LIFE HEALTHCARE GROUP HOLDINGS LIMITED
Registration number: 2003/002733/06
Income tax number: 9387/307/15/1
ISIN: ZAE000145892
Share code: LHC

Unaudited Group results and cash dividend declaration for the six month period ended 31 March 2013

Paid patient days (PPDs):
+1,5%
Revenue:
+7,0% to R5 638 million
Operating profit:
+12,7% to R1 361 million
Normalised earnings per share:
+14,5% to 71,3 cents
Interim cash dividend:
+20% to 54 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 March 2013

	6 months		6 months	12 months
	31-Mar		31-Mar	30-Sep
	2013	Change	2012	2012
R Million	Unaudited	%	Unaudited	Audited
Revenue	5 638	7,0	5 271	10 937
Other income	57		50	114
Operating expenses	(4 330)		(4 144)	(8 540)
Loss on remeasuring of fair value of equity interest before business combination	-		-3	-3
Additional receipt on previous disposed business	-		2	2
Profit on disposal of businesses	-		32	30
Loss on derecognition of finance lease asset	-4		-	-
Gain on bargain purchase	-		-	2
Operating profit	1 361	12,7	1 208	2 542
Fair value gain/(loss) on derivative financial instruments	5		8	-2
Gain on derecognition of finance lease liability	22		-	-
Finance income	6		10	22
Finance cost	-119		-119	-235
Share of associates' net profit after tax	25		47	85
Profit before tax	1 300		1 154	2 412
Tax expense	-373		-346	-669
Profit after tax	927	14,7	808	1 743
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	4		-2	-
Total comprehensive income for the period	931	15,5	806	1 743
Profit after tax attributable to:				
Ordinary equity holders of the parent	790	14,5	690	1 496
Non-controlling interest	137		118	247
	927	14,7	808	1 743
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	792		689	1 496
Non-controlling interest	139		117	247
	931		806	1 743
Weighted average shares in issue (million)	1 039		1 041	1 040
Earnings per share (cents)*	76,1	14,8	66,3	143,9
Headline earnings per share (cents)*	76,4	19,8	63,8	140,7
Diluted earnings per share (cents)*	76,0	14,6	66,3	143,7
Diluted headline earnings per share (cents)*	76,3	19,6	63,8	140,5
Headline earnings				
Profit attributable to ordinary equity holders	790		690	1 496
Headline earnings adjustable items (net of tax)				
Loss on remeasuring of fair value of equity interest before business combination	-		3	3
Additional receipt on previously disposed business	-		-2	-2
Profit on disposal of businesses	-		-27	-25
Gain on bargain purchase	-		-	-2
Profit on disposal of property	-		-	-7
Loss on derecognition of finance lease asset	3		-	-
Headline earnings	793		665	1 463

* Calculated on actual figures.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2013

	31-Mar	31-Mar	30-Sep
	2013	2012	2012
R Million	Unaudited	Unaudited	Audited
Assets			
Non-current assets	7 881	7 582	7 771
Property, plant and equipment	4 144	3 791	4 010
Intangible assets	2 131	2 242	2 181
Other non-current assets	1 606	1 549	1 580
Current assets	1 652	1 771	1 485
Other current assets	1 403	1 558	1 239
Cash and cash equivalents	249	213	246
Total Assets	9 533	9 353	9 256

Equity and Liabilities			
Capital and reserves			
Capital and reserves	4 101	3 629	3 941
Non-controlling interests	989	878	937
Total Equity	5 090	4 507	4 878
Liabilities			
Non-current liabilities	2 269	2 685	2 445
Interest-bearing borrowings	1 797	2 213	1 929
Other non-current liabilities	472	472	516
Current liabilities	2 174	2 161	1 933
Other current liabilities	1 287	1 402	1 473
Current portion of interest-bearing borrowings	454	474	460
Bank overdraft	433	285	-
Total Liabilities	4 443	4 846	4 378
Total Equity and Liabilities	9 533	9 353	9 256

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the period ended 31 March 2013

R Million	6 months 31-Mar 2013 Unaudited	6 months 31-Mar 2012 Unaudited	12 months 30-Sep 2012 Audited
Cash generated from operations	1 247	1 003	3 042
Tax paid	-393	-375	-748
Net cash inflow from operating activities	854	628	2 294
Net cash utilised in investing activities1	-183	-909	(1 268)
Net cash utilised in financing activities2	-1 101	-193	(1 182)
Net decrease in cash and cash equivalents	-430	-474	-156
Cash and cash equivalents - beginning of the year	246	400	400
Cash balances acquired through business combinations	-	2	2
Cash and cash equivalents - end of the period	-184	-72	246

1 Net cash utilised in investing activities includes the investment made in Max Healthcare, India during the prior period.
2 Net cash utilised in financing activities include the new funding regarding the acquisition of Max Healthcare, India
during the prior period.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 March 2013

R Million	Total capital and reserves	Non-controlling interest	Total equity
Balance at 1 October 2012	3 941	937	4 878
Total comprehensive income for the year	792	139	931
Profit for the year	790	137	927
Other comprehensive income	2	2	4
Distribution to shareholders	-625	-87	-712
Treasury shares	-26	-	-26
Long-term incentive scheme charge	15	-	15
Life Healthcare Employee Share Trust charge	4	-	4
Balance at 31 March 2013	4 101	989	5 090
Balance at 1 October 2011	3 518	867	4 385
Total comprehensive income for the year	689	117	806
Profit for the year	690	118	808
Other comprehensive income	-1	-1	-2
Share-based payment reserve movement	7	-	7
Transactions with non-controlling interests	-	2	2
Distribution to shareholders	-562	-108	-670
Treasury shares	-23	-	-23
Balance at 31 March 2012	3 629	878	4 507
Balance at 1 October 2011	3 518	867	4 385
Total comprehensive income for the year	1 496	247	1 743
Profit for the year	1 496	247	1 743
Other comprehensive income	-	-	-
Transactions with non-controlling interests	5	-5	-
Non-controlling interest arising on business acquisition	-	2	2
Distribution to shareholders	(1 031)	-174	(1 205)
Treasury shares	-76	-	-76
Long-term incentive scheme charge	26	-	26
Life Healthcare Employee Share Trust charge	3	-	3
Balance at 30 September 2012	3 941	937	4 878

SEGMENTAL REPORT
During the reporting periods all the operating segments operated in Southern Africa and therefor no geographical segments are presented.
Assets and liabilities are not reviewed on an individual segment basis but rather on a Group basis and are therefor not presented.
There are no inter-segment revenue streams.

R Million	6 months 31-Mar 2013 Unaudited	6 months 31-Mar 2012 Unaudited	12 months 30-Sep 2012 Audited
Operating segments			
Revenue			
Southern Africa			
Hospitals	5 226	4 905	10 185
Healthcare Services	410	365	748

Other	2	1	4
Total	5 638	5 271	10 937
Profit before items below			
Southern Africa			
Hospitals	1 224	1 040	2 242
Healthcare Services	83	71	121
Other	64	100	235
Operating profit before items detailed below	1 371	1 211	2 598
Amortisation of intangible assets	-57	-57	-124
Profit on disposal of businesses	-	32	30
Loss on derecognition of finance lease asset	-4	-	-
Gain on bargain purchase	-	-	2
Retirement benefit asset	41	21	42
Post-retirement medical aid	10	2	-5
Loss on remeasuring of fair value of equity interest before business combination	-	-3	-3
Additional receipt on previous disposed business	-	2	2
Operating profit	1 361	1 208	2 542

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

ACQUISITION OF INVESTMENTS

These condensed consolidated interim financial statements for the six months ended 31 March 2013 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the
Companies with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies Act of South Africa, the JSE Listings Requirements and comply with International Financial Reporting Standards (IFRS).
The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2012 which have been prepared
in accordance with IFRS. The accounting policies applied are consistent with those applied in preparation of the annual financial statements for the year ended 30 September 2012, unless otherwise stated.

Costs that occur unevenly during the year are anticipated or deferred in the interim report only if it would also be appropriate to anticipate or defer such costs at the end of the financial year.

These interim financial results have been prepared under the supervision of RJ Hogarth (CA)(SA), the Chief Financial Officer of the Group.

Unaudited results
The results for the period ended 31 March 2013 have not been reviewed or audited by the Group's auditors.

COMMENTARY
Overview
Life Healthcare continued to grow during the six months ended 31 March 2013 adding 80 (2012: 154 beds) acute care hospital and mental health beds during the period to meet the growing demand for services. The growth in hospital paid patient days (PPDs) of 1,5% was adversely impacted by the number of public holidays in the second half of March compared to 2012. Efficiencies remain a priority with an occupancy of 69,0% (2012 - 70,3%) being achieved on an increased number of active beds, supported by cost containment programmes. The clinical quality programmes continue to deliver improved medical outcomes as measured by our key clinical indicators as well as decreasing our Healthcare Acquired Infection (HAI) rate.
The Group's investment in Max Healthcare, India resulted in a negative contribution of 4 cps for the six-month period (2012: 2 cps for the two-month period). Max Healthcare, India however, showed a good improvement in revenue for the last six months as occupancies improved and additional beds at the new facilities became operational. Business efficiency programmes resulted in EBITDA margins improving at hospital level.

Financial performance
Group revenue increased by 7,0% to R5 638 million (2012: R5 271 million). Hospital division revenue increased by 6,5% to R5 226 million (2012: R4 905 million) driven by the 1,5% increase in PPDs and higher revenue per PPD of 5,0%. The six months to 31 March resulted in a higher proportion of medical cases over surgical cases which diluted the revenue growth per PPD by approximately 1,5%. Healthcare Services revenue increased by 12,3% to R410 million (2012: R365 million) due to improved performances from both Life Esidimeni and Life Occupational Health. The Group continues to focus on driving efficiencies across the business to ensure services remain affordable and to improve margins. The alternative reimbursement model (ARM) provides an incentive to actively manage costs, which together with the strong management in procurement, employment costs and overheads allowed the Group to leverage efficiencies across its fixed base resulting resulting in an operating profit increase of 12,7% to R1 361 million (2012: 1 208 million).
A key management measure which is a non-IFRS measure of business performance is normalised EBITDA (Life Healthcare defines normalised EBITDA as operating profit plus depreciation, amortisation of intangible assets, impairment of intangible assets as well as excluding profit/loss and fair value adjustments on disposal of businesses and surpluses/ deficits on retirement benefits) which increased by 12,9% to R1 547 million (2012: R1 370 million). The higher proportion of medical cases contributed to the EBITDA margin increasing to 27,4% (2012: 26,0%).

R Million	6 months 31-Mar 2013 Unaudited	6 months 31-Mar 2012 Unaudited	12 months 30-Sep 2012 Audited
Normalised EBITDA			
Operating profit	1 361	1 208	2 542
Profit on disposal of businesses	-	-32	-30
Loss on derecognition of finance lease asset	4	-	-
Profit on disposal of property	-	-	-9
Gain on bargain purchase	-	-	-2
Additional receipt on previous disposed business	-	-2	-2
Loss on remeasuring of fair value of equity interest before business combination	-	3	3
Depreciation on property, plant and equipment	176	160	318
Amortisation of intangible assets	57	57	124

Retirement benefit asset	-41	-21	-42
Post-retirement medical aid	-10	-2	5
Normalised EBITDA	1 547	1 370	2 907
Normalised EBITDA as % of turnover	27,4%	26,0%	26,6%

Cash flow

Streamlined administrative processes contributing to tighter working capital management in combination with improved collections of government related debt resulted in cash generated from operations increasing by 24,3% to R1 247 million (2012: R1 003 million), representing 80,6% (2012: 73,2%) of normalised EBITDA.

Financial position

The Group is in a strong financial position with a low gearing. Net debt to normalised EBITDA as of 31 March 2013 is 0,8 times, well within the bank covenants of three times. The Group has the financial flexibility to continue to invest both locally and internationally.

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

Headline earnings per share increased by 19,8% to 76,4 cps (2012: 63,8 cps). Earnings per share on a normalised basis, which excludes non-trading related items, increased by 14,5% to 71,3 cps (2012: 62,3 cps). Normalised earnings per share excluding the impact of Max Healthcare, India increased by 18,8% to 75,3 cps (2012: 63,4 cps).

R Million	31-Mar 2013 Unaudited	Change %	31-Mar 2012 Unaudited	30-Sep 2012 Audited
Normalised earnings				
Profit attributable to ordinary equity holders	790		690	1 496
Adjustments (net of tax):				
Profit on disposal of businesses	-		-27	-25
Loss on derecognition of finance lease asset	3		-	-
Profit on disposal of property	-		-	-7
Gain on bargain purchase	-		-	-2
Additional receipt on previous disposed business	-		-2	-2
Loss on remeasuring of fair value of equity interest before business combination	-		3	3
Gain on derecognition of finance lease liability	-16		-	-
Retirement funds	-36		-16	-27
Normalised earnings	741		648	1 436
Normalised EPS (cents)*	71,3	14,5	62,3	138,1

Capital expenditure

During the current financial year, Life Healthcare invested R216 million (2012: R1 033 million, R210 million in Southern Africa and the investment in Max Healthcare, India R823 million). A further R536 million has been allocated for capital projects for the remainder of the 2013 financial year. A number of these projects' timing of the cash flow spend is dependent on local and regional authorities planning approvals. This investment in the Group's facilities ensures that the demand for services is met and the Group remains abreast of modern technology and standards.

Cash dividend

The directors approved an interim cash dividend of 54 cents per ordinary share (2012: 45 cents per ordinary share) amounting to R562 793 265 (2012: R468 994 388) out of income reserves. R23 689 800 of the dividend is subject to secondary tax on companies (STC) (2,27304 cps). The balance of the dividend amounting to R539 103 465 will be subject to dividend withholding tax at a rate of 15%, which will result in a net dividend of 46.24096 cents per share to those shareholders who are not exempt in terms of section 64F of the Income Tax Act.

The issued share capital at the declaration date is 1 042 209 750 ordinary shares.

In compliance with the requirements of the JSE Limited, the following dates are applicable:

Last day to trade cum the dividend	Friday, 31 May 2013
Trading ex the dividend commences	Monday, 3 June 2013
Record date	Friday, 7 June 2013
Payment date	Monday, 10 June 2013

Share certificates may not be dematerialised or rematerialised between Monday, 3 June 2013 and Friday, 7 June 2013, both days inclusive.

Changes to the board of directors

Professor GJ Gerwel passed away on 28 November 2012, MA Brey was appointed as chairman of the board on 14 February 2013 and K Gordhan resigned as director on 22 February 2013. RJ Hogarth will retire as an executive director on 31 May 2013 and will be replaced by PP van der Westhuizen who will take over as the new Chief Financial Officer.

Outlook

Despite a tougher economic environment the Group expects to see increased demand for hospital services and the additional growth in medical cases is expected to continue. The Group plans to add an additional 1 000 acute hospital, mental health and acute rehabilitation beds in South Africa over the next three to four years.

The Group will continue to focus on driving operational efficiency through the management of cost of sales, streamlining

administrative processes, and the completion of the Impilo modules. The underlying fundamentals in India for private hospital services are strong and the Group is confident that Max Healthcare, India will continue to show improved revenues and EBITDA margins.

The Group will continue to look for additional growth opportunities in India and Africa.

Thanks

The contribution of the doctors, nurses and other 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 13 May 2013 and signed on its behalf:

Mustaq Brey	Michael Flemming
Chairman	Chief Executive Officer
13-May-13	

Executive directors: CMD Flemming (Chief Executive Officer), RJ Hogarth (Chief Financial Officer)

Non-executive directors: MA Brey (Chairman), FA du Plessis, PJ Golesworthy, LM Mojela, TS Munday, JK Netshitenzhe, MP Ngatane, GC Solomon
Company Secretary: F Patel
Registered office: Oxford Manor, 21 Chaplin Road, Illovo.
Private Bag X13, Northlands 2116
Sponsors: Rand Merchant Bank, a division of FirstRand Bank Limited.

Note regarding forward-looking statements: The company advises investors that any forward-looking statements or projections made by the company, including those made in this announcement, are subject to risk and uncertainties that may cause actual results to differ materially from those projected.

For more information see: www.lifehealthcare.co.za