46 500	93 000
		Committee member	21 650	43 300	23 300	46 600
Investment	3	Chairperson	43 350	130 050	46 500	139 500
		Committee member	21 650	64 950	23 300	69 900
Social ethics and transformation	2	Chairperson	43 350	86 700	46 385	92 770
		Committee member	21 650	43 300	23 300	46 600

Annual fee: 60/40 split proposed between retainer and fee per meeting.

Any additional meeting called will be remunerated as follows:

	2011	2012
Chairman, per meeting	25 000	26 750
Member, per meeting	12 500	13 375

It is proposed that the current travel and subsistence benefits remain unchanged.

Reason for and effect of special resolution number 2

The reason for and the effect of special resolution number 2 is to approve the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the financial year ending 30 September 2012.

16. General authority to provide financial assistance to related and inter-related companies

Special resolution number 3

Resolved that, to the extent required in terms of, and subject to, the provisions of section 45 of the Companies Act, the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in such section of the Companies Act to any 1 (one) or more related or inter-related companies or corporations of the Company and/or to any 1 (one) or more members of any such related or inter-related company or corporation and/or to any 1 (one) or more persons related to any such company or corporation, on such terms and conditions as the board of directors of the Company, or any 1 (one) or more persons authorised by the board of directors of the Company from time to time for such purpose, deems fit.

The main purpose for this authority is to grant the board of directors the authority to authorise the Company to provide intergroup loans and other financial assistance for purposes of funding the activities of the Group. The board undertakes that:

- it will not adopt a resolution to authorise such financial assistance, unless the board is satisfied that:
 - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
 - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the board shall be given to all shareholders of the Company and any trade union representing its employees
 - within 10 business days after the board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
 - within 30 business days after the end of the financial year, in any other case.

Reason for and effect of special resolution number 3

The reason for and the effect of special resolution number 3 is to provide a general authority to the board of directors of the Company for the Company to grant direct or indirect financial assistance to any company forming part of the Group, including in the form of loans or the guaranteeing of their debts.

17. Increase in the authorised share capital of the company

Special resolution number 4

Resolved that the authorised share capital of the Company be and is hereby increased by the creation of 100 000 000 (one hundred million) cumulative redeemable preference shares and 100 000 000 (one hundred million) cumulative non-redeemable preference shares, which preference shares shall have the rights, privileges and restrictions as contained in articles 44 and 45 of the Company's articles of association respectively, and as a consequence the capital of the Company will upon their creation be as set out by the deletion in its entirety of paragraph 8 of the memorandum of association of the Company and the replacement thereof with the following new paragraph 8:

"8 Capital

The authorised shares in the Company shall consist of:

- 8.1 4 200 000 000 (four billion two hundred million) ordinary par value shares of R0.000001 each;
- 8.2 100 000 000 (one hundred million) cumulative redeemable preference shares; and
- 8.3 100 000 000 (one hundred million) cumulative non-redeemable preference shares."

Reason for and effect of special resolution number 4

The reason for and the effect of special resolution number 4 is to increase the authorised share capital of the company.

Notice of annual general meeting continued

for the year ended 30 September 2011

18. Amendment to article 44 of the articles of association of the company

Special resolution number 5

Resolved that the articles of association of the Company be and are hereby amended by the insertion of new article 44, which shall read as follows:

44 “PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS ATTACHING TO THE CUMULATIVE REDEEMABLE PREFERENCE SHARES

The following preferences, rights, limitations and other terms shall attach to the cumulative redeemable preference shares (cumulative redeemable preference shares) in the capital of the Company:

- 44.1 The cumulative redeemable preference shares shall confer the right, on a winding-up of the Company, to the repayment, out of the surplus assets of the Company, of the capital together with payment of all arrear and accrued dividends (whether earned, declared or not) calculated to the date of repayment of capital, in priority to the ordinary shares of the Company and any other class of shares of the Company not ranking in priority to or *pari passu* with the cumulative redeemable preference shares, but shall have no further right to participate in the profits or assets of the Company.
- 44.2 The cumulative redeemable preference shares shall be allotted and issued in such number, at such times and at such price per cumulative redeemable preference share as the directors of the Company in their sole discretion may determine at the time of and in respect of each allotment and issue of the cumulative redeemable preference shares.
- 44.3 Subject to the provisions of article 44.1, in respect of each allotment and issue of such cumulative redeemable preference shares, the cumulative redeemable preference shares shall be designated as a separate class of preference share having such special preferences, rights, limitations and other terms, whether as to dividend entitlement, redemption, conversion, voting rights or otherwise as the directors of the Company may in their sole discretion determine, prior to or upon each allotment issue, subject to the JSE Listings Requirements and any other applicable regulatory requirement/s.
- 44.4 Subject to the provisions of the Companies Act, the cumulative redeemable preference shares shall be liable to be redeemed at the discretion of the directors on such basis as may be determined by the directors of the Company in respect of each allotment of the cumulative redeemable preference shares.
- 44.5 On or before the payment by the Company of any dividend, redemption amount or other distribution on any of the cumulative redeemable preference shares, the Company shall apply the solvency and liquidity test set out in section 4(1) of the Companies Act and, once the directors are reasonably satisfied that the Company will satisfy such solvency and liquidity test immediately after paying the relevant dividend, redemption amount or other distribution, the directors shall pass a resolution acknowledging that they have applied the solvency and liquidity test, and have reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after paying the relevant dividend, redemption amount or other distribution.
- 44.6 Subject to article 44.3 and save as otherwise specified in the terms of issue of the cumulative redeemable preference shares determined by the directors of the Company in accordance with article 44.3, but subject to the requirements of the Companies Act, the holders of the cumulative redeemable preference shares shall not be entitled to vote, either in person or by proxy, at any meeting of the Company, by virtue or in respect of the cumulative redeemable preference shares.
- 44.7 Section 39(2) of the Companies Act shall not apply in respect of the issue by the Company of any cumulative redeemable preference shares, nor shall the holder of any cumulative redeemable preference share have the rights set out in section 39(2) in respect of the issue by the Company of any other class of share in the Company from time to time.”

Reason for and effect of special resolution number 5

The reason for and the effect of special resolution number 5 is to provide for the preferences, rights and other terms attaching to the cumulative redeemable preference shares.

19. Amendment to article 45 of the articles of association of the Company

Special resolution number 6

Resolved that the articles of association of the Company be and are hereby amended by the insertion of new article, which shall read as follows:

45 “PREFERENCES, RIGHTS, LIMITATIONS AND OTHER TERMS ATTACHING TO THE CUMULATIVE NON-REDEEMABLE PREFERENCE SHARES

The following preferences, rights, limitations and other terms shall attach to the cumulative non-redeemable preference shares (cumulative non-redeemable preference shares) in the capital of the Company.

- 45.1 The cumulative non-redeemable preference shares shall confer the right, on a winding-up of the Company, to the repayment, out of the surplus assets of the Company, of the capital together with payment of all arrear and accrued dividends (whether earned, declared or not) calculated to the date of repayment of capital, in priority to the ordinary shares of the Company and any other class of shares of the Company not ranking in priority to or *pari passu* with the cumulative non-redeemable preference shares, but shall have no further right to participate in the profits or assets of the Company.
- 45.2 The cumulative non-redeemable preference shares shall be allotted and issued in such number, at such times and at such price per cumulative non-redeemable preference share as the directors of the Company in their sole discretion may determine at the time of and in respect of each allotment and issue of the cumulative non-redeemable preference shares.
- 45.3 Subject to the provisions of article 45.1, in respect of each allotment and issue of such cumulative non-redeemable preference shares, the cumulative non-redeemable preference shares shall be designated as a separate class of cumulative non-redeemable preference share having such special preferences, rights, limitations and other terms, whether as to dividend entitlement, conversion, voting rights or otherwise as the directors of the Company may in their sole discretion determine, prior to or upon each allotment issue, subject to the JSE Listings Requirements and any other applicable regulatory requirement/s.
- 45.4 The cumulative non-redeemable preference shares shall not be liable to be redeemed.
- 45.5 On or before the payment by the Company of any dividend or other distribution on any of the cumulative non-redeemable preference shares, the Company shall apply the solvency and liquidity test set out in section 4(1) of the Companies Act (No. 71 of 2008) as amended (Companies Act) and, once the directors are reasonably satisfied that the Company will satisfy such solvency and liquidity test immediately after paying the relevant dividend or other distribution, the directors shall pass a resolution acknowledging that they have applied the solvency and liquidity test, and have reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after paying the relevant dividend or other distribution.
- 45.6 Subject to article 45.3 and save as otherwise specified in the terms of issue of the cumulative non-redeemable preference shares determined by the directors of the Company in accordance with article 45.3, but subject to the requirements of the Companies Act, the holders of the cumulative non-redeemable preference shares shall not be entitled to vote, either in person or by proxy, at any meeting of the Company, by virtue or in respect of the cumulative non-redeemable preference shares.
- 45.7 Section 39(2) of the Companies Act shall not apply in respect of the issue by the Company of any cumulative non-redeemable preference shares, nor shall the holder of any cumulative non-redeemable preference share have the rights set out in section 39(2) in respect of the issue by the Company of any other class of share in the Company from time to time.”

Reason for and effect of special resolution number 6

The reason for and the effect of special resolution number 6 is to provide for the preferences, rights and other terms attaching to the cumulative non-redeemable preference shares.

And to transact any other business that may be transacted at an annual general meeting.

Additional information and explanatory notes in respect of ordinary resolutions numbers 1 to 13 and special resolutions numbers 1 to 6 are set out in the explanatory notes to this notice attached hereto.

Notice of annual general meeting continued

for the year ended 30 September 2011

Record dates

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to receive notice of the annual general meeting is Friday, 9 December 2011. The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 20 January 2012, and the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 13 January 2012.

Approvals required for resolutions

Ordinary resolutions numbers 1 to 13 contained in this notice of annual general meeting require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting, subject to the provisions of the Companies Act, the articles of association of the Company and the JSE Listings Requirements.

Special resolutions numbers 1 to 3 contained in this notice of annual general meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting, subject to the provisions of the Companies Act, the articles of association of the Company and the JSE Listings Requirements.

Equity securities held by a share trust or scheme will not have their votes taken into account for the purposes of resolutions passed in terms of the JSE Listings Requirements. Shares held as treasury shares may also not vote.

Attendance and voting by shareholders or proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration are entitled to attend and vote at the annual general meeting and are entitled to appoint a proxy or proxies (for which purpose a form of proxy is attached hereto) to attend, speak and vote in their stead. The person so appointed as proxy need not be a shareholder of the Company. Forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Tuesday, 24 January 2012, at 14:30 (South African time). Any forms of proxy not lodged by this time must be handed to the chairman of the meeting.

Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the Company.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Proof of identification required

In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the annual general meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the annual general meeting. A green bar-coded identification document issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted at the annual general meeting as sufficient identification.

By order of the board of directors



Fazila Patel
Company secretary
Johannesburg

30 November 2011

Explanatory notes to the notice of annual general meeting

Ordinary resolutions

Ordinary resolution number 1

Approval of annual financial statements

In terms of the provisions of section 30(3)(d) of the Companies Act (No. 71 of 2008), as amended (Companies Act), the Company's annual financial statements and Group's annual financial statements have to be presented to the shareholders at the annual general meeting for consideration.

Ordinary resolutions numbers 2 to 4

Election of directors

In terms of the provisions of article 24 of the Company's articles of association, one-third of the directors, or if their number is not a multiple of three, then the number nearest to but not less than one-third, are required to retire at each annual general meeting. Directors may offer themselves for re-election. The abbreviated curricula vitae of the directors offering themselves for re-election appear below:

Prof GJ (Jakes) Gerwel (65)

Chairman

South African

BA (Hons), LicGermPhil, DLitt et Phil

Professor Jakes Gerwel gained his degrees in South Africa and Belgium, and has received honorary doctorates from numerous local and foreign universities. He was vice-chancellor and rector of the University of the Western Cape from 1987 to 1994, after which he served as director-general in the Office of the President for five years and as secretary of the cabinet in the government of national unity. Professor Gerwel is non-executive chairman of Aurecon Singapore (Pte) Limited, Media 24 Limited and Brimstone Investment Corporation Limited. He chairs the boards of trustees of the Nelson Mandela Foundation, the Nelson Mandela Rhodes Foundation and the Allan Gray Orbis Foundation, and is vice-chairman of the Peace Parks Foundation. He was appointed to the Life Healthcare board of directors in 2003.

MA (Mustaq) Brey (57)

Non-executive director

South African

BCompt (Hons) CA(SA)

Mustaq Brey is a founder member and chief executive officer of Brimstone. He is a chartered accountant and currently serves on the boards of Oceana Fishing Group Limited, the Scientific Group, Lion of Africa Insurance Company Limited and Nedbank Limited. He serves on the audit committees of the South African Revenue Service and Mandela Rhodes Foundation and chairs the capital and risk committee for Nedbank. He was appointed to the Life Healthcare board of directors in 2003.

GC (Garth) Solomon (45)

Non-executive director

South African

BCom, BCompt (Hons), CA(SA)

Garth Solomon graduated from the University of Cape Town and qualified as a chartered accountant while completing articles with Deloitte & Touche. Thereafter he served in various commercial and corporate finance roles with the South African Revenue Service, Group Five Properties and African Harvest Limited before joining Old Mutual Private Equity in 2003. He is currently a portfolio manager in the Old Mutual Private Equity team and in this capacity serves on the boards of the Tourvest Group (Pty) Limited and Liberty Star Consumer Holdings (Pty) Limited. Garth was appointed to the Life Healthcare board of directors in 2005.

Explanatory notes to the notice of annual general meeting

continued

Ordinary resolution number 5

Re-appointment of auditor

In terms of the provisions of section 90(1) of the Companies Act, a company shall at every annual general meeting appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next annual general meeting of the Company.

Ordinary resolutions numbers 6 to 9

Appointment of audit committee

In terms of the provisions of section 94(2) of the Companies Act, a company shall at every annual general meeting elect an audit committee comprising at least three members. An abbreviated curriculum vitae of each of the independent non-executive directors proposed to be appointed to the audit committee appears below. As is evident from the curricula vitae of these directors, all of them have academic qualifications and experience in one or more of the following areas, i.e. law, finance, accounting, commerce or industry.

PJ (Peter) Golesworthy (53)

Independent non-executive director

British

BA (Hons) (first class), Accountancy Studies, CA

Peter Golesworthy graduated from Exeter University in the UK and qualified as a chartered accountant with the Institute of Chartered Accountants of Scotland. He currently serves as a director of a number of private companies and as a member of various investment committees of certain Old Mutual businesses. He was previously the finance director of Old Mutual (South Africa), and prior to joining Old Mutual was a finance manager in the Corporate and International Finance Department of Anglo American Corporation of South Africa Limited. He was appointed to the Life Healthcare board of directors in 2010.

LM (Louisa) Mojela (55)

Independent non-executive director

South African

BCom

Louisa Mojela is group CEO of WIPHOLD, of which she is a founder member. She holds non-executive directorships inter alia in ABB SA, Adcorp Holdings, Distell Group, Lesotho Pension Fund, Afrisun Gauteng, Afrisun Leisure, Emfuleni Resorts and USB-ED United. She previously held positions at the Lesotho National Development Corporation, DBSA and SCMB. She was appointed to the Life Healthcare board of directors in 2010.

TS (Trevor) Munday (62)

Lead independent non-executive director

South African

BCom

Trevor Munday completed his BCom at the University of Natal and served in several commercial, financial and accounting roles in his formative years, both locally and overseas. He was appointed chief executive of Polifin Limited in 1996. In 2001, he was appointed an executive director and chief financial officer of Sasol Limited. He later served as deputy CEO of Sasol prior to his retirement in 2006. He serves as a non-executive director on the boards of several JSE-listed companies, including ABSA Group Limited, Reunert Limited and Illovo Sugar Limited. He was appointed to the Life Healthcare board of directors in 2010.

Adv F (Fran) du Plessis (56)

Independent non-executive director

South African

BCom LLB, CA(SA), BCom Taxation

Francine-Ann (Fran) du Plessis is an advocate of the High Court of South Africa. She holds a number of current board positions, namely Sanlam, Naspers and ArcelorMittal. Fran has previously held non-executive directorships at SAA and Industrial Development Corporation of South Africa Limited. Fran is a chartered accountant and has worked extensively in both commercial and academic settings. She is a director of

the auditing firm LDP Incorporated in Stellenbosch and an ad hoc lecturer in the department of accounting at the University of Stellenbosch, where she lectures the Masters Degree in Taxation. She was appointed to the Life Healthcare board of directors in 2010.

Ordinary resolution number 10

Non-binding advisory vote on the remuneration policy of the Company

The King III Code recommends that the remuneration policy of the Company be submitted to shareholders for consideration and for an advisory, non-binding vote.

Ordinary resolution number 11

Remuneration of auditors

In terms of the articles of association of the Company, the board of directors are required to obtain the approval of the shareholders to determine the remuneration of the auditors.

Ordinary resolution number 12

Placement of authorised but unissued shares under the control of the directors

The reason for proposing this resolution is to seek a general authority and approval for the directors to allot and issue ordinary shares, up to a maximum of 5% of the ordinary shares of the Company in issue from time to time, in order to enable the Company to take advantage of business opportunities which might arise in the future.

Ordinary resolution number 13

Authority for an executive director to sign necessary documents

It is necessary to confer upon an executive director of the Company an authority to sign all documents as may be necessary to implement the resolutions to be proposed at the annual general meeting.

Special resolutions

Special resolution number 1

General authority to repurchase shares

The annual renewal of this authority is required in terms of the provisions of the Listings Requirements of the exchange operated by the JSE Limited (Listings Requirements). The existing authority to the directors is due to expire at the forthcoming annual general meeting, unless renewed.

Special resolution number 2

Approval of non-executive directors' remuneration

In terms of the provisions of section 66(9) of the Companies Act, remuneration may only be paid to the directors for their services as directors in accordance with a special resolution approved by the shareholders.

Special resolution number 3

General authority to provide financial assistance to related and inter-related companies

The general authority is given to the directors to enable them, subject to the provisions of section 45 of the Companies Act, to authorise the Company to provide financial assistance to related and inter-related companies of the Company.

Special resolutions numbers 4 to 6

Increase in the authorised share capital of the company and the consequent amendment to the articles of association of the company to provide for the preferences, rights limitations and other terms attaching to the cumulative redeemable and cumulative non-redeemable preference shares.

The increase in the authorised share capital of the company is required in order to create redeemable and non-redeemable preference shares in the capital of the company in order to provide a potential source of funding, should a suitable opportunity arise. In terms of section 36 (1)(b) of the Companies Act, a company's articles of association must set out the preferences, rights, limitations and other terms associated with each class of shares as set out in special resolutions 5 and 6.

Administration

Secretary

Fazila Patel

BA LLB, Cert Programme in Corporate Governance

Registered office and postal address

Oxford Manor, 21 Chaplin Road, Illovo, 2196

Private Bag X13, Northlands, 2116

Telephone 011 219 9000

Facsimile 011 219 9001

Registration

2003/002733/06

JSE code: LHC **ISIN:** ZAE000145892

Attorneys

DLA Cliffe Dekker Hofmeyr

Auditors

PricewaterhouseCoopers Inc.

Transactional bankers

First National Bank

Sponsors

Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer secretaries

Computershare Investor Services (Pty) Limited

Transfer office

70 Marshall Street, Johannesburg

P O Box 61051, Marshalltown, 2107

Telephone 011 370 5000

Facsimile 011 370 5271

Website address

www.lifehealthcare.co.za

Form of proxy

for the year ended 30 September 2011

This form of proxy is not for completion by those shareholders who have dematerialised their shares (other than those whose shareholding is recorded in their own name in the sub-register maintained by their CSDP or broker). Such shareholders should provide their CSDP or broker with their voting instructions.

Life Healthcare Group Holdings Limited

Registration No. 2003/002733/06

JSE Code: LHC ISIN: ZAE000145892

I/We (please print name in full) _____

Of (address) _____

being the holder(s) of _____ ordinary shares in the Company, do hereby appoint

_____ or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at The Wanderers Club, 21 North Street, Illovo, Johannesburg on Thursday, 26 January 2012, at 14:30, or any adjournment thereof.

I/We desire to vote as follows:

Voting instructions		For	Against	Abstain
Ordinary business				
1.	Approval of the group annual financial statements for the year ended 30 September 2011			
2.	Election of director – Prof GJ Gerwel			
3.	Election of director – Mr MA Brey			
4.	Election of director – Mr GC Solomon			
5.	Re-appointment of auditor – PricewaterhouseCoopers Inc.			
6.	Appointment of member of audit committee – Mr PG Golesworthy			
7.	Appointment of member of audit committee – Mr TS Munday			
8.	Appointment of member of audit committee – Ms LM Mojela			
9.	Appointment of member of audit committee – Adv F du Plessis			
10.	Non-advisory vote on the Company's remuneration policy			
11.	Remuneration of auditors			
12.	Authorised but unissued shares under the control of the directors			
13.	Authority for an executive director to sign necessary documents			
Special resolutions				
14.	General authority to repurchase company shares			
15.	Approval of non-executive directors' remuneration			
16.	General authority to provide financial assistance to related and inter-related companies			
17.	Increase in the authorised share capital of the company			
18.	Amendment to article 44 of the articles of association of the Company			
19.	Amendment to article 45 of the articles of association of the Company			

Signed this _____ day of _____ 20 _____

Signature _____

Notes to the form of proxy

1. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered shareholder of the Company.
2. Every shareholder present in person or by proxy and entitled to vote at the annual general meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds. In the event of a poll, every shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Shareholders registered in their own name are shareholders who elected not to participate in the issuer-sponsored nominee programme and who appointed Computershare Limited as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic uncertificated securities register in their own names.

Instructions on signing and lodging the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting 'the Chairman of the annual general meeting', but any such deletion must be initialled by the shareholder. Should this space/s be left blank, the proxy will be exercised by the Chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an 'X', or the number of votes which that shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, Computershare Investor Services (Pty) Limited at 70 Marshall Street, Johannesburg, 2001, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Tuesday, 24 January 2012, at 10:00 (South African time).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat, to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

Annexure A

Remuneration report

Introduction

The healthcare industry in South Africa competes globally for good quality clinical skills. The attractiveness of nursing as a career has diminished over time and as a result the quality and continued supply of nurses have decreased. First world economies with strong currencies attract resources from poorer countries; it is reported that this drain of African medical professionals has resulted in a shortage of 820 000 nurses, doctors and allied health workers on the African continent. The recent proliferation of retail pharmacies in supermarkets has placed huge strain on the available pharmacy resources. The introduction of occupational specific dispensation (OSD) has placed the state firmly as a real competitor for healthcare skills. In addition, the supply of healthcare professionals has not kept pace with demand. This situation has been exacerbated by the ageing of the healthcare workforce and the impact of HIV/Aids. It is within this environment that the private healthcare operator in South Africa has to function. Affordable quality private healthcare is a key business driver, but this objective is constantly challenged by the ever increasing cost and availability of good quality clinical staff.

Remuneration

The Group remunerates employees on the basis of a basic salary plus benefits. It is acknowledged that the modern trend is to base remuneration on a cost-to-company package. However, the healthcare industry has largely retained the traditional approach because employees in this market are familiar with, and prefer, this methodology. Benchmarking of all remuneration is done on the basis of total cost to company. The total cost of employment is measured and communicated to each employee.

Life Healthcare offers more senior employees a combination of guaranteed remuneration, benefits, as well as short and long term incentives. Short term incentives are paid to employees at middle management and higher grades who have line of sight to business objectives. Senior managers with strategic and/or tactical roles participate in the Group's long term incentive scheme. Executive employment contracts are subject to a six-month notice period as well as a six-month restraint of trade.

Guaranteed remuneration

The Group conducts appropriate peer group benchmarking of remuneration. The Group participates in a number of salary surveys to substantiate its remuneration data. Our pay is benchmarked at the market median, and adjusted where market imperfections distort the slope on the pay line. Individual pay rates per job are influenced by our pay line, market rates for such roles and current pay rates in the Group. In instances where specific roles are difficult to retain or attract, a premium is applied to such market rates. Individual salaries are benchmarked internally and externally to ensure competitiveness and fairness. The salary structure is reviewed during October and adjusted with effect from 1 January each year. The performance of employees is a key factor in determining their respective increases.

The attraction and retention of clinical skills is a key focus area. Salaries are benchmarked against healthcare market pay data. Specific areas of concern are addressed via a bespoke retention and specialist allowance structure. Such allowances are offered in addition to basic salaries and provide significant retention value.

In certain rural locations it is necessary to provide an additional incentive to attract key skills. This is done by paying an allowance that is specific to an occupation and location. All such allowances are industry benchmarked and tested on an annual basis for continued relevance.

Short term incentives

Life Healthcare firmly believes in the value that appropriate performance driven rewards will enhance its success. The variable compensation plan (VCP) applies a combination of:

- company measures;
- business unit measures; and
- personal performance targets.

Performance is measured on agreed targets and is calculated and paid twice-annually. Key business objectives form the basis for all targets and these are consistently applied to all participants in the scheme. The strongest emphasis is on business unit results as this provides the most direct line of sight for participants. The level of potential reward has been industry benchmarked and directly influences total remuneration. Incentive pay increases with responsibility. Business and/or personal performance below a set threshold will result in non-payment of incentives.

Long term incentives

The purpose of Life Healthcare's long term incentive scheme (LTIP) is to attract, retain, motivate and reward executives and key managers who are able to influence the sustainable performance of Life Healthcare. This is done by rewarding participants on the basis of Group performance against key long-term measures.

Life Healthcare operates a hybrid long term incentive scheme that combines a pure unit appreciation scheme and a performance share scheme. The revised scheme was introduced in January 2009 and the first payment in terms of this scheme is due in January 2012. The scheme is cash settled and no re-testing of performance is allowed in the scheme as a three-year cliff vesting rule applies. Key business objectives form the basis for performance targets and vesting rules. The performance of participants in this scheme influence the quantum of initial allocations. The quantum of reward increases with seniority and is industry benchmarked.

The alignment of management and shareholders' interests has been enhanced by the 2011 revision of the scheme, which allows managers the opportunity to defer payment from the scheme and invest in shares of the Group. This investment results in a co-investment by the Group on the basis that a higher manager commitment attracts a more generous co-investment from the Group. Managers are required to make a three-year commitment in respect of this investment. This enhancement will affect the 2009, 2010 and 2011 allocations that have been made in terms of Life Healthcare's 2009 long term incentive scheme.

In respect of future allocations in terms of the scheme, from January 2012 onwards, participants will be offered the election to extend the vesting period of a portion of any LTIP offer from three years to five years and, as a result of that election, receive a co-investment grant of restricted shares from the Group.

The co-investment shares, whether deferred or matching, will be purchased in the market and transferred to participants when vesting and settlement occurs.

Employee share ownership plan

An employee share ownership plan is currently under consideration by the board and is planned for implementation in 2012.

Employee benefits

Retirement funds

Life Healthcare operates two defined contribution retirement funds:

- The Life Healthcare Provident Fund (LHC Provident Fund)
- The Life Healthcare DC Pension Fund (LHC DC Pension Fund)

All new employees join the LHC Provident Fund or may opt for dual fund membership, which channels employee contributions to the LHC DC Pension Fund and employer contributions to the LHC Provident Fund. In addition, the Group operates two defined benefit funds which have been closed to new membership since 1996. The Life Healthcare DB Pension Fund provides retirement benefits for approximately 250 active members and 350 pensioners.

The Group supported retirement funds offer group life cover and disability benefits to members. Both permanent disability and death are covered by lumpsum payments which are underwritten by an insurer. The standard cover for new employees is three times annual salary for death cover and three times annual salary for disability cover. Some historical anomalies to this standard cover exist.

The Group has, as a result of historical acquisitions, been required to rationalise and consolidate a large number of retirement funds. This process is largely complete, however, the liquidation and/or de-registration of funds will take some years to complete.

Medical aid

It is a condition of employment for Life Healthcare employees to belong to a Group supported medical aid unless membership of a spouse's medical aid can be proven.

Membership of a principal member, spouse and two children is subsidised by the Group. The Group participates in the open medical scheme market, currently contracting with Discovery Health.

Post retirement medical aid liability

A continued medical aid subsidy, post retirement, is only enjoyed by a small number of employees who were Afrox employees on or before 1 November 1996. This limited liability is funded via investments held in the market.

Other benefits

All other benefits are industry benchmarked and are granted on the basis that they aid employee retention and/or provide an efficient work environment for the employee. Such benefits are priced and form part of the annual salary review mandate process.

Executive directors' remuneration

Executive directors are subject to a six-month notice period as well as a six-month restraint of trade. Details of the remuneration of individual executive and non-executive directors are set out on pages 18 and 19 of this report.

The King III Code recommends that the salaries of the three most highly paid employees who are not directors be disclosed. The Group deems this information to be sensitive and has only disclosed the remuneration of the two executive directors.

Non-executive directors' remuneration

Non-executive directors do not receive any benefits or share options from the Group apart from directors' fees. The fees in respect of non-executive directors are reviewed on an annual basis and data from an independent survey house is utilised for benchmarking purposes. Fees are paid as a combination of a retainer and a fee per meeting, to ensure alignment with the emerging market practice and Group culture. The non-executive directors' fees per meeting for the financial year ended 30 September 2011 as well as the proposed fee per meeting for the financial year ending 30 September 2012 are detailed in the table on page 20 of this report.

Annexure A continued

Directors' emoluments

Emoluments paid to the directors of the Company by the Company and its subsidiaries for the year to 30 September, are set out below:

2011 (R'000)	Directors' fees	Salaries	Bonus and performance-related payments	Other allowances	Gains on long-term incentive scheme	Medical aid contributions	Pension fund contribution	Total
Executive directors								
CMD Flemming	-	2 378	3 874	759	1 565	23	669	9 268
RJ Hogarth	-	1 294	1 526	425	747	18	364	4 374
	-	3 672	5 400	1 184	2 312	41	1 033	13 642
Non-executive directors								
MA Brey	302	-	-	-	-	-	-	302
YZ Cuba	21	-	-	-	-	-	-	21
CWJ Lyons	14	-	-	-	-	-	-	14
Dr JPF Dalmeyer	35	-	-	-	-	-	-	35
Prof GJ Gerwel	456	-	-	-	-	-	-	456
Dr MP Ngatane	218	-	-	-	-	-	-	218
GC Solomon	442	-	-	-	-	-	-	442
LM Mojela	376	-	-	-	-	-	-	376
PJ Golesworthy	484	-	-	-	-	-	-	484
TS Munday	413	-	-	-	-	-	-	413
Adv F du Plessis	208	-	-	-	-	-	-	208
JK Netshitenzhe	128	-	-	-	-	-	-	128
KM Gordhan	133	-	-	-	-	-	-	133
	3 230	-	-	-	-	-	-	3 230

2010 (R'000)	Directors' fees	Salaries	Bonus and performance-related payments	Other allowances	Gains on long-term incentive scheme	Medical aid contributions	Pension fund contribution	Total
Executive directors								
CMD Flemming	–	1 967	3 780	676	2 850	21	565	9 859
RJ Hogarth	–	1 011	1 213	339	1 088	14	342	4 007
	–	2 978	4 993	1 015	3 938	35	907	13 866
Non-executive directors								
MA Brey	206	–	–	–	–	–	–	206
YZ Cuba	123	–	–	–	–	–	–	123
CWJ Lyons	173	–	–	–	–	–	–	173
Dr JPF Dalmeyer	126	–	–	–	–	–	–	126
Prof GJ Gerwel	320	–	–	–	–	–	–	320
EW Mbuthia	282	–	–	–	–	–	–	282
LZ Brozin	157	–	–	–	–	–	–	157
Dr MP Ngatane	105	–	–	–	–	–	–	105
RCM Laubscher	90	–	–	–	–	–	–	90
GC Solomon	433	–	–	–	–	–	–	433
NV Mokhesi	69	–	–	–	–	–	–	69
LM Mojela	85	–	–	–	–	–	–	85
PJ Golesworthy	123	–	–	–	–	–	–	123
TS Munday	27	–	–	–	–	–	–	27
	2 319	–	–	–	–	–	–	2 319

The directors' fees are paid by the subsidiary company of Life Healthcare Group Holdings Limited.

Annexure A continued

Prescribed officer

In line with the requirements of the new Companies Act, the Group discloses the remuneration paid to prescribed officers who are defined as the Group's chief executive officer (CMD Flemming) and the Group's chief financial officer (RJ Hogarth) in line with a legal opinion. Refer to page 15 for the directors' remuneration for the prescribed officers.

Proposed non-executive directors' emoluments for 2012

Committee	Number of meetings in 2012	Entity	2011		2012	
			Current fee	Current annual cost	Proposed fee	New annual cost
Directors' fees	4	Chairperson	75 000.00	300 000.00	150 000.00	600 000.00
		Board member	35 000.00	140 000.00	37 500.00	150 000.00
Audit	4	Chairperson	42 500.00	170 000.00	45 600.00	182 400.00
		Committee member	25 000.00	100 000.00	26 800.00	107 200.00
Remuneration	3	Chairperson	43 333.33	130 000.00	46 500.00	93 000.00
		Committee member	21 666.67	65 000.00	23 300.00	69 900.00
Nominations	2	Chairperson	43 350.00	86 700.00	46 500.00	93 000.00
		Committee member	21 650.00	43 300.00	23 300.00	46 600.00
Risk	2	Chairperson	43 350.00	86 700.00	46 500.00	93 000.00
		Committee member	21 650.00	43 300.00	23 300.00	46 600.00
Investment	3	Chairperson	43 350.00	130 050.00	46 500.00	139 500.00
		Committee member	21 650.00	64 950.00	23 300.00	69 900.00
Social, ethics and transformation	2	Chairperson	43 350.00	86 700.00	46 385.00	92 770.00
		Committee member	21 650.00	43 300.00	23 300.00	46 600.00

Any additional meeting called will be remunerated as follows:

- Chairman: R26 750
- Board member: R13 375

It is proposed that the current travel and subsistence benefits remain unchanged.

Annexure B

Board of directors

Prof GJ (Jakes) Gerwel (65)

Chairman

South African

BA (Hons), LicGermPhil, DLitt et Phil

Professor Jakes Gerwel gained his degrees in South Africa and Belgium, and has received honorary doctorates from numerous local and foreign universities. He was vice-chancellor and rector of the University of the Western Cape from 1987 to 1994, after which he served as director-general in the Office of the President for five years and as secretary of the cabinet in the government of national unity. Professor Gerwel is non-executive chairman of Aurecon Singapore (Pte) Limited, Media 24 Limited and Brimstone Investment Corporation Limited. He chairs the boards of trustees of the Nelson Mandela Foundation, the Nelson Mandela Rhodes Foundation, the Allan Gray Orbis Foundation and is vice-chairman of the Peace Parks Foundation. He was appointed to the Life Healthcare board of directors in 2003.

CMD (Michael) Flemming (54)

Chief executive officer

South African

BCom, BJur, BProc, AMP (Harvard)

Michael Flemming joined African Oxygen Limited (Afrox) in 1985 and transferred to its healthcare division in 1994. He has held several senior finance and line management positions with both Afrox and Afrox Healthcare. He managed the business finance function and then moved into managing a 300 bed hospital in the West region. A year later he was promoted to regional manager and shortly thereafter to general manager. In 2001, he was appointed managing director of Afrox Healthcare, which became Life Healthcare in 2005.

RJ (Roger) Hogarth (57)

Chief financial officer

South African

BAcc (Wits), CA(SA)

After qualifying as a chartered accountant, Roger Hogarth joined Afrox in 1980. He has a wealth of experience in tax, accounting, systems and financing in both the industrial and healthcare businesses. He was manager corporate finance for Afrox, before transferring to Afrox Healthcare as general manager finance and administration in August 2004. He was appointed to the Life Healthcare board of directors in 2007.

MA (Mustaq) Brey (57)

Non-executive director

South African

BCompt (Hons) CA(SA)

Mustaq Brey is a founder member and chief executive officer of Brimstone. He is a chartered accountant and currently serves on the boards of Oceana Fishing Group Limited, the Scientific Group, Lion of Africa Insurance Company Limited and Nedbank Limited. He serves on the audit committees of the South African Revenue Service and Mandela Rhodes Foundation and chairs the capital and risk committee for Nedbank. He was appointed to the Life Healthcare board of directors in 2003.

Board of directors continued

Adv F (Fran) du Plessis (56)

Independent non-executive director

South African

B. Com LLB, CA(SA), B. Com Taxation

Francine-Ann (Fran) du Plessis is an advocate of the High Court of South Africa. She holds a number of current board positions namely Sanlam, Naspers and ArcelorMittal. Fran has previously held non-executive directorships at SAA and Industrial Development Corporation of South Africa Limited. Fran is a chartered accountant and has worked extensively in both commercial and academic settings. She is a director of the auditing firm LDP Incorporated in Stellenbosch and an ad hoc lecturer in the department of accounting at the University of Stellenbosch, where she lectures the Masters Degree in Taxation. She was appointed to the Life Healthcare board of directors in 2010.

PJ (Peter) Golesworthy (53)

Independent non-executive director

British

BA (Hons) (first class), Accountancy Studies, CA

Peter Golesworthy graduated from Exeter University in the UK and qualified as a chartered accountant with the Institute of Chartered Accountants of Scotland. He currently serves as a director of a number of private companies and as a member of various investment committees of certain Old Mutual businesses. He was previously the finance director of Old Mutual (South Africa), and prior to joining Old Mutual was a finance manager in the Corporate & International Finance Department of Anglo American Corporation of South Africa Limited. He was appointed to the Life Healthcare board of directors in 2010.

K (Ketso) Gordhan (50)

Independent non-executive director

South African

BA, MPhil (University of Sussex)

Ketso Gordhan is currently consulting to the Office of the President. Up until recently he was head of the private equity division of Rand Merchant Bank.

Ketso held various senior roles in the FirstRand Group between 2001 and 2009. His prior experience includes that of director-general of the Department of Transport, a member of the ANC's Department of Economic Policy and a national election manager. Ketso has held non-executive directorships in the FirstRand Group including the Momentum Group. In an academic role, Ketso is a senior visiting fellow at the Wharton Business School, University of Pennsylvania. He was appointed to the Life Healthcare board of directors in 2010.

LM (Louisa) Mojela (55)

Independent non-executive director

South African

BCom

Louisa Mojela is group CEO of WIPHOLD of which she is a founder member. She holds non-executive directorships inter alia in ABB SA, Adcorp Holdings, Distell Group, Lesotho Pension Fund, Afrisun Gauteng, Afrisun Leisure, Emfuleni Resorts and USB-ED United. She previously held positions at the Lesotho National Development Corporation, DBSA and SCMB. She was appointed to the Life Healthcare board of directors in 2010.

TS (Trevor) Munday (62)

Lead independent non-executive director

South African

BCom

Trevor Munday completed his BCom at the University of Natal, and served in several commercial, financial and accounting roles in his formative years, both locally and overseas. He was appointed chief executive of Polifin Limited in 1996. In 2001, he was appointed an executive director and chief financial officer of Sasol Limited. He later served as deputy CEO of Sasol prior to his retirement in 2006. He serves as a non-executive director on the boards of several JSE-listed companies including ABSA Group Limited, Reunert Limited and Illovo Sugar Limited. He was appointed to the Life Healthcare board of directors in 2010.

JK (Joel) Netshitenzhe (54)

Independent non-executive director

South African

MSC (University of London), Postgraduate Diploma in Economic Principles, Diploma in Political Science

Joel Netshitenzhe left South Africa to join the ANC in exile. He served in various capacities within the ANC: Radio Freedom, Mayibuye editor, member of the ANC Politico-Military Council and Deputy Head of the Department of Information and Publicity, and as part of the ANC negotiating team. He has been a member of the National Executive Committee (NEC) of the ANC since 1991. Post-1994, Joel was head of communications in President Nelson Mandela's office, and then joined the Government Communication and Information Systems (GCIS) as CEO in 1998. In addition to being GCIS CEO, he was in 2001 appointed head of the Policy Co-ordination and Advisory Services (PCAS) in the Presidency. He headed the PCAS on a full-time basis from 2006 until his retirement in 2009. He now works as an independent researcher, and is the executive director of the Mapungubwe Institute for Strategic Reflection (MISTRA). He is a member of the National Planning Commission of the South African government, the advisory board of the Nelson Mandela Trust and the board of CEEF Africa (a non-profit company dealing with tertiary education opportunities). He was appointed to the Life Healthcare board of directors in 2010.

Dr MP (Peter) Ngatane (57)

Independent non-executive director

South African

BSc, MBChB, FCOG

Dr Peter Ngatane is a specialist obstetrician and gynaecologist. He has served as a consultant obstetrician and gynaecologist, as well as superintendent of the Chris Hani Baragwanath Hospital. He also served as the head of obstetrics and gynaecology at Natalspruit Hospital. He is currently in private practice. Dr Peter is the chairman of the South African Boxing Commission and is

the medical director of Boxing South Africa. He serves on the board of governors of the World Boxing Council and is the vice-president of the African Boxing Union. He serves as treasurer for the International Planned Parenthood Federation in Nairobi and is a trustee of the Commonwealth Boxing Council based in London. He was appointed to the Life Healthcare board of directors in 2007.

GC (Garth) Solomon (45)

Non-executive director

South African

BCom, BCompt (Hons), CA(SA)

Garth Solomon graduated from the University of Cape Town and qualified as a chartered accountant while completing articles with Deloitte & Touche. Thereafter he served in various commercial and corporate finance roles with the South African Revenue Service, Group Five Properties and African Harvest Limited before joining Old Mutual Private Equity in 2003. He is currently a portfolio manager in the Old Mutual Private Equity team and in this capacity serves on the boards of the Tourvest Group (Pty) Limited and Liberty Star Consumer Holdings (Pty) Limited. Garth was appointed to the Life Healthcare board of directors in 2005.

Executive management

Michael Flemming (54)

BCom, BJur, BProc, AMP (Harvard)

Chief executive officer

27 years' service

Michael joined African Oxygen Limited (Afrox) in 1985 and transferred to its healthcare division in 1994. He has held several senior finance and line management positions with both Afrox and Afrox Healthcare. He managed the business finance function and then moved into managing a 300 bed hospital. A year later he was promoted to regional manager and shortly thereafter to general manager. In 2001, he was appointed managing director of Afrox Healthcare, which became Life Healthcare in 2005.

Roger Hogarth (57)

BAcc (Wits), CA(SA)

Chief financial officer

32 years' service

After qualifying as a chartered accountant, Roger joined Afrox in 1980. He has a wealth of experience in tax, accounting, systems and financing in both the industrial and healthcare businesses. He was manager corporate finance for Afrox, before transferring to Afrox Healthcare as general manager finance and administration in August 2004. Roger was appointed to the board of directors in 2007.

Colin Davidson (54)

Group information management executive

11 years' service

Colin spent more than 20 years in the IT consulting industry before joining the Group as manager of healthcare information management. He was appointed to his current position in 2002 and is responsible for information management strategy and delivery to all lines of business.

Jonathan Lowick (41)

BCom, HDip (Acc), CA(SA)

Advanced Cert in Taxation

Group strategy and development executive

14 years' service

Jonathan has been with the Group since 1997, and has gained wide experience through the various

positions he has held at head office and hospital operations, including finance and administration, as well as national credit, patient services and funder management. His last position before his appointment to the executive in April 2009 was that of regional hospital manager: Cape region.

Dr Nilesh Patel (42)

MBBCh, MPhil (cum laude)

Chief operating executive – healthcare services

12 years' service

Nilesh has gained extensive clinical and management experience in both the public and private healthcare sectors. He joined Life Healthcare in 1999 as national rehabilitation manager and established the Group's first acute rehabilitation unit. He was managing director of Life Esidimeni from 2007 until his appointment to his current position in 2009. He is responsible for Life Esidimeni, Life Occupational Health and Life Healthcare's rehabilitation and mental healthcare businesses, as well as for the Group's quality management department. Nilesh served as the founding chairperson of the Southern African Neuro-rehabilitation Association from 2005 to 2009.

Adam Pyle (45)

BCom, LLB

Group marketing executive

8 years' service

Adam's responsibilities include investor relations, health policy, funder relations, marketing, product development, national patient services and communications. He has worked in the healthcare industry for several years and was previously marketing director at HealthBridge. He is a director of the Hospital Association of South Africa (HASA).

Chris Redfern (63)

Chief operating executive – inland

41 years' service

Chris joined Afrox in 1971, transferring to the hospital division in 1987, and worked in hospital management before assuming his current position in 2002. He is responsible for the Group's inland hospitals.

Peter Scott (47)

BA

Group human resources executive

9 years' service

Peter heads human resources and employee services. His experience in human resources has spanned several years in a corporate and consulting environment with organisations that included Accenture (Pty) Limited, Standard Bank Limited and CNA Limited (CNA). Prior to his current position, which he has held since 2002, Peter was human resources director at CNA. He is a director of HASA.

Dr Keith Shongwe (48)

BSc, MBChB, Dip Ed

Group health policy executive

2 years' service

Keith has extensive clinical, business, as well as government experience. Before his appointment to the Life Healthcare executive management team in January 2010, he held the position of deputy director-general in the Department of Communications. His responsibilities in his present position include matters relating to the healthcare regulatory environment, health research and economics, and government relations and strategy.

Fazila Patel (43)

BA LLB, Cert Programme in Corporate Governance

Company secretary

5 years' service

Fazila gained extensive experience as legal adviser for the Greater Johannesburg Metropolitan Council before joining City Power as general manager legal services in 2001. In this position she managed the legal department and was company secretary. She was appointed as company secretary at Life Healthcare in August 2006.

Dr Sharon Vasuthevan (52)

PhD, MSc, BCur Honours, BCur

Group nursing executive

10 years' service

Sharon joined the group in 2001 as national training and development manager, a position she held until her appointment to the executive in 2010.

She is currently responsible for the national nursing function as well as for the Life College of Learning. Sharon serves on various committees and societies and is currently president of the Nursing Education Association (NEA); chairperson of the Hospital Association of South Africa (HASA) nursing committee; and member of the Advisory Council for Monash University, School of Health Sciences. She also serves on the South African Nursing Council (SANC) and on the SANC's education accreditation and human resources sub-committees and is chairperson of the SANC's education committee.

Janette Joubert (51)

DipPharm

Group pharmacy and procurement executive

27 years' service

Janette joined the Group in 1984 and has gained a wealth of knowledge and wide experience in the healthcare industry through the various positions she has held including operations manager, national operations manager and national pharmacy practice manager. She was appointed to her current position in 2010. Her responsibilities include professional and legal operations and pharmaceutical procurement.

Denis Scheublé (57)

DipPharm, Advanced Diploma in Personnel Management (IPM), Certificate in Labour Relations (UNISA SBL)

Chief operating executive – coastal

28 years' service

Denis joined the Group in 1983 in human resources, specialising in national, high level recruitment, resource development and placement. He moved to the healthcare division in 1992 and held a number of hospital management positions before being appointed regional manager – east region in 2000. Denis assumed responsibility for the Group's hospitals in the coastal region in 2010. He sits on the boards of a number of associates.

Major shareholders**1. Analysis of registered shareholders and company schemes****Registered shareholder spread**

In accordance with the JSE Listing Requirements, the following table confirms that the spread of registered shareholders as detailed in the annual report and accounts dated 30 September 2011 was:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	3 402	37.94	1 220 624	0.12
1 001 – 10 000 shares	3 268	36.45	12 297 704	1.18
10 001 – 100 000 shares	1 646	18.36	56 383 370	5.41
100 001 – 1 000 000 shares	530	5.91	159 487 388	15.30
1 000 001 shares and above	120	1.34	812 820 664	77.99
Total	8 966	100.00	1 042 209 750	100.00

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/company related schemes as being:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	9	0.09	84 328 029	8.09
Brimstone Investment Corporation Limited	1	0.01	46 000 000	4.41
African Monarch 710 Investment Holdings (Proprietary) Limited	2	0.01	21 847 688	2.10
Directors	6	0.07	16 480 341	1.58
Public shareholders	8 957	99.91	957 881 721	91.91
Total	8 966	100.00	1 042 209 750	100.00

2. Substantial investment management and beneficial interests**Substantial investment management and beneficial interests above 3%**

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of Section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 30 September 2011.

Investment management shareholdings

Investment manager	Total shareholding	%
Government Employees Pension Fund (PIC)	103 237 450	9.91
International Finance Corporation	53 000 000	5.09
Industrial Development Corporation of SA	52 056 137	4.99
Brimstone Investment Corporation Limited	46 000 000	4.41
Old Mutual Investment Group SA	41 006 967	3.39
STANLIB Asset Management	37 620 038	3.61
Total	332 920 592	31.94

Beneficial shareholdings

Government Employees Pension Fund (PIC)	125 424 509	12.03
International Finance Corporation	53 000 000	5.09
Industrial Development Corporation of SA	52 056 137	4.99
Brimstone Investment Corporation Limited	46 000 000	4.41
Total	276 480 646	26.52

Previously disclosed holdings**Investment managers now holding below 3%**

Investment manager	Total shareholding	%	Previous %
Health Strategic Investment Limited	–	–	26.60
Life Doctor Investments Limited	2 426 892	0.23	5.94
Mvelaphanda Strategic Investment (Proprietary) Limited	8 449 903	0.81	3.30
Total	10 876 795	1.04	35.84

2. Substantial investment management and beneficial interests continued

Previously disclosed holdings continued

Beneficial owners now holding below 3%

Beneficial holdings	Total shareholding	%	Previous %
Health Strategic Investment Limited	–	–	26.60
Old Mutual Life Assurance Corporation Limited	20 067 835	1.93	14.53
Life Doctor Investments Limited	2 426 892	0.23	5.94
Mvelaphanda Strategic Investment (Proprietary) Limited	8 449 903	0.81	3.30
Total	30 944 630	2.97	50.37

3. Geographic split of shareholders

Geographic split of investment managers and company related holdings

Region	Total shareholding	% of issued capital
South Africa	629 197 706	60.37
United States of America and Canada	196 665 519	18.87
United Kingdom	85 947 045	8.25
Rest of Europe	33 198 170	3.19
Rest of world ¹	97 201 310	9.32
Total	1 042 209 750	100.00

Geographic split of beneficial shareholders

South Africa	659 784 831	63.31
United States of America and Canada	213 129 599	20.45
United Kingdom	38 357 445	3.68
Rest of Europe	50 501 336	4.85
Rest of world ¹	80 436 539	7.71
Total	1 042 209 750	100.00

¹ Represents all shareholdings except those in the above regions.

4. Shareholder categories

An analysis of beneficial shareholdings, supported by the section 56 enquiry process, confirmed the following beneficial shareholder types:

Category	Total shareholding	% of issued capital
Other	242 693 001	23.29
Unit trusts	232 980 819	22.35
Pension funds	183 791 687	17.63
Retail investor	117 863 393	11.31
Black economic empowerment	54 659 491	5.24
Government of South Africa	52 056 137	4.99
Insurance companies	51 833 083	4.97
Sovereign wealth	31 084 385	2.98
Investment trust	5 279 500	0.51
Exchange-traded fund	2 464 977	0.24
Hedge fund	2 321 197	0.22
Employees	2 109 586	0.20
Charity	1 450 013	0.14
University	1 404 911	0.13
Corporate holding	1 018 960	0.10
Local authority	210 381	0.02
Remainder	58 988 229	5.68
Total	1 042 209 750	100.00

Interests of directors

At 30 September, directors owned ordinary shares in the Company, directly or indirectly, as follows:

	2011		2010	
	Direct	Indirect	Direct	Indirect
Non-executive directors				
Prof GJ Gerwel	987 000 ⁶	5 474 225 ⁶	–	6 448 922 ¹
MA Brey	685 463 ⁶	7 776 923 ^{6,7}	–	7 792 067 ^{1,4}
GC Solomon	107 000	–	107 000 ²	–
PJ Golesworthy	22 000	–	22 000 ²	–
TS Munday	–	19 400 ⁸	–	–
LM Mojela	–	–	–	–
Adv F du Plessis	–	–	n/a	n/a
JK Netshitenzhe	–	–	n/a	n/a
KM Gordhan	–	–	n/a	n/a
Dr MP Ngatane	–	–	–	–
Dr JPF Dalmeyer*	784 350	–	783 008 ³	–
YZ Cuba*	55 493	–	55 460 ⁵	233 349
Executive directors				
CMD Flemming	9 232 463	1 522 615	10 715 078	40 000 ¹
RJ Hogarth	5 446 415	–	5 446 415	–
Alternative directors				
LZ Brozin~	–	1 572 387	–	1 572 387 ¹
PN Boynton~	–	–	–	–
CWJ Lyons#	–	135 021	–	135 021 ¹
	17 320 184	16 500 571	17 128 961	16 221 746

*Retired on 27 January 2011.

~Resigned on 17 December 2010. The shares are shown as indirect. At the time of resignation these shares were still held through Health Strategic Investments Limited (HSI).

#Resigned on 1 March 2011.

In 2010, the direct and indirect holdings of certain directors have been affected by specific transactions related to the listing. Prior to the listing of the Company on the JSE Limited, a restructuring of certain shareholdings, share repurchases, share purchases and the release of shares in terms of the Performance Equity Scheme was completed.

Subsequent to the listing certain shareholders unbundled their interest in the Company. Brimstone Investment Corporation Limited (Brimstone) and Mvelaphanda Holdings Limited (Mvela) decided to unbundle their shareholding in the Company to their respective shareholders via Health Strategic Investments Limited (HSI). Life Doctor Investments Limited (Docvest), through which doctors had invested in the Company, distributed their holding *in specie* to its shareholders.

¹ Previously no direct or indirect shares were held. With the listing of the Company and the unbundling of interests in the Company by Brimstone and Mvela through HSI, which listed on the JSE Limited on 16 August 2010, a Brimstone or Mvela shareholder would have received HSI shares. The indirect shareholding reflects the holding held through HSI. The HSI shares were unbundled after the expiry of the 180 day lock-in period. This unbundling resulted in shareholders holding ordinary shares in the Company directly.

² These shares were bought on or after the listing.

³ The holding is a result of the distribution in specie of shares in the Company by Docvest. These shares are subject to the 180 day lock-in period.

⁴ 12 740 shares were held in Life Healthcare by associates of the director. These shares were bought on or after the listing.

⁵ These shares were bought as part of the book-build pre-listing.

⁶ Shares acquired on the unbundling of the HSI shares through various Brimstone structures.

⁷ 141 774 shares are held in Life Healthcare by associates of the director and includes shares acquired on the unbundling of the HSI shares through various Brimstone structures.

⁸ An associate of the director acquired 18 300 shares after the end of the financial year and prior to the date of approval of the annual financial statements.

Share capital

	2011 R'000	2010 R'000
Authorised		
Ordinary shares		
4 149 980 000 (2010:4 149 980 000) ordinary shares of R0.000001 each (Total value = R4 149 (2010: R4 149))	4	4
Nil (2010: Nil) ordinary 'N' shares of R0.000001 each (Total value = Rnil (2010: Rnil))	-	-
The ordinary 'N' shares were converted into ordinary shares during the previous financial year in terms of a special resolution dated 29 April 2010. The 'N' shares were converted on a one-for-one basis. Upon conversion, the 'N' shares ranked <i>pari passu</i> with the ordinary shares. Upon listing in the previous financial year, any and all 'N' shares authorised but unissued share capital was cancelled in terms of section 75(h) of the Companies Act.		
Issued and fully paid		
Ordinary shares		
Balance at 30 September	1	1
1 042 209 750 (2010: 1 042 209 750) ordinary shares of R0.000001 each (Total value = R1 042 (2010: R1 042))	1	1
Nil (2010: Nil) ordinary 'N' shares of R0.000001 each (Total value = Rnil (2010: Rnil))	-	-
Treasury shares	(6 420)	
1 018 960 (2010: Nil) At cost	(6 420)	-
Reconciliation of number of shares		
Balance at 1 October	1 042 209 750	101 679
Share split (December 2009)	-	1 016 688 321
Issue of shares at listing	-	346 966 756
Share repurchase	-	(321 547 006)
Treasury shares acquired	(1 018 960)	-
	1 041 190 790	1 042 209 750

Treasury shares are held by Life Healthcare Group (Proprietary) Limited **1 018 960** -

During the previous financial year the Company split its authorised and issued share capital into 10 000 shares for each ordinary and 'N' share.

During 2010, the Company issued an additional 25 419 750 ordinary shares at an issue price of R15.54 in terms of the Performance Equity Scheme, which became fully vested based on the achievement of a non-market based performance condition. These shares were issued at a value of R395 122 000 to the Performance Equity Scheme and settled by a subsidiary of the Group.

The Company listed on the JSE Limited on 10 June 2010 and issued 321 547 006 ordinary shares on this date at an issue price of R13.50. On the same date, the Company repurchased 321 547 006 of its ordinary shares at a total price of R13.50 per share. R3 216 138 000 was paid from retained earnings and the balance of R803 010 000 was paid from share premium.

Share premium

	2011 R'000	2010 R'000
Balance at 1 October	3 956 346	23 350
Share repurchase	-	(803 010)
Issue of shares in terms of the Performance Equity Scheme	-	395 122
Issue of shares at listing	-	4 340 884
Capital reduction	(208 442)	-
	3 747 904	3 956 346

Basis of presentation and accounting policies

These consolidated condensed financial results have been prepared in accordance with IAS 34, “Interim Financial Reporting” and in the manner required by the Companies Act of South Africa and Section 8.57 of the JSE Listings Requirements. The financial results have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective or issued and early adopted as at 30 September 2011. The consolidated condensed financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2011 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

These financial results have been prepared under the supervision of Roger Hogarth (CA)(SA), the chief financial officer of the Group.

Report of the independent auditor

These results have been audited by PricewaterhouseCoopers Inc, registered auditors. This unqualified audit opinion is available for inspection at the Company’s registered office.

Condensed consolidated statement of comprehensive income

for the year ended 30 September 2011

R million	12 months 30 Sept 2011 Audited	Change %	12 months 30 Sept 2010 Audited
Revenue	9 812	11,7	8 786
Other income	102		94
Operating expenses	(7 838)		(7 023)
Gain on remeasuring of fair value of equity interest before business combination	92		—
Additional receipt on previously disposed business	5		—
Profit on disposal of business	—		10
Operating profit	2 173	16,4	1 867
Fair value gains/(losses) on derivative financial instruments	14		(26)
Finance income	37		41
Finance cost	(250)		(342)
Share of associates' net profit after tax	115		100
Profit before tax	2 089		1 640
Tax expense	(597)		(805)
Profit after tax	1 492	78,7	835
Other comprehensive income			
Currency translation differences	2		(3)
Total comprehensive income for the year	1 494	79,6	832
Profit after tax attributable to:			
Ordinary equity holders of the parent	1 287	93,8	664
Non-controlling interest	205		171
	1 492	78,7	835
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	1 288		661
Non-controlling interest	206		171
	1 494		832
Weighted average shares in issue ('000)	1 041 523		1 029 883
Earnings per share (cents)	123,6	91,6	64,5
Headline earnings per share (cents)	119,5	88,2	63,5
Diluted earnings per share (cents)	123,6	91,6	64,5
Diluted headline earnings per share (cents)	119,5	88,2	63,5
Headline earnings			
Profit attributable to ordinary equity holders	1 287		664
Headline earnings adjustable items (net of tax)			
Impairment of intangible assets	54		—
Gain on remeasuring of fair value of equity interest before business combination	(92)		—
Additional receipt on previously disposed business	(4)		—
Profit on disposal of businesses	—		(9)
Profit on disposal of property, plant and equipment	(1)		(1)
Headline earnings	1 244	90,2	654

Condensed consolidated statement of financial position

for the year ended 30 September 2011

R million	30 Sept 2011 Audited	30 Sept 2010 Audited
Assets		
Non-current assets	6 775	6 194
Property, plant and equipment	3 753	3 258
Intangible assets	2 296	2 220
Other non-current assets	726	716
Current assets	1 693	1 678
Other current assets	1 293	1 196
Cash and cash equivalents	400	482
TOTAL ASSETS	8 468	7 872
Equity and liabilities		
Capital and reserves		
Capital and reserves	3 518	2 849
Non-controlling interests	867	667
TOTAL EQUITY	4 385	3 516
Liabilities		
Non-current liabilities	2 084	2 566
Interest-bearing borrowings	1 565	2 024
Other non-current liabilities	519	542
Current liabilities	1 999	1 790
Other current liabilities	1 539	1 340
Current portion of interest-bearing borrowings	460	450
TOTAL LIABILITIES	4 083	4 356
TOTAL EQUITY AND LIABILITIES	8 468	7 872

Condensed consolidated statement of changes in equity

for the year ended 30 September 2011

R million	Total capital and reserves	Non-controlling interest	Total equity
Balance at 1 October 2010	2 849	667	3 516
Total comprehensive income for the year	1 288	206	1 494
Profit for the year	1 287	205	1 492
Other comprehensive income	1	1	2
Transactions with non-controlling interests	12	—	12
Non-controlling interests arising on business acquisition	—	128	128
Change in ownership that does not result in loss of control	—	16	16
Distribution to shareholders	(625)	(150)	(775)
Treasury shares	(6)	—	(6)
Balance at 30 September 2011	3 518	867	4 385
Balance at 1 October 2009	2 320	610	2 930
Total comprehensive income for the year	661	171	832
Profit for the year	664	171	835
Other comprehensive income	(3)	—	(3)
Share-based payment reserve movement	75	—	75
Deferred tax on share-based payment reserve modification	20	—	20
Transactions with non-controlling interest	(19)	—	(19)
Capital repayments to non-controlling interest	—	(28)	(28)
Distribution to shareholders	(530)	(86)	(616)
Issue of shares at listing	4 341	—	4 341
Share repurchase	(4 019)	—	(4 019)
Balance at 30 September 2010	2 849	667	3 516

Condensed consolidated statement of cash flows

for the year ended 30 September 2011

R million	12 months 30 Sept 2011 Audited	12 months 30 Sept 2010 Audited
Cash generated from operations	2 562	2 233
Income tax paid	(617)	(396)
Net cash inflow from operating activities	1 945	1 837
Net cash outflow from investing activities	(688)	(695)
Net cash outflow from financing activities	(1 378)	(788)
Net (decrease)/increase in cash and cash equivalents	(121)	354
Cash and cash equivalents – beginning of the year	482	101
Cash balances acquired through business combinations	39	27
Cash and cash equivalents – end of the year	400	482

Segmental report

During the reporting periods all the operating segments operated in Southern Africa and therefore no geographical segments are presented.

Assets and liabilities are not reviewed on an individual segment basis but rather on a Group basis and are therefore not presented.

There are no inter-segment revenue streams.

R million	Year ended 30 Sept 2011 Audited	Year ended 30 Sept 2010 Audited
Operating segments		
Revenue		
Southern Africa		
Hospitals	9 136	8 140
Healthcare Services	674	636
Other	2	10
Total	9 812	8 786
Profit before items below		
Southern Africa		
Hospitals	1 917	1 595
Healthcare Services	141	118
Other	191	161
Operating profit before amortisation, disposals and impairment of intangible assets		
	2 249	1 874
Amortisation of intangible assets	(110)	(122)
Impairment of intangible assets	(65)	—
Profit on disposal of businesses	—	10
Retirement benefit asset	2	102
Post-retirement medical aid	—	3
Gain on remeasuring of fair value of equity interest before business combination	92	—
Additional receipt on previously disposed business	5	—
Operating profit	2 173	1 867
Fair value gains/(losses) on derivative financial instruments	14	(26)
Finance income	37	41
Finance costs	(250)	(342)
Share of associates' net profit after tax	115	100
Profit before tax	2 089	1 640

Operating profit before amortisation, disposals and impairment of intangible assets includes the segment's share of shared services and rental costs. These costs are all at market related rates.

Acquisition of investments

Increase in ownership interest in subsidiaries as a result of non-controlling interest transactions

The Group had marginal increases in its shareholding in subsidiary companies.

Decrease in ownership interest in subsidiaries as a result of non-controlling interest transactions

The Group disposed of a marginal percentage of its holding in subsidiary companies to non-controlling interest.

The Group still maintained control over the subsidiary entities after the decrease in ownership interest.

Business combinations

On 1 August 2011, the Group acquired additional 12,5% interest in Middelburg Private Hospital (Proprietary) Limited and Middelburg Hospital Limited (collectively 'Midmed') to obtain control over these entities. The Group previously had an interest of 45% in Midmed which were previously accounted for as an associate.

Midmed had no significant contingent liabilities at the acquisition date.

From the date of acquisition, Midmed contributed to revenue of R33 million and net profit of R8 million in the statement of comprehensive income.

R million	2011
The following presents the impact on the consolidated information of the Group as if the business combination took place on 1 October 2010 after taking into account the associate profit already recognised:	
Revenue	187
Net profits	17
Details of the net assets acquired and goodwill are as follows:	
Purchase consideration	173
Total purchase consideration	173
Cash portion	38
Fair value of equity interest in Midmed held before the business combination	135
Fair value of net assets acquired	(271)
Fair value of net assets acquired	128
Fair value of non-controlling interest recognised	
Goodwill	30

The fair value of the assets and liabilities arising from the acquisition were as follows:

R million	Fair value 2011	Acquiree carrying amount 2011
Cash and cash equivalents	39	39
Inventories	2	2
Trade and other receivables	22	22
Property, plant and equipment	75	75
Trade and other payables	(8)	(8)
Loan accounts	(3)	(3)
Current income tax liability	(7)	(7)
Deferred tax	(56)	2
Fair value of intangible assets acquired – hospital licence	207	–
	271	122

Goodwill on the acquisition of Midmed relates to the excess of the purchase consideration over the fair value of the assets and liabilities acquired including amounts paid for the expected synergies and anticipated profitability of the business acquired.

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

The non-controlling interest associated with the unlisted Midmed acquisition was measured at fair value. This fair value was determined by using the discounted cash flow method with the key inputs being the discount rate and the expected future growth rates.

The Group recognised a gain of R92 million as a result of remeasuring at fair value its 45% equity interest in Midmed before the business combination.

Acquisition related costs amounted to R0,4 million and were expensed in the statement of comprehensive income in other expenses.



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