UNAUDITED GROUP RESULTS AND CASH DISTRIBUTION FOR THE PERIOD ENDED 31 MARCH 2011

GROWTH
QUALITY
EFFICIENCY
SUSTAINABILITY

Life Healthcare Group

Making life better

Revenue

+12.7%

Operating profit

+20.1%

Normalised earnings per share

+35.9%

Cash generated from operations

+30.2%

Interim distribution per share

31 cents

Paid patient day (PPD) growth

+6.4%

Increase in occupancy to

69.5%

Condensed consolidated interim statement of comprehensive income

for the period ended 31 March 2011

R'm	6 months 31 March 2011 Unaudited	%	6 months 31 March 2010 Reviewed	12 months 30 Sept. 2010 Audited
Revenue	**4 718**	12,7	4 186	8 786
Other income	**50**		51	94
Operating expenses	**(3 781)**		(3 415)	(7 013)
Operating profit	**987**	20,1	822	1 867
Fair value gains (losses) on derivative financial instruments	**8**		(22)	(26)
Finance income	**30**		24	41
Finance cost	**(144)**		(189)	(342)
Share of associates' net profit after tax	**56**		44	100
Profit before tax	**937**		679	1 640
Tax expense	**(297)**		(197)	(805)
Profit after tax	**640**	32,8	482	835
Other comprehensive income				
Currency translation differences	**(1)**		(2)	(3)
Total comprehensive income for the year	**639**		480	832
Profit after tax attributable to:				
Ordinary equity holders of the parent	**552**	37,3	402	664
Non-controlling interest	**88**		80	171
	640	32,8	482	835
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	**551**		400	661
Non-controlling interest	**88**		80	171
	639		480	832
Weighted average shares in issue ('000)	**1 042 210**		1 017 138	1 029 883
Earnings per share (cents)	**53,0**	33,8	39,6	64,5
Headline earnings per share (cents)	**52,6**	35,2	38,9	63,5
Diluted earnings per share (cents)	**53,0**	33,8	39,6	64,5
Diluted headline earnings per share (cents)	**52,6**	35,2	38,9	63,5
Earnings, headline earnings and dividends per share				
Profit after tax attributable to the ordinary equity holders of the parent	**552**		402	664
Headline earnings adjustable items (net of tax)				
Profit on disposal of businesses	**(3)**		(7)	(9)
Profit on disposal of property, plant and equipment	**—**		—	(1)
Headline earnings	**549**	39,0	395	654
Ordinary dividends per share (cents)				
Ordinary dividends per share				
– Interim	**31,0**		23,0	23,0
– Final				29,0

Condensed consolidated interim statement of financial position

at 31 March 2011

R'm	30 March 2011 Unaudited	31 March 2010 Reviewed	30 Sept. 2010 Audited
ASSETS			
Non-current assets	**6 266**	5 827	6 194
Property, plant and equipment	**3 346**	2 986	3 258
Intangible assets	**2 164**	2 097	2 220
Other non-current assets	**756**	744	716
Current assets	**1 624**	1 524	1 678
Other current assets	**1 360**	1 315	1 196
Cash and cash equivalents	**264**	209	482
TOTAL ASSETS	**7 890**	7 351	7 872
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	**3 102**	2 380	2 849
Non-controlling interest	**686**	620	667
TOTAL EQUITY	**3 788**	3 000	3 516
LIABILITIES			
Non-current liabilities	**2 292**	2 192	2 566
Interest-bearing borrowings	**1 786**	1 487	2 024
Other non-current liabilities	**506**	705	542
Current liabilities	**1 810**	2 159	1 790
Other current liabilities	**1 346**	1 092	1 340
Current portion of interest-bearing borrowings	**464**	1 067	450
TOTAL LIABILITIES	**4 102**	4 351	4 356
TOTAL EQUITY AND LIABILITIES	**7 890**	7 351	7 872

Condensed consolidated interim statement of changes in equity

for the period ended 31 March 2011

R'm	Total capital and reserves	Non-controlling interest	Total equity
Balance at 1 October 2010	2 849	667	3 516
Total comprehensive income for the year	551	88	639
Profit for the year	552	88	640
Other comprehensive income	(1)	—	(1)
Movement on transactions with non-controlling interest	4	—	4
Net other movement in non-controlling interests	—	(69)	(69)
Ordinary dividends paid	(302)	—	(302)
Balance at 31 March 2011	3 102	686	3 788
Balance at 1 October 2009	2 320	610	2 930
Total comprehensive income for the year	400	80	480
Profit for the year	402	80	482
Other comprehensive income	(2)	—	(2)
Issue of shares	395	—	395
Share based payment reserve movement	26	—	26
Realisation of share based payment	(395)	—	(395)
Deferred tax on realisation of share based payment	(56)	—	(56)
Goodwill on acquisition of common control subsidiaries	(20)	—	(20)
Net other movement in non-controlling interest	—	(70)	(70)
Ordinary dividends paid	(290)	—	(290)
Balance at 31 March 2010	2 380	620	3 000
Balance at 1 October 2009	2 320	610	2 930
Total comprehensive income for the year	661	171	832
Profit for the year	664	171	835
Other comprehensive income	(3)	—	(3)
Share based payment reserve movement	74	—	74
Deferred tax on share based payment reserve modification	20	—	20
Movement on transactions with non-controlling interests	(19)	—	(19)
Net other movement in non-controlling interests	—	(114)	(114)
Ordinary dividends paid	(529)	—	(529)
Issue of shares at listing	4 341	—	4 341
Share repurchase	(4 019)	—	(4 019)
Balance at 30 September 2010	2 849	667	3 516

Condensed consolidated interim statement of cash flows

for the period ended 31 March 2011 R'm	**6 months 31 March 2011 Unaudited**	6 months 31 March 2010 Reviewed	12 months 30 Sept. 2010 Audited
Cash generated from operations	**1 069**	821	2 233
Income tax paid	**(301)**	(162)	(396)
Net cash inflow from operating activities	**768**	659	1 837
Net cash outflow from investing activities	**(207)**	(130)	(695)
Net cash outflow from financing activities	**(779)**	(421)	(788)
Net (decrease)/increase in cash and cash equivalents	**(218)**	108	354
Cash and cash equivalents – beginning of the year	**482**	101	101
Cash balances acquired through business combinations	**—**	—	27
Cash and cash equivalents – end of the year	**264**	209	482

Segmental report

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

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

There are no inter-segment revenue streams.

R'm	**6 months ended 31 March 2011 Unaudited**	6 months ended 31 March 2010 Reviewed	12 months ended 30 Sept. 2010 Audited
Operating segments			
Revenue			
Southern Africa			
Hospitals	**4 393**	3 857	8 140
Healthcare Services	**324**	326	636
Corporate	**1**	3	10
Total	**4 718**	4 186	8 786
Operating profit			
Southern Africa			
Hospitals	**859**	716	1 595
Healthcare Services	**68**	64	118
Corporate	**93**	74	161
Profit before items below	**1 020**	854	1 874
Amortisation of intangible assets	**(60)**	(59)	(122)
Profit on disposal of businesses	**4**	8	10
Retirement benefit asset	**20**	17	102
Post-retirement medical aid	**3**	2	3
Fair value gains (losses) on derivative financial instruments	**8**	(22)	(26)
Finance income	**30**	24	41
Finance costs	**(144)**	(189)	(342)
Share of associates' net profit after tax	**56**	44	100
Profit before tax	**937**	679	1 640

Disposal of investments

On 1 October 2010 the operations for the Cosmos Hospital and the Faerie Glen Hospital were transferred to separate legal entities. The Group sold 20% of the Cosmos Hospital and 40% of the Faerie Glen Hospital to non-controlling interests.

Basis of presentation and accounting policies

The interim financial information for the six months ended 31 March 2011 has been prepared in accordance with International Financial Reporting Standards (IFRS), the Listings Requirements of the JSE Limited and the South African Companies Act, 61 of 1973, and are in compliance with IAS 34 *Interim Financial Reporting*. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2010, 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 2010.

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.

Unaudited results

The results have not been reviewed or audited for the period 31 March 2011.

Commentary

The Group continued to grow during the half year ending 31 March 2011 with continued expansion of its facilities and supported by the acquisition of the Life Bay View Hospital in Mossel Bay in June 2010, increasing Group revenue by 12,7% to R4 718 million (2010: R 4 186 million). Increased demand for hospital services together with preferred network arrangements supplying additional volumes resulted in paid patient days (PPD's) increasing by 6,4%. This contributed to an improved occupancy of 69,5% (2010: 68,2%). The increase in activity and a higher revenue per PPD resulted in hospital division revenue increasing by 13,9%. Healthcare Services revenues declined marginally due to reduced volumes in the Life Esidimeni business as result of the completion of two contracts. This was offset by the increase in value of contracts obtained in Life Occupational Health.

The Group continues to focus on cost containment to ensure that services remain affordable. The alternative re-imbursement model (ARM) provides an incentive to actively manage input costs, which together with operating efficiencies, higher occupancies and group leverage resulted in an operating profit increase of 20,1% to R987 million (2010: R822 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 intangibles, impairment of goodwill as well as excluding profit/loss on disposal of businesses, surpluses/deficits on retirement benefits and the accelerated employee trust charge) increased by 18,7% to R1 166 million (2010: R982 million).

R'm	**31 March 2011 Unaudited**	31 March 2010 Unaudited	30 Sept. 2010 Unaudited
Normalised EBITDA			
Operating profit	**987**	822	1 867
Profit on sale of businesses	**(4)**	(8)	(10)
Depreciation on property, plant and equipment	**146**	128	263
Amortisation of intangible assets	**60**	59	122
Employee Trust accelerated charge	**—**	—	36
Retirement benefit asset movement	**(20)**	(17)	(102)
Post-retirement medical aid movement	**(3)**	(2)	(3)
Normalised EBITDA	**1 166**	982	2,173
Normalised EBITDA as % of turnover	**24,7**	23,5	24,7

Earnings per share (EPS), headline earnings per share (HEPS), normalised earnings per share and normalised earnings per share excluding amortisation

Net financing costs (Fair value gains (losses) on derivative financial instruments and Finance income and Finance costs) of R106 million were R81 million lower than in the previous year (2010: R187 million) contributing to the profit before tax rising 38,0% to R937 million (2010: R679 million) and earnings per share and headline earnings per share increasing by 33,8% to 53,0 cents (2010: 39,6 cents) and by 35,2% to 52,6 cents (2010: 38,9 cents) respectively. The group results include items not directly related to trading activities and on a normalized basis earnings excluding amortization of intangibles earnings increased by 35,6% to R575 million (2010: R424 million), or by 32,4% to 55,2 cents per share (2010: 41,7 cents). This measure of the business performance has been used to determine the dividend based on the board's policy of a dividend cover of 1,75 to 2,75 times.

R'm	31 March 2011 Unaudited	%	31 March 2010 Unaudited	30 Sept. 2010 Unaudited
Normalised earnings				
Profit attributable to ordinary equity holders	**552**		402	664
Adjustments (net of tax):				
Retirement funds	**(17)**		(13)	(76)
STC on listing	**—**		—	322
Employee Trust accelerated charge	**—**		—	36
Listing cost	**—**		—	17
Profit on disposal of businesses	**(3)**		(7)	(9)
Normalised earnings	**532**	39,3	382	954
Amortisation of intangible assets	**43**		42	88
Normalised earnings excluding amortisation	**575**	35,6	424	1 042
Normalised EPS (cents)	**51,1**	35,9	37,6	92,7
Normalised EPS – excluding amortisation (cents)	**55,2**	32,4	41,7	101,2

Cash flow

The business generated healthy cash flows. Streamlined administrative processes contributed to tight working capital management resulting in cash generated from operations before interest and taxes increasing by 30,2% to R1 069 million (2010: R821 million).

Financial position

The Group is in a strong financial position with a low gearing. Net debt to normalised EBITDA is 0,84 (2010: 1,17). The Group has adequate facilities to meet expected needs with a working capital facility of R250 million and an uncommitted revolving credit facility of R1 billion. The Group is well within the debt covenants.

Capital expenditure

During the first six months of 2011, Life Healthcare invested R235 million (2010: R208 million) comprising capital projects and acquisitions. A further R535 million has been allocated for capital projects for the remainder of the 2011 financial year. 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.

Growth

93 beds were added in the first six months of 2011 with an additional 260 beds projected to be commissioned in the second six months. During 2010, the Life Beacon Bay Hospital in East London and the Life Orthopaedic Hospital in Cape Town were commissioned and the Life Bay View Hospital in Mossel Bay, was acquired. These additional beds contributed to the increased number of PPDs in 2011.

Changes to board of directors

Dr JPF Dalmeyer and Ms YZ Cuba retired as non-executive directors on 27 January 2011.

Mr K Gordhan, Mr JK Netshitenzhe and Ms F du Plessis were appointed as independent non-executive directors on 30 November 2010.

Lawrie Zev Brozin resigned as Mustaq Brey's alternate with effect from 17 December 2010. Craig Warwick John Lyons resigned as Yolanda Cuba's alternate with effect from 17 December 2010.

Distribution to shareholders

The Directors approved an interim cash distribution of 31,0 cents per share on 9 May 2011 by way of a dividend of 11,0 cents per share and a capital reduction out of share premium of 20,0 cents per share, in terms of the general authority granted to directors at the annual general meeting held on 27 January 2011. Distributions are only accounted for on the date of the declaration. As a result, the interim distribution is not accounted for in the interim financial statements. In compliance with the requirement of the JSE Limited, the following dates are applicable:

Last day to trade *cum* the cash distribution	Friday, 27 May 2011
Trading *ex* the cash distribution commences	Monday, 30 May 2011
Record date	Friday, 3 June 2011
Payment date	Monday, 6 June 2011

Share certificates may not be dematerialised or rematerialised between Monday, 30 May 2011 and Friday, 3 June 2011, both days inclusive.

Outlook

Life Healthcare is investing in future bed capacity across it's acute hospitals, mental health and acute rehabilitation facilities to meet higher demand due to the increasing disease burden, ageing population, the increase in private insured lives and the preferred network arrangements negotiated with the funders. Life Healthcare will continue to focus on improving it's occupancy and efficiency and cost savings programmes to ensure continued real growth in normalised earnings.

Approved by the board of directors on 9 May 2011 and signed on its behalf:

Professor Jakes Gerwel
Chairman

Michael Flemming
Managing director

Executive directors: CMD Flemming (managing director) RJ Hogarth (financial director)

Non-executive directors: Prof GJ Gerwel (chairman), MA Brey, K Gordhan, JK Netshitenzhe, F du Plessis, GC Solomon. MP Ngatane, PJ Golesworthy, LM Mojela, TS Munday

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.

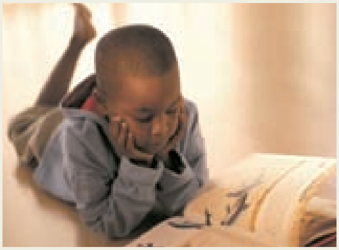
Note regarding forward-looking statements: The Company advises investors that any forward-looking statements or projections made by the Company including those made in this announcement are subject to risk and uncertainties that may cause actual results to differ materially from those projected.

LIFE HEALTHCARE GROUP HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2003/002733/06)
Share code: LHC   ISIN: ZAE000145892
("Life Healthcare" or "the Company")

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 MARCH 2011 WILL NOT BE DISTRIBUTED BUT WILL BE AVAILABLE ON THE WEBSITE **www.lifehealthcare.co.za**

BASTION GRAPHICS

www.lifehealthcare.co.za



Life HEALTH CARE Group