Life HEALTHCARE Group

NOTICE OF ANNUAL GENERAL MEETING AND ABRIDGED SHAREHOLDER REPORT 2016

Contents

Notice of annual general meeting

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 Wednesday,25 January 2017, at 16:00.

THE INFORMATION CONTAINED IN THIS NOTICE IS FOR INFORMATION PURPOSES ONLY AND IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION

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

Ordinary business

1. Annual financial statements

Presentation of the audited consolidated annual financial statements as approved by the board of directors of the Company, including the directors' report, external auditor's report and the report by the audit committee, of the Company and the Group for the financial year ended 30 September 2016, as published on the Company's website at www.lifehealthcare.co.za. The summarised consolidated annual financial results are included as Annexure C to this notice.

2. Social, ethics and transformation committee

Life Healthcare's social, ethics and transformation committee report is set out on page 15 of the integrated report, which is published on the Company's website at www.lifehealthcare.co.za and Annexure A to this notice. The committee will report, through one of its members, on matters within its mandate as required in terms of Regulation 43(5)(c) of the Companies Act, 71 of 2008 ("Companies Act").

3. Ordinary resolutions number 1.1 to 1.3: Re-election of directors

Directors retiring by rotation:

3.1 Ordinary resolution number 1.1

Resolved that JK Netshitenzhe, who retires by rotation in terms of clause 28.7.1 of the Company's memorandum of incorporation (MOI), and who, being eligible, offers himself for re-election be hereby re-elected as an independent non-executive director of the Company;

3.2 Ordinary resolution number 1.2

Resolved that Professor ME Jacobs, who retires by rotation in terms of clause 28.7.1 of the Company's MOI, and who, being eligible, offers herself for re-election be hereby re-elected as an independent non-executive director of the Company; and

3.3 Ordinary resolution number 1.3

RT Vice, who is obliged to retire in terms of clause 28.7.4 of the Company's MOI, having reached the age of 70, is not eligible for re-election. Given the international growth aspirations of the Company, should RT Vice retire, the board would lose the depth of experience and knowledge that RT Vice has. The nominations committee, in considering RT Vice's skills, particularly his international business and healthcare experience, concluded that they were critical to the board. Further, having considered the composition of the board in conjunction with the board skills analysis as well as the recommendation in the King IV Report on Corporate Governance for South Africa 2016 (King IV) that the nominations committee should determine a director's continuation on the board based on the director's contribution and not their age, the nominations committee accordingly recommended to the board to propose to shareholders that the Company's MOI be amended to remove the mandatory retirement age of 70.

Resolved that, subject to the adoption of special resolution number 5.1, RT Vice, being eligible and who offers himself for re-election, be hereby re-elected as an independent non-executive director of the Company;

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

4. **Ordinary resolution number 2: Reappointment of external auditors**
   Resolved that the reappointment of the auditors, PricewaterhouseCoopers Inc., as nominated by the Company's audit committee, as independent auditors of the Company and the Group; and M Naidoo as the designated audit partner, for the financial year ending 30 September 2017, be approved.

5. **Ordinary resolutions number 3.1 to 3.4: Appointment of Group audit committee members**
   Resolved that an audit committee comprising independent non-executive directors in terms of section 94(4) of the Companies Act, as set out below, be and is hereby appointed by way of separate resolutions to hold office until the next annual general meeting:

   3.1 PJ Golesworthy (Chairman);

   3.2 LM Mojela;

   3.3 RT Vice (subject to the adoption of both special resolution number 5.1 and ordinary resolution number 1.3); and

   3.4 GC Solomon.

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

6. **Ordinary resolution number 4: Approval of remuneration policy**
   Resolved that the Group remuneration policy, as described in the remuneration report included on page 17 of the integrated report and Annexure B to this notice, is hereby approved by way of a non-binding advisory vote, as recommended in the King Report on Corporate Governance for South Africa, 2009 (King III).

7. **Ordinary resolution number 5: Placement of authorised, but unissued shares under the control of the directors**
   Resolved that such number of the unissued authorised ordinary shares in the Company as may be required for purposes of implementing a rights offer (whether underwritten or otherwise) of up to R10.7 billion (the "Rights Offer") be and are hereby placed under the control of the directors of the Company who are authorised to allot and issue any such shares in order to implement the Rights Offer in relation to the proposed transaction referred to in the announcement released on SENS on 16 November 2016, as more fully described below, subject at all times to the provisions of the Companies Act, the Company's MOI and the JSE Listings Requirements.

   Additional information in respect of ordinary resolution number 5
   Shareholders are referred to the announcement released on SENS on 16 November 2016 in terms of which shareholders were advised that the Company has entered into a definitive agreement to acquire c.95% of the issued share capital of Alliance Medical Group Limited. The Company has funded the acquisition through a bridge facility provided by various banks. It is intended that the bridge facility will be partially repaid, by way of the Rights Offer, to qualifying Life Healthcare shareholders to raise up to a maximum amount of R10.7 billion. The purpose of ordinary resolution number 5 is to place the authorised but unissued share capital of the Company under the control of the directors for the purpose of implementing the said Rights Offer.

8. **Ordinary resolution number 6: General authority to issue ordinary shares for cash**

Resolved that the board of directors of the Company be and are hereby authorised, by way of a renewable general authority, to issue shares for cash as and when they, in their discretion, deem fit, subject to the Companies Act, the Company's MOI and the JSE Listings Requirements, when applicable, and provided that:

- this authority shall be valid until the Company's next annual general meeting or for 15 (fifteen) months from the date of this resolution, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- the securities, which are the subject of the general issue of shares for cash, may not exceed 52 890 001 shares, being 5% (per cent) of the number of listed equity securities of the Company as at the date of this notice of annual general meeting, provided that:
  - any equity securities issued under this authority during the period must be deducted from the number above;
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
  - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of annual general meeting;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the Company's ordinary shares, measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company and the party subscribing for the securities;
- a paid press announcement giving full details will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% or more of the number of ordinary shares in issue prior to that issue, in terms of the JSE Listings Requirements; and
- any such general issue is subject to exchange control regulations and approval at that time.

Additional information in respect of ordinary resolution number 6

Approval for this ordinary resolution is obtained by achieving a 75% majority of the votes cast in favour of this resolution at the annual general meeting by all shareholders entitled to vote thereon and present or represented by proxy. The effect of ordinary resolution number 6 is that the directors will be able to issue the authorised but unissued ordinary shares of R0.000001 each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the requirements of the JSE, the restrictions/conditions set out in the authority, the Companies Act and the Company's MOI. Such issue may not exceed 5% of the number of listed equity securities as at the date of this notice, the number of listed equity securities in issue as at the date of this notice being 1 057 800 021 shares.

Special business

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

9. **Special resolution number 1: Approval to issue 30% or more of the Company's ordinary shares.**

Resolved that the directors of the Company be and are hereby authorised, to the extent required in terms of the provisions of section 41(3) of the Companies Act, to issue such number of ordinary shares in the authorised but unissued share capital of the Company as are required pursuant to and for the purposes of implementing the Rights Offer, even if the voting power of the shares that are issued or issuable as a result of a transaction or series of integrated transactions (as contemplated in section 41(4) the Companies Act) is equal to or exceeds 30% of the voting power of all ordinary shares held by shareholders immediately before the transaction or series of transactions, provided that such Rights Offer is made and implemented in accordance with the JSE Listings Requirements.

Reason for and effect of special resolution number 1

Shareholders are referred to the announcement, released on SENS on 16 November 2016, in terms of which shareholders were advised that the Company has entered into a definitive agreement to acquire c.95% of the issued share capital of Alliance Medical Group Limited. The Company has funded the acquisition through a bridge facility provided by various banks. It is intended that the bridge facility will be partially repaid by way of the Rights Offer to qualifying Life Healthcare shareholders to raise up to a maximum amount of R10.7 billion. The reason for and effect of special resolution number 1 is to authorise the issue of ordinary shares which have voting rights equal to or in excess of 30% of the voting rights of all ordinary shares immediately prior to the issue, pursuant to the Rights Offer.

10. **Special resolution number 2: General authority to repurchase Company shares**

Resolved that the board of directors of the Company be hereby authorised, by way of a renewable general authority, 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 (fifteen) 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;
- an announcement complying with 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 5% of the Company's issued ordinary share capital as at the beginning of the financial year, 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 writing, to the JSE prior to the commencement of the prohibited period;

- 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 MOI, the JSE Listings Requirements and the Exchange Control Regulations 1961, as amended. 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 (twelve) 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 (twelve) 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 Group audited annual financial statements;
- the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase.

Reason for and effect of special resolution number 2
The reason for and the effect of special resolution number 2 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.

For the purposes of considering special resolution number 2, and in compliance with the JSE Listings Requirements, the following disclosures are contained in the annexures attached to this notice:

- Major shareholders of the Company (Page 63 of the annual financial statements and Annexure E to this notice);
- Share capital of the Company (Page 70 of the annual financial statements and Annexure F to this notice); and
- Directors' responsibility statement.

The directors, whose names appear on page 114 to 120 of the integrated report and Annexure D to this notice, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution number 2 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, 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.

- Material change

Other than the facts and developments reported on in the integrated report and the announcement, released on SENS on 16 November 2016, in terms of which shareholders were advised that the Company has entered into a definitive agreement to acquire c.95% of the issued share capital of Alliance Medical Group Limited, there have been no other material changes in the trading 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.

11. Special resolution number 3: General authority to provide financial assistance to related and inter-related companies

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, on such terms and conditions as the board of directors of the Company, or any one or more persons authorised by the board of directors of the Company from time to time for such purpose, deems fit.

The purpose for this authority is to grant the board of directors the authority to authorise the Company to provide intra-group 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 recognised by the Company;
  - 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 entity within the Group, including but not limited to in the form of loans or the guaranteeing of their debts.

12. Special resolution number 4: Approval of non-executive directors' remuneration

Resolved that the determination of the non-executive directors' fees, for the financial year ending 30 September 2017 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:

	Meetings		2016		
Committee	2016	2017	Entity	Retainer per annum R	Total meetings fees per annum R
Directors' fees	4	4	**Chairperson** **Board member**	**480 000** **110 004**	**320 000** **73 000**
Audit	4	4	**Chairperson** **Board member**	**133 260** **78 336**	**88 740** **52 160**
Remuneration	3	3	**Chairperson** **Board member**	**101 988** **51 060**	**68 010** **34 035**
Nominations	2	2	**Chairperson** **Board member**	**67 848** **34 308**	**45 250** **22 690**
Risk	3	3	**Chairperson** **Board member**	**67 872** **34 164**	**67 875** **34 035**
Investment	4	4	**Chairperson** **Board member**	**102 000** **51 120**	**90 500** **45 380**
Social, ethics and transformation	3	3	**Chairperson** **Board member**	**67 872** **34 164**	**67 875** **34 035**

Annual fee: 60/40 split proposed between retainer and attendance fee per meeting. In instances where the number of scheduled board and board committee meetings are exceeded, the proposed meeting fees for the board and relevant board committee will apply.

13. Special resolutions number 5.1 to 5.2: Amendments to the Company's memorandum of incorporation

Special resolution number 5.1

Resolved that clause 28.7.4 of the MOI which provides as follows: "notwithstanding the provisions of clause 28.7.3 a Director, after reaching the age of 70 (seventy) years, shall retire at the next annual general meeting and shall not be eligible for re-election", be amended to read:

"28.7.4 notwithstanding the provisions of clause 28.7.3 a Director, after reaching the age of 70 (seventy) years, shall retire at the next annual general meeting and shall not be eligible for re-election, unless the nominations committee determines otherwise."

Reason for and effect of special resolution number 5.1

The reason for and the effect of special resolution number 5.1 is that all directors reaching 70 years of age would no longer automatically be removed from the board. Taking into account the recommendation in King IV that the nominations committee should determine a director's continuation on the board, based on the director's contribution and not their age, a mandatory retirement age is accordingly no longer considered appropriate or aligned to King IV.

Special resolution number 5.2

Resolved that clauses 7.7 and 7.12 of the MOI be deleted in their entirety and be and are replaced with the following new clauses 7.7 and 7.12 respectively –

"7.7 The Board may, subject to clause 7.11 and the further provisions of this clause 7, resolve to issue Shares of the Company at any time, but only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation."

	2017				
	Current annual cost R	**Proposed retainer per annum R**	**Proposed fees per annum R**	Proposed annual cost R	% increase in rate
	800 000	**508 800**	**339 200**	848 000	6.00%
	183 004	**116 604**	**77 380**	193 984	6.00%
	222 000	**141 252**	**94 064**	235 316	6.00%
	130 496	**83 040**	**55 288**	138 328	6.00%
	169 998	**108 108**	**72 090**	180 198	6.00%
	85 095	**54 1230**	**36 078**	90 198	5.99%
	113 098	**71 916**	**47 966**	119 882	6.00%
	56 998	**36 372**	**24 052**	60 424	6.02%
	135 747	**71 940**	**71 949**	143 889	5.99%
	68 199	**36 216**	**36 078**	72 294	6.01%
	192 500	**108 120**	**95 932**	204 052	6.00%
	96 500	**54 192**	**48 104**	102 296	6.01%
	135 747	**71 940**	**71 949**	143 889	5.99%
	68 199	**36 216**	**36 078**	72 294	6.01%

"7.12 The Shareholders may waive the provisions of clause 7.10 at a general meeting by authorising the Directors to issue ordinary Shares of the Company for cash at any time and/or grant options to subscribe for ordinary Shares for cash as the Directors in their discretion think fit, provided that such transaction(s) has/have, to the extent required, been approved by the JSE, and comply with the JSE Listings Requirements. Such authority may be given either by way of a general authority or a specific authority, as contemplated in the JSE Listings Requirements. [LR10.1]".

Reason for and effect of special resolution number 5.2
The reason for and the effect of special resolution number 5.2 is that the board of directors would be authorised to issue shares in certain circumstances, without the need to obtain prior shareholder approval. Any such issue of shares may not exceed 30% (thirty per cent) of the voting power of all the shares of that class held by shareholders immediately before that transaction or series of integrated transactions. Any such issue of shares for cash must be offered to existing ordinary shareholders in proportion to their shareholding.

Under the previous company law regime in the Republic of South Africa, any shares to be issued by the board of directors of a company were subject to the approval of shareholders being obtained. With the advent of a new company law regime introduced by the Companies Act, several innovations were introduced in line with global market practice which included, amongst other things, the ability to issue shares by the board of directors of companies without the need to obtain shareholder approval in certain circumstances, being one of the advances intended to promote, amongst other things, the creation of optimum conditions for the aggregation of capital for productive purposes as contemplated in section 7(g) of the Companies Act.

Despite these innovations and advances (and the consequent proposal to amend the MOI in terms of special resolution number 5.2), the Company's shareholders retain the benefit of the numerous protections contained in the Companies Act and the JSE Listings Requirements with regard to the issue of shares. These include that issues of equity shares for cash must be implemented on a pro rata basis unless this is waived, by way of a specific or general authority of shareholders, given at a general meeting by a 75% majority.

Any general authority in this regard is further subject to a number of parameters as set out in the JSE Listings Requirements with regard to the number of shares, the duration of the authority, the permissible subscribers and the maximum discount. Issues of shares for the acquisition of assets are regulated as acquisition issues and, depending on their categorisation, as "transactions" under section 9 of the JSE Listings Requirements. In addition, section 41 of the Companies Act requires a special resolution of the shareholders for certain issues of shares.

The reason for and the effect of special resolution number 5.2 is, accordingly, to amend the MOI in order to harmonise it and bring it in line with the provisions and purposes of the Companies Act and the JSE Listings Requirements in relation to the approval requirements for the issue of shares, but within the parameters prescribed by the Companies Act and the JSE Listings Requirements.

A copy of the Company's MOI incorporating the proposed amendments (which amendments are highlighted for shareholders' consideration) is available for inspection during normal business hours at the registered office of the Company at Oxford Manor, 21 Chaplin Road, Illovo, Sandton, and may be obtained from the Company's website at www.lifehealthcare.co.za

14. **Special resolution number 6: Approval to issue the Company's ordinary shares and/or to a person falling within the ambit of section 41(1) of the Companies Act for the purposes of implementing the Rights Offer.**

Resolved that to the extent that the Company is to allot and issue ordinary shares pursuant to, and for the specific purpose of, the Rights Offer for purposes of the transaction referred to in the announcement released on SENS on 16 November 2016, as more fully described below to any underwriters of the Rights Offer (whether or not such underwriter is a related party to the Company (as defined in the JSE Listings Requirements)) and/or a person falling within the ambit of section 41(1) of the Companies Act, being a director, future director, prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a director or prescribed officer of the Company (or a nominee of any of the foregoing persons), such allotment and issue is hereby approved in terms of section 41(1) of the Companies Act, provided that such Rights Offer is made and implemented in accordance with the JSE Listings Requirements.

Reason for and effect of special resolution number 6

Shareholders are referred to the announcement, released on SENS on 16 November 2016, in terms of which shareholders were advised that the Company has entered into a definitive agreement to acquire c.95% of the issued share capital of Alliance Medical Group Limited. The Company has funded the acquisition through a bridge facility provided by various banks. It is intended that the bridge facility will be partially repaid by way of the proposed Rights Offer to qualifying Life Healthcare shareholders to raise up to a maximum amount of R10.7 billion. The reason for and effect of special resolution number 6 is to authorise the allotment and issue of ordinary shares to any underwriters of the Rights Offer (whether or not such underwriter is a related party to the Company (as defined in the JSE Listing Requirements)) and/or to a person falling within the ambit of section 41(1) of the Companies Act, being a director, future director, prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a director or prescribed officer of the Company (or a nominee of any of the foregoing persons), to the extent required for the purposes of the implementation of the Rights Offer.

15. **To transact any other business that may be transacted at an annual general meeting**

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 2016. 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 2017, 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 Tuesday, 17 January 2017.

Approval required for resolutions

Ordinary resolutions number 1 to 5, 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 Company's MOI and the JSE Listings Requirements.

Ordinary resolution number 6 and special resolutions number 1 to 6, 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 Company's MOI and the JSE Listings Requirements.

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. Proxy forms must be lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than Monday, 23 January 2017, at 16:00 (South African time). Any forms of proxy not lodged by this time must be handed to the Chairman of the meeting.

Proxy forms 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 Letter of Representation to do so.

In compliance with section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy is set out immediately below:

An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or individuals) as a proxy/ies to attend, participate in and vote at the annual general meeting in place of the shareholder. A proxy need not be a shareholder of the Company.

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.

A proxy may delegate its authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in exercising any rights as a shareholder. The appointment of a proxy is revocable by the shareholder cancelling this 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. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice required by the Act or the Company's MOI to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the notes to the form of proxy.

Completing a form of proxy does not preclude any shareholder from attending the annual general meeting.

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 or identification card 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
Group Company Secretary
Johannesburg
6 December 2016

Brief curricula vitae of directors proposed for re-election

Ordinary resolutions number 1.1 to 1.3: Re-election of directors retiring by rotation

In accordance with the Company's MOI, one-third of directors are required to retire at each annual general meeting and may offer themselves for re-election. The abbreviated curricula vitae of the directors offering themselves for re-election appear below:

JK (Joel) Netshitenzhe (59)

Independent non-executive director

South African – MSc (University of London, School of Oriental and African Studies (SOAS), Postgraduate Diploma in Economic Principles, Diploma in Political Science

Joel is the executive director and board vice-chairperson of the Mapungubwe Institute for Strategic Reflection (MISTRA), an independent research institute. He is a member of the ANC National Executive Committee and was a member of the first National Planning Commission (2010 – 2015). Joel serves as a non-executive director on the boards of Nedbank Group, the Council for Scientific and Industrial Research (CSIR) and CEEF Africa (a section 21 company dealing with tertiary education opportunities). He is also a programme pioneer of the Nelson Mandela Champion Within Programme. He has held a number of senior and executive management positions in the ANC government including that of head of Policy Co-ordination and Advisory Services (PCAS) in The Presidency. He was appointed to the Life Healthcare board of directors in 2010.

Prof ME (Marian) Jacobs (68)

Independent non-executive director

South African – MBChB (UCT), Diploma in Community Medicine (UCT), Fellowship of the College of South Africa (with paediatrics)

Marian retired as dean of the Faculty of Health Sciences at the University of Cape Town in 2012 and currently holds the position of Emeritus Professor, Paediatrics and Child Health, University of Cape Town. She chairs the advisory committee of the Academy for Leadership and Management in Healthcare at the National Department of Health and serves several global health organisations, including the World Health Organisation. Previous positions held include Professor and Head of Department of Paediatrics and Child Health, and founding director of the Children's Institute in the Faculty of Health Sciences at the University of Cape Town. Marian was appointed to the Life Healthcare board of directors in 2014.

RT (Royden) Vice (69)

Independent non-executive director

South African – BCom, CA(SA)

Royden is the chairman of the board of Waco International Holdings Proprietary Limited since retiring in July 2011 after 10 years as the company's chief executive officer. The Waco group of companies has subsidiaries in the UK, USA, Australia, New Zealand, Chile and southern Africa. Prior to this, Royden was chief executive officer of Industrial and Special Products of the UK-based BOC Group, responsible for operations in over 50 countries and revenue of US$4 billion. He was also chairman of African Oxygen Limited (Afrox) from 1994 to 2001 and Afrox Healthcare, which successfully listed in 1999. He serves as a non-executive director on the boards of Hudaco Industries Limited where he is the chairman, and Murray and Roberts Holdings. Royden is a governor of Rhodes University. He has extensive global leadership experience, having lived on three continents – America (New York), Africa (Johannesburg) and Europe (London). Royden was appointed to the Life Healthcare board of directors in 2014.

Ordinary resolutions number 3.1 to 3.4: Appointment of Group audit committee

In terms of section 94(2) of the Companies Act, a public company must, at each annual general meeting, elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. The abbreviated curricula vitae of each of the independent non-executive directors proposed to be appointed to the audit committee appear 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. finance, accounting, commerce or industry.

PJ (Peter) Golesworthy (58)
Lead independent non-executive director
British – BA (Hons) (first class), Accountancy Studies, CA

Peter qualified as a chartered accountant with the Institute of Chartered Accountants of Scotland. He 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). He was appointed to the Life Healthcare board of directors in 2010.

LM (Louisa) Mojela (60)
Independent non-executive director
South African – BCom (National University of Lesotho (NUL))

Louisa is group chief executive officer and chairman of WIPHOLD – of which she is a founder member. She holds non-executive directorships in Distell Group Limited, Ixia Coal, Sun International Limited and USB-ED Limited. She previously held positions at the Lesotho National Development Corporation, Development Bank of Southern Africa and Standard Corporate and Merchant Bank. She was appointed to the Life Healthcare board of directors in 2010.

GC (Garth) Solomon (49)
Independent non-executive director
South African – BCom, BCompt (Hons), CA(SA)

Garth completed his 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 was appointed head of private equity in 2012, and was a member of the Old Mutual Private Equity team until 2013. In this capacity, he was involved in numerous investments and served on the boards and sub-committees of a number of large private businesses including Air Liquid, Metro Cash & Carry, the Tourvest Group and Liberty Star Consumer Holdings. Garth is currently the co-owner and a director of Evolve Capital, an investment trust that invests in small and medium-sized businesses. Garth was appointed to the Life Healthcare board of directors in 2005.

RT (Royden) Vice (69)
Independent non-executive director
South African – BCom, CA(SA)

See page 13.

Annexure A
Social, ethics and transformation committee report

The social, ethics and transformation committee assists the board with monitoring the Group's actions and impacts on the environment, consumers, employees, communities and other stakeholders, while maintaining the highest level of good corporate citizenship.

The chairman of the committee presents the following report to shareholders for the 2016 financial year, in accordance with the requirements of the Companies Act.

Committee composition

The committee comprises five members:

- LM Mojela (chairman – independent non-executive director);
- JK Netshitenzhe (independent non-executive director) stepped down as a member of the committee on 12 November 2015, as he agreed to serve on the committee as an interim measure until a new board member was appointed;
- Dr MP Ngatane (independent non-executive director);
- ME Nkeli (independent non-executive director) appointed on 12 November 2015;
- A Meyer (Group CEO – executive director); and
- Dr NK Patel (Healthcare Services Operations Executive – SA, non-voting member).

Invitees at committee meetings include the:

- Marketing and Communications Executive – SA, who is responsible for, inter alia, B-BBEE and CSI;
- Group Human Resources Executive;
- Funder Relations and Health Policy Executive – SA;
- general legal counsel;
- Head of Internal Audit;
- Support Services Executive – SA who is responsible for, inter alia, procurement and environmental sustainability, as it relates to energy saving projects and healthcare risk waste; and
- Clinical Directorate and Quality Executive – SA, who is responsible for, inter alia, the implementation of the environmental management system (EMS), certification against ISO 14001, the quality management system (QMS), and certification against ISO 9001, which drives process-specific legal compliance, patient quality and employee health and safety.

All members of management are experts on each of the disciplines or areas falling within the mandate of the committee, as specified in regulation 43(5) of the Companies Act. The Chairman of the board is a standing invitee.

The committee operates in accordance with formal terms of reference, which are reviewed annually by the board in terms of the annual work-plan approved by the committee.

The committee met three times during the year under review, and the proceedings of each meeting were reported to the board; presentations made at the committee are also included in the board packs.

Responsibilities

The committee has a duty to:

- monitor the social, economic, governance and environmental activities of the Group;
- bring matters relating to these activities to the attention of the board, as appropriate; and
- report annually to shareholders on the matters within the scope of its responsibilities.

Functioning

Key issues addressed by the committee included the following:

- The requests for information from the Healthcare Market Inquiry panel and key themes emerging from the first set of hearings. The commitment to the panel that Life Healthcare would move towards publishing its quality data on a hospital-specific basis was noted by the committee, and progress in this regard will be monitored going forward.
- Energy saving initiatives, such as:
  - heat pumps at a number of hospitals, and the related efficiencies achieved;
  - green building technology used in the design and build of the new Life Hilton Private Hospital, which was built with the underlying philosophy of Green by Design – the project was commended by the committee, and
  - savings realised from the installation of solar at Life Anncron Hospital and Life Fourways Hospital.
- Utilising hydroclave technology as an alternative to outsourced incineration of healthcare risk waste (HCRW). After successful installation and commissioning, HCRW is being treated at the pilot site. This was the first successful delisting of HCRW in South Africa for this technology. However, on assessment of the project, it was found that it will not be economically viable to proceed with treating waste on site due to the exorbitant cost of the odour-eliminating chemicals, which had not been anticipated. The trial installation at Life Wilgeheuwel Hospital will therefore be decommissioned and removed from the hospital grounds.
- Water back-up at the hospitals to ensure that a 24-hour back-up is available at each hospital. Water saving strategies and the introduction of initiatives to reduce the amount of water utilised as well as the reusability of water, where possible.
- Implementation of the Environmental Management System (EMS) to reduce environmental risks as well as monitoring the impact. The committee received reports on environmental training, communication and staff awareness and the introduction of the *Green Life* and *Environmental News* publications to increase staff awareness, with respect to sustainable environmental practices.
- Progress reports from the Environment and Climate Change Forum that consists of representatives from both quality and engineering.
- Review of developments in ethics management, which includes a dedicated anonymous hotline for tip-offs.
- Regulatory developments relating to the B-BBEE Act and the monitoring of management's efforts to improve the Group's B-BBEE rating. The committee encouraged management to expedite the progress being made to achieve compliance with the B-BBEE Codes of Good Governance.
- Monitoring of the impact of the Group's CSI spend.
- Review of the Group's compliance with the Competition Act, National Health Act, advertising and public relations, and the Consumer Protection Act. The gap analysis conducted by Deloitte, in respect of POPI was presented, and the committee will monitor the Group's progress going forward in addressing the gaps.
- Consideration of the Group's submission in response to the NHI white paper.
- Review of the Group's plans with regard to compliance with the Labour Relations Amendment Act, POPI and the Employment Equity Act.
- Review of the Group's transformation strategy, transformation initiatives and employment equity.
- Review of the Group's procurement policies including preferential procurement.

Conclusion

The committee is satisfied that it has fulfilled its duties during the year under review.

LM Mojela
Chairman
10 November 2016

Annexure B

Remuneration report

Driving high performance through competitive remuneration

Dear shareholder

I am pleased to present the remuneration report for Life Healthcare. Our objective is to enhance the reporting and disclosure of remuneration for executive directors and non-executive directors and to advise on the outcomes of remuneration against policy.

In terms of King III and sound governance principles, this report will be put to a non-binding shareholder vote at the annual general meeting, to be held in January 2017.

The Company continued to engage with shareholders resulting in, inter alia, revisions to its long-term incentive plan. More information can be found in this report.

Leveraging the Group's strategic focus areas in so far as growth, quality, efficiency and sustainability are concerned, requires strongly committed and appropriately incentivised management and employees. We strive for alignment of risk and reward with shareholders. The Group competes for specialised skills in a competitive labour market and constantly seeks creative ways to attract and retain skills. This takes place within the context of an increasing demand for healthcare services without a corresponding increase in the talent pool. We endeavour to design and calibrate our executive directors' and prescribed officers' remuneration to reflect this, while ensuring that the payment of variable compensation achieves key organisational objectives.

This has been a challenging year due to:

- the Company's inability to match the increase in remuneration offered by key players in the market such as the State;
- continued slow economic growth;
- increased global mobility resulting in a migration of key skills;
- a limited talent pool of clinical skills in South Africa; and
- challenges faced in the education sector.

The Group's human resources strategy delivered a sound value proposition to employees, and employee retention is the best that it has been in the past decade. Our employee reward and recognition initiative was developed to ensure a holistic, broader application of recognition to all levels in the Company. It recognises individual and Group performance that is beyond expectation and drives correct behaviour.

Royden Vice
Chairman: remuneration and human resources committee

Remuneration philosophy

The objective of the Group's remuneration strategy is to enable the Group to attract and retain key talent, and to motivate and reward employees appropriately to ensure the achievement of key organisational objectives.

Business objectives, market competitiveness, employee growth and development, the retention of scarce and specialised skills, and legislative compliance inform the remuneration philosophy.

Our remuneration strategy aims to:

- align management's interests with those of shareholders;
- encourage innovation and progress;
- offer organisational support aligned to the vision and direction of the Group's goals and strategy;
- be flexible in order to adapt and change as the business responds to market forces; and
- continually monitor its efficacy to ensure the unique needs of the employee and Group are being met.

The Group acknowledges that focused management and employee attention to business objectives is a critical success factor for sustained long-term value creation for shareholders. To this end, the Group's remuneration strategy aims to attract and retain the talent required to give effect to these objectives.

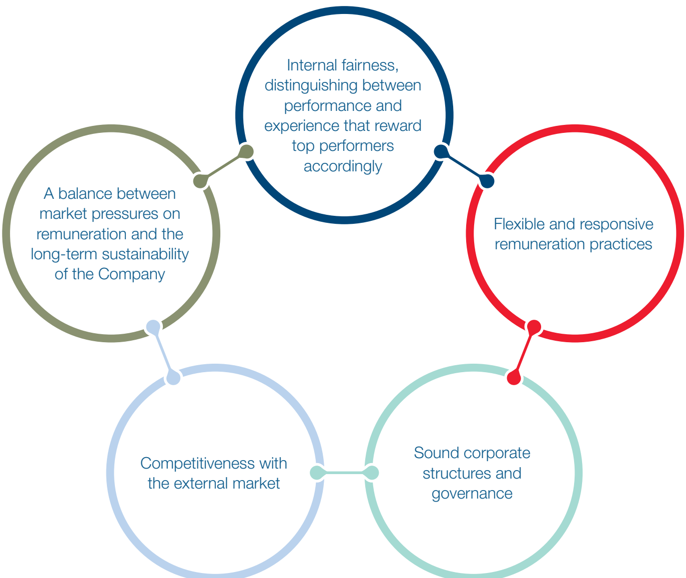
Remuneration structure

The Group targets a mix of remuneration elements to align reward strategy to its stated objectives.

The following aspects are considered in the delivery of a compelling value proposition to employees:

- Job evaluation/job sizing
- Design and implementation of remuneration structures based on a unique mix of remuneration elements specific to Life Healthcare
- Development of integrated performance management systems
- Bonus, incentive and employee ownership plans
- Non-monetary rewards
- Software/administrative systems to support the remuneration strategy

At a practical level, the Group strives for:



Total cost-to-company (remuneration) is communicated to employees on engagement and annually during the salary review process.

Superior performance and quality are key drivers in the Group. We incentivise management at every level through a rigorous goal-setting process that aligns the need for consistent improvement in profitability with the longer-term ambition to be a market-leading, international, diversified healthcare provider.

To ensure a pay for performance link, short and long-term incentives constitute a high percentage (29% to 52%) of total on-target remuneration for senior management, which is directly linked to these drivers, while junior employees receive performance-linked increases.

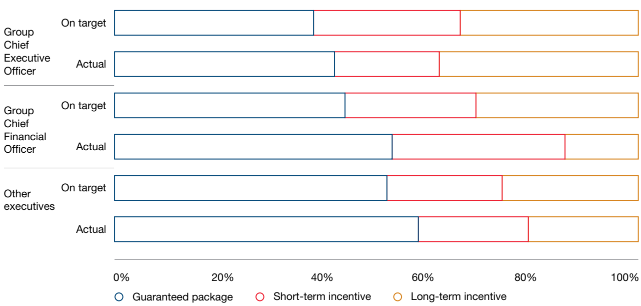
On-target remuneration in Life Healthcare is structured as follows:

Remuneration mix (%)

The Group offers senior employees a combination of guaranteed remuneration and short and long-term incentives. Short-term incentives are paid to employees in middle management and higher grades who have line of sight to business objectives. Targets are stretched to encourage superior performance. Senior managers who have a more strategic focus participate in the Group's long-term incentive scheme to ensure the long-term sustainability of the Group and alignment with shareholders' interests.

Scanmed S.A., a wholly owned subsidiary in Poland, has a similar remuneration offering to Life Healthcare, i.e. guaranteed remuneration and short and long-term incentive plans. The Group commissioned an international survey house to establish benchmark management salaries for similar-sized companies in the Polish market. The combined remuneration offering creates strong alignment to the Scanmed company financial performance.

The actual remuneration mix for executives in Life Healthcare versus on-target reward is illustrated below:



Note:
LTIP actual payments are based on 2013 allocations that vested in January 2016, except for the Group Chief Executive Officer whose date of appointment was 1 March 2014, thus on-target figures are reflected for illustrative purposes.

Executive employment contracts are generally subject to a three-month notice period and a subsequent six-month restraint of trade.

Guaranteed remuneration

Base salary	• Attraction and retention of key employees. • Internal and external equity. • Rewarding individual performance.
Benefits	• External market competitiveness. • Integrated approach towards wellness, driving employee effectiveness and engagement.
Allowances	• Compliance with legislation. • Key focus on attraction and retention of clinical skills. • Specialist allowances are paid to specialised employees to recognise skills and incentivise and retain employees. Higher premiums are paid to qualified employees to heighten professionalism and Group excellence. • Other variable allowances are paid for additional services rendered.
Guaranteed package	• Salaries are benchmarked against healthcare market data.

The Group conducts appropriate peer group benchmarking of remuneration. We participate in a number of salary surveys to substantiate remuneration data. Our remuneration structure is benchmarked at the market median, but adjusted where market imperfections exist. Individual pay rates per job are influenced by 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. Individual salaries are benchmarked internally and externally to ensure fairness. The salary structure is reviewed during October and adjusted with effect from 1 January each year. The performance level of employees is a key factor in determining employees' respective increases.

An average increase of 5.0% in guaranteed package was granted to the executives in the 2016 salary review, which was lower than the average increase granted to salaried employees. A market comparison of executive salaries was conducted during 2016, and the remuneration and human resources committee board approved a further adjustment to the Group Chief Financial Officer's salary to align with salaries of similar roles in the market.

Employee benefits

The benefits that form part of total cost to company include the following:

Retirement funds	The Company operates two defined contribution retirement funds: • The Life Healthcare Provident Fund (LHC Provident Fund) • The Life Healthcare DC Pension Fund (LHC DC Pension Fund) In addition, the Company operates two defined benefit funds which have been closed to new membership since 1996. The Life Healthcare DB Pension Fund provides retirement benefits for 127 active members and 248 pensioners, while the Lifecare Group Holdings Pension Fund provides benefits to 16 active members and approximately 125 pensioners. The Company-supported retirement funds offer Group life cover and disability benefits to members. Permanent disability and death are covered by lump sum payments which are underwritten by an insurer. The standard cover for new employees is three times annual salary for each of death and disability cover. Some historical anomalies to this standard cover exist.
Medical aid	It is a condition of employment for permanent employees earning above R6 000 per month to belong to a Company-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 Company. The Company participates in the open medical scheme market and offers the full range of Bonitas and Discovery Health medical aid options. In addition, medical aid membership is voluntary for employees who earn below the threshold level referred to above. However, the Company will, in instances where employees opt not to join a medical aid, procure a primary health benefit for such employees. This benefit covers, via a bespoke network, doctors' consultations, medication and a certain number of prescribed minimum benefits.
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.

Short-term incentives

Short-term incentives

- Aligned with Group and business unit performance.
- Individual performance, which includes transformation and quality.
- Rewards performance against targets.

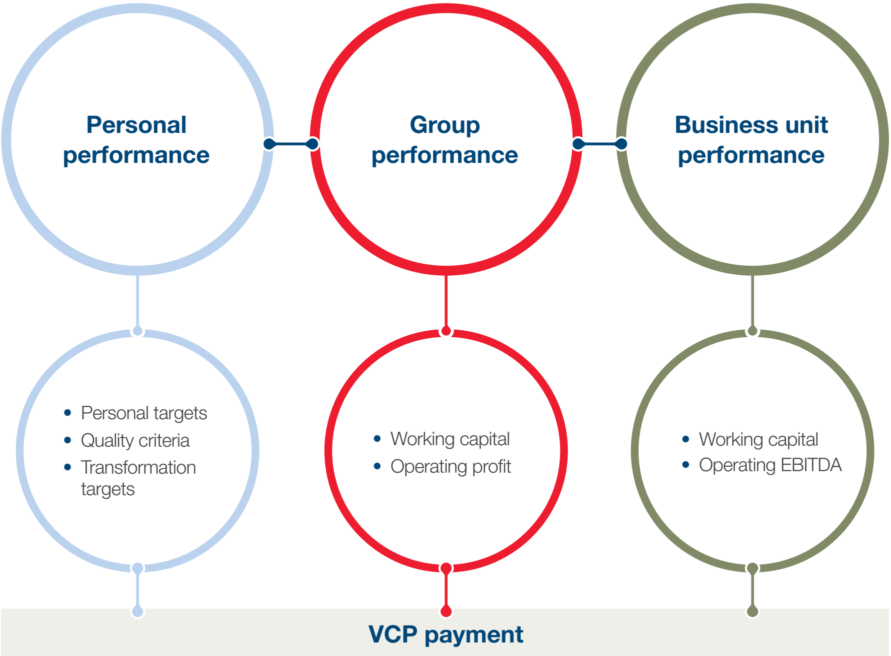
The Group believes in the value that appropriate performance-driven awards can add to its successful operation. We subscribe to the philosophy that substantial benefit can be derived from defining appropriately weighted quantitative and qualitative measures, linked to variable compensation. The Group's variable compensation plan (VCP) is a short-term reward scheme, assessed and paid on a bi-annual basis, to reward and retain senior managers who have line of sight and contribute to the profitability of the business.

The Group recognises the importance of measuring progress to ensure that programmes implemented are valuable and progressive, and to highlight areas of weakness that need special focus.

Life Healthcare variable compensation plan:

a) Components of the variable compensation plan

Payments under the VCP are based on personal and financial performance (which is either business unit performance, or a combination of Group and business unit performance).



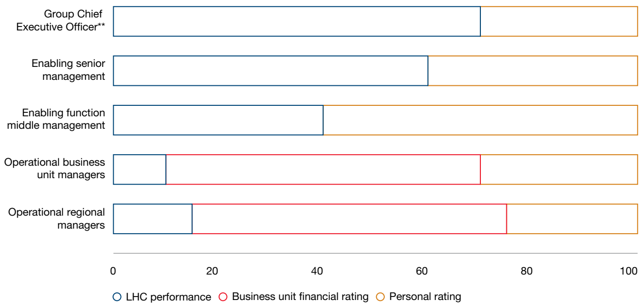
Note: *Specific detail applicable to Group CEO financial measures are reflected below, and are not illustrated in the above diagram.*

Both Group and business unit financial scores are quantitative and prescriptive in nature, while the personal rating is more qualitative and discretionary and requires the Group Chief Executive Officer's final input for governance purposes.

- Group performance is measured against operating profit and working capital targets.
- Business unit performance is the financial performance of the operational manager's specific business unit(s) for which he/she is responsible. This target has a higher weighting than the other two criteria because managers have greater line of sight on these results. This measure is apportioned into varying weighted criteria that are measured against agreed targets. The criteria include operating EBITDA and working capital.
- Personal performance is a more subjective measurement and includes overall performance of the individual in carrying out his/her job requirements, transformation and quality outputs.

The weighting between the VCP components are as follows:

VCP measures (%)



Enabling senior management: Management in a supportive role with financial/Group responsibility.

Enabling function middle management: Management fulfils a supportive role to business results.

Operational business unit managers: Management has greater line of sight to its business unit's financial results.

Operational regional managers: Management has regional responsibility with greater influence on Group financial results.

***** The Group Chief Executive Officer financial and personal measures comprise the following key performance areas:***

Financial	*Group*	*Group normalised earnings per share against budget*
		Group return on equity
	Southern Africa	*EBITDA delivered against budget*
		Free cash flow against budget
	Poland	*EBITDA delivered against budget*
		Improvement of EBITDA margin
Personal	*Group*	*Total growth in current and new business including complementary services*
		A number of strategic objectives aimed at improving growth, efficiency, quality and sustainability

b) On-target and maximum payments

The level of potential reward has been industry benchmarked and directly influences total remuneration. A targeted percentage, ranging from 10% to 72.5% of salary (maximum reward 12.6% to 144.3% of salary), represents a theoretical on-target reward, should the targeted objectives be met, which escalate as responsibility increases. However, actual reward may exceed this percentage if targets are exceeded. Maximum rewards are as follows:

- Group performance – Capped at 225% of on-target remuneration
- Business unit performance – Capped at 225% of on-target remuneration
- Personal performance criteria – Capped at 120% of on-target remuneration

The Group emphasises pay for performance and business and/or personal performance below a set threshold will result in non-payment of incentives.

c) 2015/2016 short-term incentive (STI) outcomes

The following payments were made to executive directors, following the Group's results:

Executive director		Weighted achievement against performance targets %	Payment made to executive director R'000
Group CEO: A Meyer			
Financial goals	Financial measures including as detailed in point a) above.	50	1 146
Personal rating	Achieved personal targets set	100	1 337
Total annual STI payment		65	2 483
Group CFO: P van der Westhuizen			
Financial goals	Normalised profit Cash flow	107	1 033
Personal rating	Exceeded personal objectives	120	771
Total annual STI payment		112	1 804

Scanmed short-term incentive scheme (Poland):

Short-term variable compensation is paid to the management board of Scanmed and allocations are based on seniority. Payment is made every six months and is based on the following targeted reward:

Measures	Weighting: Chief Financial Officer	Weighting: Management team
Financial goals*	70%	50%
Personal performance	30%	50%

* *The minimum threshold for the achievement of financial goals was not met and therefore no payment in respect of this key performance area was made.*

Long-term incentive plan

Long-term incentives

- Direct alignment with shareholders' interests by making the award conditional upon the achievement of targets.
- Awards are made annually to eligible managers.
- Scheme reviewed annually to ensure its continuous alignment to strategic goals.
- Recently extended to senior management of Scanmed (recently acquired Poland company).

Purpose

The purpose of the long-term incentive plan (LTIP) is to motivate and reward executives and senior managers who are able to influence the long-term performance and sustainability of the Group. This is done by rewarding participants on the basis of Group performance against key long-term measures.

The aim of the plan is:

- to provide a long-term financial incentive to maximise a collective contribution to the Group's continued growth and prosperity;
- to allow managers to share in the growth of the Group;
- to align managers' interests with those of the Group's shareholders; and
- to assist with the recruitment and motivation of managers of the Group.

The scheme design:

The LTIP is a notional performance share plan for all senior managers and executives. The notional value of the performance shares is linked to the Company's share price. Allocations are made annually.

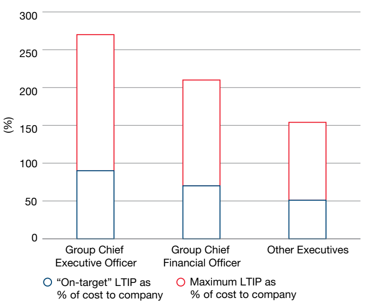
a) Allocation levels and maximum vesting

The value of the award is set to realise a targeted percentage payment of guaranteed package when vesting, assuming targeted performance levels are achieved. The quantum of reward increases with seniority and is market benchmarked.

The value of the performance shares will be determined by the listed share price of the company, using a 30-day volume weighted average traded price (VWAP).

The maximum vesting for the Group Chief Executive Officer, Group Chief Financial Officer, executive directors and prescribed officers is as follows:

LTIP allocation levels and maximum vesting



b) Performance/retention modifier

The allocation of performance shares can be enhanced via a performance/retention modifier to retain key high-performing individuals with no allocation for poor performance, while the allocation for top performance may be enhanced up to 130% of on-target allocations.

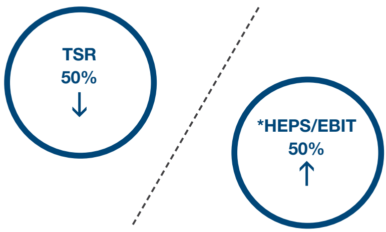
c) Vesting and settlement

All units vest at the end of the third year and the cash value is determined. The after-tax value is used to purchase Life Healthcare shares on the open market, which are delivered to participants.

d) Performance measures

Two performance measures apply, namely total shareholder return (TSR) and earnings before interest and tax (EBIT). These performance measures also apply to the 2016 allocations.

However, to align closer with shareholder interests, the Group Chief Executive Officer and Group Chief Financial Officer earnings will be measured on headline earnings per share (HEPS) in place of EBIT for future LTIP allocations, while EBIT will be retained for the other scheme participants.



* *Group Chief Executive Officer and Group Chief Financial Officer*

Measure	Rationale	Reward threshold	On-target performance	Maximum performance
TSR **50%**	Key external indicator ensuring alignment with shareholders' interest.	Below 50th percentile = no payment	60th percentile	80th percentile = 200% award
EBIT **50%**	A key internal indicator of the underlying profit performance of the Group, reflecting both revenue and costs.	Below CPI + 1% = No payment	CPI + 4%	CPI + 8% = 200% award
OR HEPS (Group Chief Executive Officer/ Group Chief Financial Officer) **50%**	A key indicator of the effective disclosure of the profits and losses of a company in a given trading period.			

- **Total shareholder return**
  The target TSR is set as relative to a comparator group of 27 listed companies, which are similar in size and investor profile. The comparator group excludes banks, telecommunications and resources, but includes direct competitors in the private healthcare market. On vesting, the actual TSR will be compared to the TSR of the comparator group. This determines the modifier for the number of performance shares vesting.

$$\textbf{TSR \%} = \left[\frac{\text{Ending share price minus initial share price (plus all dividends received)}}{\text{Initial share price}} \right]$$

  The target thresholds are set at date of allocation of units and vesting only occurs, starting at median performance. The multiplier for the performance shares will be on a sliding scale from 0% to 200% for each performance measure, thus complete outperformance in comparison to the comparator group results in 200% award.

- **EBIT/HEPS for Group Chief Executive Officer and Group Chief Financial Officer (future measurement)**
  The internal financial measure of EBIT is the absolute performance measure that will be used to modify the value of the performance shares vesting. This measure will be set relative to inflation (CPI).

  The target thresholds are set at date of allocation of units and no vesting occurs under **CPI + 1%**.

LTIP allocations made to the executive directors for 2015 and 2016 are as follows:
The initial allocation was made on 1 September 2015, however, all subsequent allocations will be made on 1 January and will vest three years after allocation.

	Allocation date	Value of performance shares at allocation	Vesting date	Performance share strike price	Total number of performance shares allocated
Group Chief Executive Officer	September 2015 January 2016	R4 018 183 R4 146 551	31 August 2018 31 December 2019	R37.1436 R34.578	108 180 119 916
Group Chief Financial Officer	September 2015 January 2016	R1 601 859 R1 404 563	31 August 2018 31 December 2019	R37.1436 R34.578	43 126 40 620

The Life Healthcare 2009 long-term incentive scheme – historical allocations

There are currently four years' active long-term incentive awards from the LTIP 2009 Scheme – this scheme was replaced in 2015. No further allocations in respect of this scheme will be made.

The allocations have gone through the initial three-year vesting period. The Group Chief Executive Officer and Group Chief Financial Officer elected to invest their payment into Company shares for a further restriction period. The Company committed to match the co-investment in equivalent shares.

Executive	Allocation date	Initial three-year vesting date	Total restricted shares held in Trust	Strike price	Final vesting date
Group Chief Executive Officer	January 2014	2017	** To be purchased in February 2017		31 January 2019
Group Chief Financial Officer	January 2011	2014	23 156	R38.7219	31 January 2017
	January 2012	2015	16 261	R42.6579	31 January 2017
	January 2013	2016	18 947	R31.6642	31 January 2018
	January 2014	2017	** To be purchased in February 2017		31 January 2019

*** Below are the estimated rand value payments based on the unaudited year-end results for January 2014 allocations, which will be used to purchase restricted shares on the open market in 2017 (restricted for two years).*

Executive	*Employee co-investment*	*Company matched shares*	*Total amount to be invested in Life Healthcare shares*
Group Chief Executive Officer	*R585 995*	*R993 212*	*R1 579 207*
Group Chief Financial Officer	*R212 658*	*R360 437*	*R573 095*

Employee share plan

An employee share ownership plan was implemented via a trust that was established to facilitate employees' direct equity ownership in the Company.

Commencing in 2012, the Company funded, via a trust, the purchase of shares to the value of R50 million per annum for the benefit of employees. The trust holds the shares and confers "rights" to shares to employees. Permanent employees belonging to specified Company retirement funds and with one year's service at date of grant are eligible to rights. The rights have been equally distributed to all qualifying employees.

The objectives of the plan are to incentivise and retain employees. To fulfil these objectives, certain conditions need to be attained by the employees to transfer these rights into actual shares:

- Employees need to remain in the employ of the Company for seven years to obtain the full quota of their rights.
- Employees need to continue to perform to acceptable standards.

Dividends start to flow to employees from the onset of the plan.

Shares are transferred from the trust to the employee after five years as follows:

- 25% of the allocated rights transfer to the employee in year five.
- 25% of the allocated rights transfer to the employee in year six.
- 50% of the allocated rights transfer to the employee in year seven.

Employees who resign or are dismissed during the duration of the scheme will lose their rights to any shares, and their rights will be distributed equally among the remaining employees. Thus, the number of rights will increase by the time of transfer of shares to remaining employees. Good leavers, for example, those who are retrenched or retire, will have the proportionate number of shares they hold at the time of termination transferred into their name and paid out to them, less tax and costs. They will no longer participate in the employee share plan.

The Company will continue to acquire a number of shares on an annual basis to ensure that the opportunity is granted to new employees and the objectives of the plan are continuously achieved. Each allocation will be managed separately and will vest according to the same criteria.

The efficacy of the plan is proving advantageous as employee turnover for the qualifying participants has reduced substantially.

A participant from the onset thus has 762.65 rights to shares as at 1 July 2016.

Non-executive directors' remuneration

The fees in respect of non-executive directors are reviewed on an annual basis and independent survey house data is used 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 Company culture.

Annexure C
Audited summarised consolidated results

Summarised consolidated statement of profit and loss and other comprehensive income
for the year ended 30 September 2016

R'm	30 September 2016	% Change	30 September 2015
Revenue	16 404	12.0	14 647
Operating expenses	(12 744)		(11 151)
Operating profit	3 660	4.7	3 496
Contingent consideration released	109		21
Transaction costs	(12)		(15)
Impairment of investment	(370)		–
Loss recognised on remeasuring previously held interest in associate to fair value	(23)		–
Fair value (loss)/gain on derivative financial instruments	(2)		29
Other	(6)		–
Finance income	12		12
Finance cost	(512)		(445)
Share of associates' and joint ventures' net profit after tax	8		14
Profit before tax	2 864		3 112
Tax expense	(894)		(884)
Profit after tax	1 970	(11.6)	2 228
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve	(30)		158
Items that will not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid	8		(5)
Total comprehensive income for the year	1 948	(18.2)	2 381
Profit after tax attributable to:			
Ordinary equity holders of the parent	1 616	(13.4)	1 866
Non-controlling interest	354		362
	1 970	(11.6)	2 228
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	1 596	(20.6)	2 010
Non-controlling interest	352		371
	1 948	(18.2)	2 381
Weighted average number of shares in issue (million)	1 043		1 037
Earnings per share (cents)	154.9	(13.9)	179.9
Headline earnings per share (cents)	192.5	7.0	179.9
Diluted earnings per share (cents)	154.4	(13.8)	179.2
Diluted headline earnings per share (cents)	191.9	7.1	179.2
Headline earnings (R'm)			
Profit attributable to ordinary equity holders	1 616		1 866
Headline earnings adjustable items			
Impairment of investment	370		–
Loss on remeasuring previously held interest in associate to fair value	23		–
Other	(1)		–
Headline earnings	2 008	7.6	1 866

Summarised consolidated statement of financial position

as at 30 September 2016

R'm	**30 September 2016**	30 September 2015
ASSETS		
Non-current assets	**14 395**	13 152
Property, plant and equipment	**7 752**	7 101
Intangible assets	**3 196**	2 964
Other non-current assets	**3 447**	3 087
Current assets	**3 102**	2 771
Cash and cash equivalents	**604**	812
Other current assets	**2 498**	1 959
TOTAL ASSETS	**17 497**	15 923
EQUITY AND LIABILITIES		
Capital and reserves		
Capital and reserves	**5 486**	5 168
Non-controlling interest	**1 312**	1 280
TOTAL EQUITY	**6 798**	6 448
LIABILITIES		
Non-current liabilities	**6 111**	5 852
Interest-bearing borrowings	**5 469**	5 263
Other non-current liabilities	**642**	589
Current liabilities	**4 588**	3 623
Bank overdraft	**1 030**	557
Interest-bearing borrowings	**1 312**	924
Other current liabilities	**2 246**	2 142
TOTAL LIABILITIES	**10 699**	9 475
TOTAL EQUITY AND LIABILITIES	**17 497**	15 923

Summarised consolidated statement of changes in equity

for the year ended 30 September 2016

R'm	Total capital and reserves	Non-controlling Interest	Total equity
Balance at 1 October 2015	5 168	1 280	6 448
Total comprehensive income for the period	1 596	352	1 948
Profit for the period	1 616	354	1 970
Other comprehensive income	(20)	(2)	(22)
Issue of new shares as a result of Scrip Distribution	575	–	575
Gains on transactions with non-controlling interests	1	(1)	–
Increase in ownership interest in subsidiaries	(197)	(39)	(236)
Non-controlling interest arising on business combination	–	9	9
Distributions to shareholders	(1 662)	(289)	(1 951)
Purchase of treasury shares for staff benefit schemes	(61)	–	(61)
Life Healthcare Employee Share Trust charge	35	–	35
Long Term Incentive Scheme charge	31	–	31
Balance at 30 September 2016	**5 486**	**1 312**	**6 798**
Balance at 1 October 2014	4 792	1 108	5 900
Total comprehensive income for the period	2 010	371	2 381
Profit for the period	1 866	362	2 228
Other comprehensive income	144	9	153
Transactions with non-controlling interests	7	(7)	–
Increase in ownership interest in subsidiaries	(36)	–	(36)
Distributions to shareholders	(1 522)	(192)	(1 714)
Purchase of treasury shares for staff benefit schemes	(120)	–	(120)
Profit on disposal of treasury shares	1	–	1
Life Healthcare Employee Share Trust charge	28	–	28
Long Term Incentive Scheme charge	8	–	8
Balance at 30 September 2015	**5 168**	**1 280**	**6 448**

Summarised consolidated statement of cash flows

for the year ended 30 September 2016

R'm	30 September 2016	% Change	30 September 2015
Cash generated from operations	**4 024**	4.7	3 842
Interest received	**12**		12
Tax paid	**(981)**		(903)
Net cash generated from operating activities	**3 055**	3.5	2 951
Capital expenditure	**(1 013)**		(1 181)
Investments	**(1 068)**		(2 037)
Other	**29**		–
Net cash utilised in investing activities[1]	**(2 052)**		(3 218)
Interest-bearing borrowings raised	**1 961**		4 268
Interest-bearing borrowings and preference shares repaid	**(1 437)**		(1 814)
Dividends paid	**(1 087)**		(1 520)
Other	**(1 114)**		(712)
Net cash (utilised in)/generated from financing activities	**(1 677)**		222
Net decrease in cash and cash equivalents	**(674)**		(45)
Cash and cash equivalents – beginning of the year	**255**		267
Cash balances acquired through business combinations	**56**		20
Effect of foreign exchange rate movements	**(63)**		13
Cash and cash equivalents – end of the year	**(426)**		255

[1] *The cash utilised in investing activities includes the acquisitions in Poland for R748 million, and the additional shares in Max Healthcare Institute Limited, India for R320 million.*

Segmental report

The Hospital segment comprises all the acute hospitals, acute rehabilitation, mental health, renal dialysis and oncology units in southern Africa. The Healthcare Services segment comprises of Life Esidimeni, Life Occupational Health and Careways Wellness. International comprises Poland while the Other segment comprises Corporate.

Inter-segment revenue that is eliminated relates to revenue with Careways Wellness Proprietary Limited of R3 million (2015: Nil).

R'm	**30 September 2016**	30 September 2015
Operating segments		
Revenue		
Southern Africa		
Hospitals	**14 381**	13 133
Healthcare Services	**849**	866
International		
Hospitals	**1 174**	648
Total	**16 404**	14 647
EBITDA before items detailed below	**4 314**	4 048
Southern Africa		
Hospitals	**3 819**	3 575
Healthcare Services	**120**	168
Other	**255**	214
International		
Hospitals	**120**	91
Depreciation	**(530)**	(445)
Southern Africa	**(468)**	(408)
International	**(62)**	(37)
Amortisation	**(147)**	(127)
Southern Africa	**(124)**	(117)
International	**(23)**	(10)
EBIT		
Southern Africa	**3 602**	3 432
International	**35**	44
EBIT before items detailed below	**3 637**	3 476
Retirement benefit asset and post-employment medical aid expenses	**23**	20
Operating profit	**3 660**	3 496
Contingent consideration released	**109**	21
Transaction costs	**(12)**	(15)
Impairment of investment	**(370)**	–
Loss recognised on remeasuring previously held interest in associate to fair value	**(23)**	–
Fair value (loss)/gain on derivative financial instruments	**(2)**	29
Other	**(6)**	–
Finance income	**12**	12
Finance costs	**(512)**	(445)
Share of associates' and joint ventures' net profit after tax	**8**	14
Profit before tax	**2 864**	3 112

Segmental report continued

Operating profit before items detailed includes the segment's share of shared services and rental costs. These costs are all at market-related rates.

R'm	**Year ended 30 September 2016**	Year ended 30 September 2015
Total assets before items below		
Southern Africa	**11 433**	10 710
International	**5 149**	4 419
	16 582	15 129
Employee benefit assets	**433**	394
Deferred tax assets	**426**	341
Derivative financial assets	**17**	23
Income tax receivable	**39**	36
Total assets per the balance sheet	**17 497**	15 923
Net debt		
Southern Africa	**6 121**	5 625
International	**1 086**	307
	7 207	5 932

Liabilities are reviewed on a net debt basis, which comprises all interest-bearing borrowings and overdraft balances (net of cash on hand).

Acquisitions and disposals of investments

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

The Group had marginal increases and decreases in its shareholdings in some of its subsidiary companies, due to transactions with minority shareholders. On 11 August 2016, the Group acquired an additional 30% shareholding in Flohoc Investments Proprietary Limited (Flohoc) for R306 million, resulting in Flohoc becoming a wholly owned subsidiary of the Group. During September 2016, the Group disposed of 17.3% of its shareholding in Flohoc for R110 million. The Group now owns 82.7%.

Increase in investment in Max Healthcare Institute Limited

The Group invested R320 million in Max Healthcare Institute Limited (Max) in November 2015, as its contribution to Max's acquisition of 51% of Saket City, renamed Max Smart Super Speciality Hospital (Max Smart).

Business combinations

Scanmed Multimedis S.A. (Scanmed) acquired 100% of both Gastromed REM and Multimedycyna on 15 October 2015 and 12 November 2015 respectively, for a total of R31 million. These companies are incorporated in Poland and had no significant contingent liabilities at the acquisition date.

The following additional material acquisitions took place during the current financial year:

	Polska Grupa Medyczna Group (PGM)	Carint Scanmed
Acquirer	Scanmed	Scanmed
Country of incorporation	Poland	Poland
Acquisition date	31 October 2015	1 April 2016
% voting equity interest acquired	100%	100%
Primary reasons for business combination	Diversification	Diversification
Qualitative factors that make up goodwill recognised	Synergies	Synergies
Contingent liabilities at acquisition	None	None

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

	PGM 2016 R'm	Carint Scanmed 2016 R'm
Total purchase consideration	**(629)**	**(158)**
Cash portion	(614)	(103)
Contingent consideration	(15)	–
Fair value of equity interest held before the business combination	–	(55)
Fair value of net assets acquired	**200**	**42**
Inventories	12	1
Trade and other receivables	58	44
Trade and other payables	(43)	(20)
Cash and cash equivalents	54	2
Interest-bearing borrowings	(47)	(3)
Property, plant and equipment	103	15
Intangible assets	93	14
Deferred tax	(21)	(11)
Non-controlling interest	(9)	–
Goodwill	(429)	(116)

Contingent consideration

The contingent consideration is dependent on the business gaining additional contracts in the next 12 – 24 months.

The contingent consideration is calculated by applying the same EBITDA multiple used on the acquisition date.

Impact on consolidated information if each business combination took place on 1 October 2015

	PGM 2016 R'm	Carint Scanmed 2016 R'm
Revenue	386	67
Net profit	25	16

Segmental report continued

Basis of presentation and accounting policies

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements (Listings Requirements) for preliminary reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS, and are consistent with those applied in the previous consolidated annual financial statements, except for the adoption of the new and revised standards.

These financial results have been prepared under the supervision of PP van der Westhuizen CA(SA), the Group Chief Financial Officer.

Report of the independent auditor

This summarised report is extracted from audited information, but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office.

The directors take full responsibility for the preparation of the preliminary report and that the financial information has been correctly extracted from the underlying annual financial statements.

Commentary

Overview

The Group delivered a solid southern African operational performance, largely driven by volume growth. The change in case mix from surgical to medical resulted in a lower revenue per paid patient day (PPD) growth.

The weakening of the exchange rate in the first half of the year increased cost pressures on cost of sales and information system licensing fees in the second half of the year. Costs were further impacted by the retrenchment costs in respect of the loss of the Life Esidimeni Gauteng mental health contracts, professional fees incurred on the Healthcare Market inquiry and increasing costs in malpractice insurance.

Poland produced a satisfactory underlying operating performance amidst negative regulatory changes on tariffs that became effective 1 July 2016.

India generated strong EBITDA growth of 29.3%, which was, however, diluted by the additional acquisition funding costs.

The Group invested R763 million (including contingent consideration of R15 million) and R320 million in Poland and India respectively. The Group's results were impacted by the impairment of R370 million of the Polish investment due to regulatory changes impacting profitability. Earnings continue to be impacted by the dilutive effect of the interest cost on the funding of the international acquisitions.

Operational review

Southern Africa

The southern Africa business added 176 beds (2015: 253), 36 renal dialysis stations and one oncology centre. The Group is focused on expanding the range of services it offers, and remains well positioned to serve the market. Activities, as measured by PPDs, increased by 4.0% as a result of the investment in additional beds and an increase in the length of stay (LOS). The underlying disease burden and ageing medical scheme population continue to drive an increase in hospital utilisation as well as influencing the case mix.

Margins for the year declined to 27.5% (2015: 28.3%), however, key performance indicators remain strong, with weighted occupancies higher at 72.5% (2015: 71.9%).

The Group continued to provide high-quality clinical care as evidenced by good clinical outcomes, hospital-associated infection rates and patient incident rates in our facilities.

Poland

Scanmed expanded its network of facilities through a number of acquisitions during the year, executing on the expansion strategy of its facilities, and continuing to invest in long-term growth opportunities. The Group acquired PGM for R629 million and Carint for R103 million, which were funded from debt raised in Poland.

The Scanmed Group now consists of 624 beds, 12 inpatient cardiology centres and 40 medical facilities.

The Group's total investment in the business is now R2.2 billion (30 September 2015: R1.4 billion).

EBITDA margins reduced to 10.2% (2015: 14%), due to the negative impact of reduced regulated tariffs for cardiology procedures. Cardiology accounts for approximately 45% of the Scanmed Group business. Further tariff reductions have been announced by the government covering orthopaedic and neurology disciplines. The Group has therefore put on hold its strategy for further investments until there is more clarity from the government in terms of its regulations and the next rounds of contracting. The Group has also changed the senior management team to enable a greater focus on cost management, driving efficiencies, as well as seconding some senior Life Healthcare management to Poland.

India

The total investment from South Africa into Max is R2.5 billion (30 September 2015: R2.2 billion), which includes an additional R320 million invested during the year to fund the Max Smart acquisition in India by Max. Max added 331 beds during the period, primarily through the acquisition of Max Smart, bringing the number of operational beds to 2 384. The Indian operations reported strong growth with net revenue growing by 16.7% and EBITDA by 29.3%. The growth in revenue was driven by the addition of the 331 beds and an increase in occupancies to 75% (2015: 73%). EBITDA margins improved to 10.9% (2015: 9.9%) on the back of improved occupancies, improved speciality and channel mix and better cost control.

Commentary continued

The holding company of Max, Max India Limited, listed in July 2016. The share price at 30 September 2016 gives an approximate value of R5.3 billion for the Group's stake in Max.

Financial performance

Group revenue increased by 12.0% to R16 404 million (2015: R14 647 million). This is a product of the 8.8% increase in southern African revenue to R15 230 million (2015: R13 999 million) and the growth in revenue from Poland of 81.2% to R1 174 million (2015: R648 million). The southern African Hospital division revenue increased by 9.5% to R14 381 million (2015: R13 133 million) driven by a 4.0% increase in PPDs and a higher revenue per PPD of 5.2%, made up of a 5.9% tariff increase and a 0.7% negative case mix impact. Healthcare Services revenue decreased by 1.9% to R849 million (2015: R866 million) as a result of the phasing out of selected government contracts of the Life Esidimeni business.

Normalised EBITDA[1] increased by 6.6% to R4 314 million (2015: R4 048 million). The EBITDA contribution from Poland was R120 million (2015: R91 million).

[1] *Life Healthcare defines normalised EBITDA as operating profit plus depreciation, amortisation of intangible assets, impairment of property, plant and equipment as well as excluding profit/loss and fair value adjustments on disposal of businesses, fair value adjustments, transaction costs and surpluses/deficits on retirement benefits.*

R'm	**30 September 2016**	%	30 September 2015
Normalised EBITDA			
Operating profit	**3 660**		3 496
Depreciation on property, plant and equipment	**530**		445
Amortisation of intangible assets	**147**		127
Retirement benefit asset and post-employment medical aid	**(23)**		(20)
Normalised EBITDA	**4 314**	6.6	4 048
Southern Africa	**4 194**	6.0	3 957
International	**120**		91

Cash flow

After paying tax of R981 million (2015: R903 million), the Group generated R3 055 million (2015: R2 951 million) in cash from its operating activities. The Group produced strong cash flows from operations, and continues to anticipate positive free cash flow. The overall net cash flow position of the Group is negative, as a result of investing activities, primarily associated with the continuing international investment opportunities of the Group. This net cash outflow was funded through raising debt in South Africa and Poland.

Financial position

The Group demonstrated a strong financial position against the backdrop of a weak macroeconomic environment. Net debt to normalised EBITDA as at 30 September 2016 was 1.67 times (2015: 1.49 times). This reflects the funding for the Group's 2016 capital expenditure programme, and the impact of R763 million spent on acquisitions in Poland. The bank covenant for net debt to EBITDA is 2.75 times.

The Max investment of R320 million was funded by available cash resources. Poland funded its acquisitions through the raising of debt in country.

The impairment loss of R370 million recognised during the current year, relates to the Group's investment in Poland. Contingent consideration in respect of previous Poland acquisitions, of R109 million (2015: R21 million) was released.

Capital expenditure and Investments

During the current financial period, Life Healthcare invested R2 081 million (2015: R3 218 million), comprising capital projects of R1 013 million (2015: R1 181 million), R320 million equity injection for the funding of the acquisition of Max Smart by Max, and R748 million in new acquisitions by Poland. This investment in the Group's facilities strengthen our service offering, and the new acquisitions are in line with the Group's focus on expanding our international footprint.

Headline earnings per share (HEPS) and Normalised earnings per share

HEPS increased by 7.0% to 192.5 cps (2015: 179.9 cps). Earnings per share on a normalised basis, which excludes non-trading related items listed below, increased by 2.6% to 182.1 cps (2015: 177.4 cps). The difference in growth between HEPS and normalised earnings per share is as a result of the contingent consideration released in respect of Polish acquisitions which will no longer be payable.

R'm	30 September 2016	%	30 September 2015
Normalised earnings			
Profit attributable to ordinary equity holders	**1 616**		1 866
Contingent consideration released	**(109)**		(21)
Impairment of investment	**370**		–
Other	**22**		(5)
Normalised earnings	**1 899**	3.3	1 840
Normalised EPS (cents)	**182.1**	2.6	177.4
Southern Africa operations (cents)	**208.1**		194.1
International operations (cents)	**(1.0)**		1.8
Funding costs (international acquisitions) (cents)	**(25.0)**		(18.5)

Changes to board of directors

There have been no changes to the board of directors for the year ended 30 September 2016.

Scrip distribution and cash dividend alternative

1. Introduction

The board has declared a final distribution for the year ended 30 September 2016, by way of the issue of fully paid Life Healthcare Group Holdings Limited ordinary shares of 0.0001 cent each (the Scrip Distribution) payable to ordinary shareholders (Shareholders) recorded in the register of the Company at the close of business on the Record Date, being Thursday, 15 December 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 92 cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Thursday, 15 December 2016 (the Cash Dividend). The Cash Dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders not exempt therefrom after deduction of which the net Cash Dividend is 78.2 cents per share.

The new ordinary shares will, pursuant to the Scrip Distribution, be settled by way of capitalisation of the Company's distributable retained profits.

The Company's total number of issued ordinary shares is 1 057 800 021 as at 10 November 2016. The Company's Income Tax reference number is 9387/307/15/1.

Commentary continued

2. Terms of the Scrip Distribution

The Scrip Distribution will be done at a 2.5% discount to the 15-day volume weighted average price (VWAP). The number of Scrip Distribution shares to which each of the Shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such Shareholders have not elected to receive the Cash Dividend) will be determined by reference to such Shareholder's ordinary shareholding in Life Healthcare Group Holdings Limited (at the close of business on the Record Date, being Thursday, 15 December 2016) in relation to the ratio that 92 cents multiplied by 1.025 bears to the VWAP of an ordinary Life Healthcare Group Holdings Limited share traded on the JSE during the 15-day trading period ending on Friday, 2 December 2016. Where the application of this ratio gives rise to a fraction of an ordinary share, the number of shares will be rounded up to the nearest whole number if the fraction is 0.5 or more, and rounded down to the nearest whole number if the fraction is less than 0.5.

Details of the ratio will be announced on the Stock Exchange News Service (SENS) of the JSE in accordance with the timetable below.

3. Circular and salient dates

A circular providing shareholders with full information on the Scrip Distribution and the Cash Dividend alternative, including a Form of Election to elect to receive the Cash Dividend alternative will be posted to Shareholders on or about Wednesday, 23 November 2016. The salient dates of events thereafter are as follows:

Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 15-day VWAP ending on Friday, 2 December 2016, by 11h00 on	Monday, 5 December 2016
Announcement published in the press of the ratio applicable to the Scrip Distribution, based on the 15-day VWAP ending on Friday, 2 December 2016 on	Tuesday, 6 December 2016
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Monday, 12 December 2016
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative on	Tuesday, 13 December 2016
Listing and trading of maximum possible number of ordinary shares on the JSE in terms of the Scrip Distribution from the commencement of business on	Tuesday, 13 December 2016
Announcement released on SENS in respect of the cash payment for fractional entitlements, based on the VWAP traded on the JSE on Tuesday, 13 December 2016, discounted by 10%	Wednesday, 14 December 2016
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the Transfer Secretaries by 12h00 on	Thursday, 15 December 2016
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative	Thursday, 15 December 2016
Scrip Distribution certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	Monday, 19 December 2016
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	Monday, 19 December 2016
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press on	Tuesday, 20 December 2016
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution at the commencement of business on or about	Wednesday, 21 December 2016

All times provided are South African local times. The above dates and times are subject to change. Any change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 December 2016 and Thursday, 15 December 2016, both days inclusive.

Competition Commission Market Inquiry

Life Healthcare has made detailed submissions on the subject matter of the Market Inquiry. Public hearings commenced in February 2016, and Life Healthcare has participated in these hearings. We are yet to receive a revised timetable for the subsequent sets of hearings. This is a large and complex inquiry, and Life Healthcare remains committed to participating in the Healthcare Market Inquiry.

Outlook

Whilst general market conditions are not expected to improve substantially in the foreseeable future, the Group is well positioned strategically, has the advantage of cost competitive and operationally efficient structures, as well as access to the funding necessary to fulfil its international expansion aspirations.

Southern Africa will take advantage of growth opportunities in 2017 through the addition of 15 acute healthcare beds, 81 mental health beds and through the continued growth in renal dialysis and oncology.

The Group will pursue the development of greenfield facilities and/or acquisitions if they strictly meet our success criteria, and will continue to invest in facilities through upgrades and procurement of equipment.

We will continue to deliver cost-effective care through efficient business processes, optimal resource utilisation and benchmarking of facilities and doctors. A changing external environment reinforces the need to differentiate ourselves through a patient-centric strategy, and focus on clinical outcomes.

Prospects for Poland remain uncertain due to the lack of clarity around pricing impacted by government regulations. The Group will focus on providing excellent clinical quality. In light of sectoral regulatory changes in Poland, the Group will continue to focus on driving further efficiencies, the integration of newly acquired businesses and alignment to the Group's best operating practices. The effects of these plans, implemented to sustain growth and manage costs, will only be seen over a reasonable period of time.

The Max business relies on the continued success of existing businesses, and on integrating new acquisitions. Specific metrics of growth for the future positioning of Max include a footprint in northern India as well as improving profitability of mature, at-scale hospitals through improvements in specialty/channel mix and cost structures. Max will continue to focus on driving revenue through increasing the number of operational beds, bedding down the Vaishali and Max Smart acquisitions, and improving operational efficiencies.

Thanks

The contribution of the doctors, nurses and employees of Life Healthcare have greatly enhanced the quality of our performance. We thank them for their contributions.

Approved by the board of directors on 10 November 2016 and signed on its behalf:

Mustaq Brey
Chairman

André Meyer
Group Chief Executive Officer

Annexure D
Board of directors

MA (Mustaq) Brey (62)
Chairman (non-executive director)
South African – BCompt (Hons), CA(SA)

Mustaq is a founder and chief executive officer of Brimstone Investment Corporation Limited. He serves on the boards of Oceana Fishing Group Limited and Lion of Africa Insurance Company Limited. He serves on the audit committee of the Mandela Rhodes Foundation and is an independent director and chairman of finance committee of Western Province Cricket Association. He was appointed to the Life Healthcare board of directors in 2005 and appointed as Chairman in February 2013.

A (André) Meyer (50)
Group Chief Executive Officer
South African

André has over 29 years' experience at executive level in the financial and healthcare sectors. He joined Alexander Forbes Financial Services Limited as a financial consultant and later headed up the firm's negotiated benefits division, before being appointed as the divisional director and, subsequently, managing director of the healthcare consultants division. A year later, the health management solutions division was added to his portfolio. André also represented Alexander Forbes on the board of FIHRST Management Services, South Africa – a joint venture with Standard Bank Limited. On 1 April 2003, André was appointed the chief executive officer of Medscheme Limited and later also served on the board of AfroCentric Health Limited as an executive, following its acquisition of Medscheme. André became Group Chief Executive Officer of Life Healthcare on 1 April 2014.

PP (Pieter) van der Westhuizen (45)
Group Chief Financial Officer
South African – BCom (Acc), CA(SA)

Pieter completed his training contract and qualified as a chartered accountant in 1996 at PricewaterhouseCoopers Inc. He joined President Medical Investments Limited (Presmed) in 1999, which became part of Afrox Healthcare Limited. Pieter performed various roles in the finance department of Afrox Healthcare and played a significant role in Afrox Healthcare's delisting in 2005 and its subsequent relisting as Life Healthcare in 2010. He was appointed as Group Chief Financial Officer in 2013.

PJ (Peter) Golesworthy (58)
Lead independent non-executive director
British – BA (Hons) (first class), Accountancy Studies, CA

Peter qualified as a chartered accountant with the Institute of Chartered Accountants of Scotland. He 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). He was appointed to the Life Healthcare board of directors in 2010.

Prof ME (Marian) Jacobs (68)
Independent non-executive director
South African – MBChB (UCT), Diploma in Community Medicine (UCT), Fellowship of the College of South Africa (with paediatrics)

Marian retired as dean of the Faculty of Health Sciences at the University of Cape Town in 2012 and currently holds the position of emeritus professor, paediatrics and child health, University of Cape Town. She chairs the advisory committee of the Academy for Leadership and Management in Healthcare at the National Department of Health and serves several global health organisations, including the World Health Organisation. Previous positions held include Professor and head of department of paediatrics and child health, and founding director of the Children's Institute in the Faculty of Health Sciences at the University of Cape Town. Marian was appointed to the Life Healthcare board of directors in 2014.

LM (Louisa) Mojela (60)
Independent non-executive director
South African – BCom (National University of Lesotho (NUL))

Louisa is group chief executive officer and chairman of WIPHOLD – of which she is a founder member. She holds non-executive directorships in Distell Group Limited, Ixia Coal, Sun International Limited and USB-ED Limited. She previously held positions at the Lesotho National Development Corporation, Development Bank of Southern Africa and Standard Corporate and Merchant Bank. She was appointed to the Life Healthcare board of directors in 2010.

JK (Joel) Netshitenzhe (59)
Independent non-executive director
South African – MSc (University of London, School of Oriental and African Studies (SOAS)), Postgraduate Diploma in Economic Principles, Diploma in Political Science

Joel is the executive director and board vice-chairperson of the Mapungubwe Institute for Strategic Reflection (MISTRA) – an independent research institute. He is a member of the ANC national executive committee and was a member of the first National Planning Commission (2010 – 2015). Joel serves as a non-executive director on the boards of Nedbank Group, the Council for Scientific and Industrial Research (CSIR) and CEEF Africa (a section 21 company dealing with tertiary education opportunities). He is also a programme pioneer of the Nelson Mandela Champion Within Programme. He has held a number of senior and executive management positions in the ANC government including that of head of Policy Coordination and Advisory Services (PCAS) in The Presidency. He was appointed to the Life Healthcare board of directors in 2010.

Dr MP (Malefetsane) Ngatane (62)
Independent non-executive director
South African – BSc, MBChB, FCOG

Malefetsane is a specialist obstetrician and gynaecologist. He has served as a consultant obstetrician and gynaecologist, and 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. Malefetsane is the president of the Commonwealth Boxing Council (CBC), based in London, and serves on the boards of Boxing South Africa (BSA) and the World Boxing Council based in Mexico. He is also the vice-president of the African Boxing Union based in Tunisia and previously served as treasurer for the International Planned Parenthood Federation in Nairobi. He was appointed to the Life Healthcare board of directors in 2007.

ME (Mpho) Nkeli (51)
Independent non-executive director
South African – BSc Environmental Science, MBA

Mpho currently serves on the board of Impala Platinum. She has previously served as executive director on various boards within the Alexander Forbes Group and Vodacom South Africa. Mpho was a member of the Commission of Employment Equity before being appointed chairman from 2009 to 2012. She has executive experience spanning 15 years in diverse functions. She trained as an environmental scientist, before moving into marketing, communications, social investment and enterprise development. Mpho later focused on human resources and transformation and was responsible for human resources at Alexander Forbes, whereafter she joined Vodacom in 2011 for three years as the chief human resources officer. She has also contributed to changes in legislation relating to B-BBEE. Mpho received the Laureate Award from the University of Pretoria in 2009.

GC (Garth) Solomon (49)
Independent non-executive director
South African – BCom, BCompt (Hons), CA(SA)

Garth completed his 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 was appointed head of private equity in 2012, and was a member of the Old Mutual Private Equity team until 2013. In this capacity, he was involved in numerous investments and served on the boards and sub-committees of a number of large private businesses including Air Liquid, Metro Cash & Carry, the Tourvest Group and Liberty Star Consumer Holdings. Garth is currently the co-owner and a director of Evolve Capital, an investment trust that invests in small and medium-sized businesses. Garth was appointed to the Life Healthcare board of directors in 2005.

RT (Royden) Vice (69)
Independent non-executive director
South African – BCom, CA(SA)

Royden is the chairman of the board of Waco International Holdings Proprietary Limited since retiring in July 2011, after 10 years as the company's chief executive officer. The Waco group of companies has subsidiaries in the UK, USA, Australia, New Zealand, Chile and southern Africa. Prior to this, Royden was chief executive officer of Industrial and Special Products of the UK-based BOC Group, responsible for operations in over 50 countries and revenue of US$4 billion. He was also chairman of African Oxygen Limited (Afrox) from 1994 to 2001 and Afrox Healthcare, which successfully listed in 1999. He serves as a non-executive director on the boards of Hudaco Industries Limited where he is the chairman, and Murray and Roberts Holdings. Royden is a governor of Rhodes University. He has extensive global leadership experience, having lived on three continents – North America (New York), Africa (Johannesburg) and Europe (London). Royden was appointed to the Life Healthcare board of directors in 2014.

Annexure E
Shareholder distribution

1. Analysis of registered shareholders and company schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 30 September 2016 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	4 672	51.14	1 465 065	0.14
1 001 – 10 000 shares	2 795	30.60	8 773 446	0.83
10 001 – 100 000 shares	1 128	12.35	38 060 947	3.60
100 001 – 1 000 000 shares	408	4.47	119 844 524	11.33
1 000 001 shares and above	132	1.44	889 656 039	84.10
Total	**9 135**	**100.00**	**1 057 800 021**	**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 spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders	9	0.10	56 972 263	5.39
Directors	5	0.06	912 018	0.09
Brimstone Investment Corporation Limited	3	0.03	49 955 786	4.72
Life Healthcare Employees Share Trust	1	0.01	6 104 459	0.58
Public shareholders	9 126	99.90	1 000 827 758	94.61
Total	**9 135**	**100.00**	**1 057 800 021**	**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 2016:

Investment management shareholdings

Investment manager	Total shareholding	%
Government Employees Pension Fund (PIC)	130 968 007	12.38
Lazard Asset Management LLC Group	112 218 652	10.61
Allan Gray Investment Council	93 586 094	8.85
Industrial Development Corporation (IDC)	52 056 137	4.92
Brimstone Investment Corporation Limited	46 000 000	4.35
BlackRock Inc	37 646 893	3.56
The Vanguard Group Inc	34 520 539	3.26
Total	**506 996 322**	**47.93**

Beneficial shareholdings

Beneficial shareholdings	Total shareholding	%
Government Employees Pension Fund (PIC)	126 544 104	11.96
Industrial Development Corporation (IDC)	52 056 137	4.92
Brimstone Investment Corporation Limited	46 000 000	4.35
Lazard Emerging Market Fund	32 853 490	3.11
Allan Gray Balanced Fund	32 440 076	3.07
Total	**289 893 807**	**27.41**

Previously disclosed holdings
Investment managers now holding below 3%

Investment manager	Total shareholding	%	Previous %
JP Morgan Asset Management	16 398 363	1.55	6.52
GIC Asset Management Proprietary Limited	–	–	3.06
International Finance Corporation	1 687 302	0.16	3.05
Total	**18 085 665**	**1.71**	**12.63**

Beneficial owners now holding below 3%

Beneficial owners	Total shareholding	%	Previous %
GIC Asset Management Proprietary Limited	–	–	3.09
International Finance Corporation	1 687 302	0.16	3.05
Total	**1 687 302**	**0.16**	**6.14**

3. Geographic split of shareholders

Geographic split of investment managers and Company-related holdings

Region	Total shareholding	% of issued capital
South Africa	494 274 310	46.73
United States of America and Canada	310 811 358	29.38
United Kingdom	143 288 064	13.54
Rest of Europe	42 496 210	4.02
Rest of world[1]	66 930 079	6.33
Total	**1 057 800 021**	**100.00**

Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	508 101 071	48.03
United States of America and Canada	262 556 776	24.82
United Kingdom	69 546 285	6.58
Rest of Europe	109 951 823	10.39
Rest of world[1]	107 644 066	10.18
Total	**1 057 800 021**	**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
Unit trusts/mutual funds	370 081 118	34.99
Pension funds	271 409 045	25.66
Other managed funds	82 933 079	7.84
Private investor	69 958 076	6.61
Government of SA	52 056 137	4.92
Black economic empowerment	46 932 109	4.44
Sovereign wealth	35 174 160	3.33
Insurance companies	23 181 042	2.19
Exchange-traded fund	21 034 558	1.99
Custodians	18 440 425	1.74
Investment trust	13 037 699	1.23
Trading position	12 575 952	1.19
Employees	7 705 923	0.73
American depository receipts	6 905 267	0.65
Corporate holding	2 079 920	0.20
University	1 871 464	0.18
Foreign government	1 784 615	0.17
Medical aid scheme	1 346 210	0.13
Local authority	809 086	0.08
Charity	628 169	0.06
Hedge fund	97 402	0.01
Remainder	17 758 565	1.68
Total	**1 057 800 021**	**100.00**

Annexure F
Share capital

	2016 R'm	2015 R'm
Stated capital comprises:		
Share capital	575	–
Share premium	3 373	3 373
Treasury shares	(282)	(262)
	3 666	3 111
Reconciliation of number of shares		
Ordinary shares ('000)		
Authorised (share capital of R0.000001 each)	4 149 980	4 149 980
Total value = R4 149 (2015: R4 149)		
Issued and fully paid:		
Balance at 1 October	1 042 210	1 042 210
Shares issued as a result of scrip distributions	15 590	–
Balance at 30 September	1 057 800	1 042 210

Total value = R1 058 (2015: R1 042)

	Number of shares		Value of shares	
	2016 '000	2015 '000	2016 R'm	2015 R'm
Treasury shares				
Balance at 1 October	6 708	5 056	(262)	(170)
Granted	1 763	2 938	(61)	(120)
Exercised	(40)	(377)	–	9
Vested	(1 066)	(909)	41	19
Balance at 30 September	7 365	6 708	(282)	(262)

Administration

Secretary
Fazila Patel

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Registration number
2003/002733/06

Place of incorporation
Illovo

JSE code
LHC

ISIN
ZAE000145892

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Auditors
PricewaterhouseCoopers Inc.

Transactional bankers
First National Bank

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)

Transfer secretaries
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