Growth

Efficiency

Sustainability

Life Group
HEALTH CARE

Unaudited Group results and cash dividend
for the six month period ended 31 March 2012

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HEALTH CARE
www.lifehealthcare.co.za
Interim Results
For 6 months ended
31 March 2012

Notes

Agenda

1	**Group Review**	Michael Flemming CEO
2	Financial Review	Roger Hogarth CFO
3	Future Guidance	Michael Flemming CEO

Notes

Highlights

Growth

- **Strong SA growth:**
  - Hospital PPDs: **+ 6.0%**
  - Mental Healthcare & Rehabilitation revenue: **+ 29%**
  - Occupational Health revenue **+ 21%**

Efficiency

- **Solid margin growth:**
  - Normalised Ebitda margin: **26.0%**
  - Occupancy: **70.3%**

Sustainability

- Net promoter score: **95.5%**
- 6 year program - specialist training: **R78 m**
- Additional clinical quality programs
- Introduction of the ESOP

Notes

Strategic Priorities

Growth

- Develop the breadth and depth of LHC's existing hospital network
- Expand our coverage and penetration of the SA market
- Establish our position in India through MHC

Efficiency

- Continue to enhance operational efficiencies in SA and MHC:
  - occupancy
  - cost of sales
  - IT
  - administrative efficiencies
  - overhead productivity

Sustainability

- Maintain LHC's commitment to world class healthcare
- Implement sustainable human capital strategies
- Ongoing partnership and engagement with government on healthcare reform

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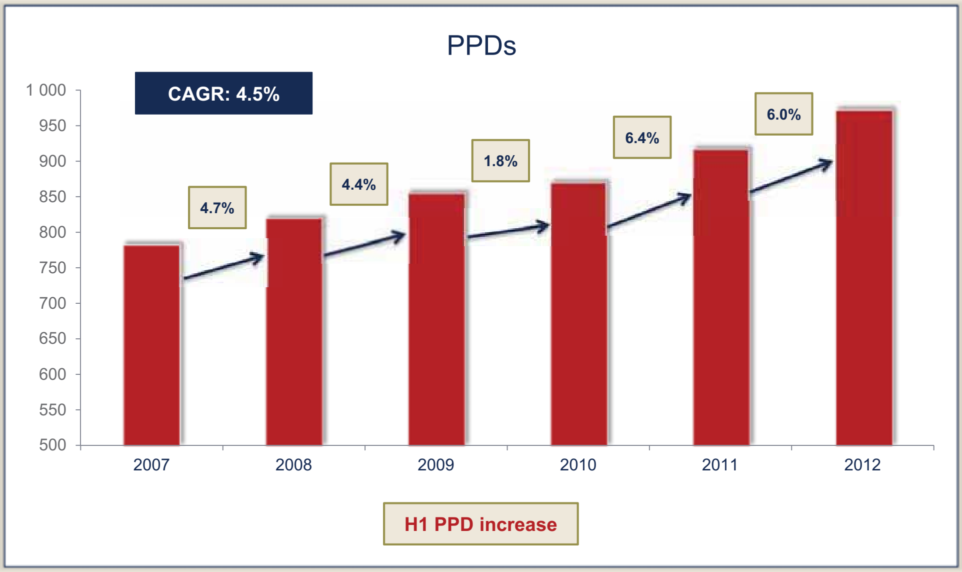
Notes

Growth SA : PPDs



Notes

Growth SA : PPDs

Category	Sub-category	of the 6.0%
New beds	▪ Acute Hospitals: o Life Midmed hospital (1.9%) o Life Piet Retief o Life Empangeni o Life Glynnwood o Other brownfield growth ▪ Mental Health: o Life Glynnview o Life St Josephs ▪ Rehabilitation: o Life Vincent Pallotti	3.5%
Existing beds	▪ Preferred networks	1.2%
Existing beds	▪ LOS, disease burden, ageing, medical scheme growth, technology	1.3%
Total		6.0%

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Growth SA: Bed growth focus on Brownfield and NLB

Category	Actual 2010	Actual 2011	Est 2012	Total	%
Capacity expansion at existing facilities	163	142	118	427	36%
New lines of business	28	92	134	254	22%
New facilities	176	0	43	219	19%
Acquisitions	108	161	0	269	23%
Total	475	395	295	1,169	100%

58%

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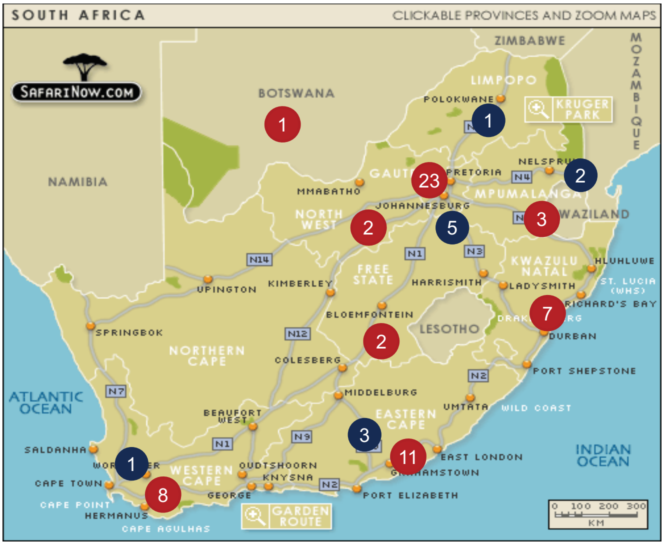
Notes

Geographic spread

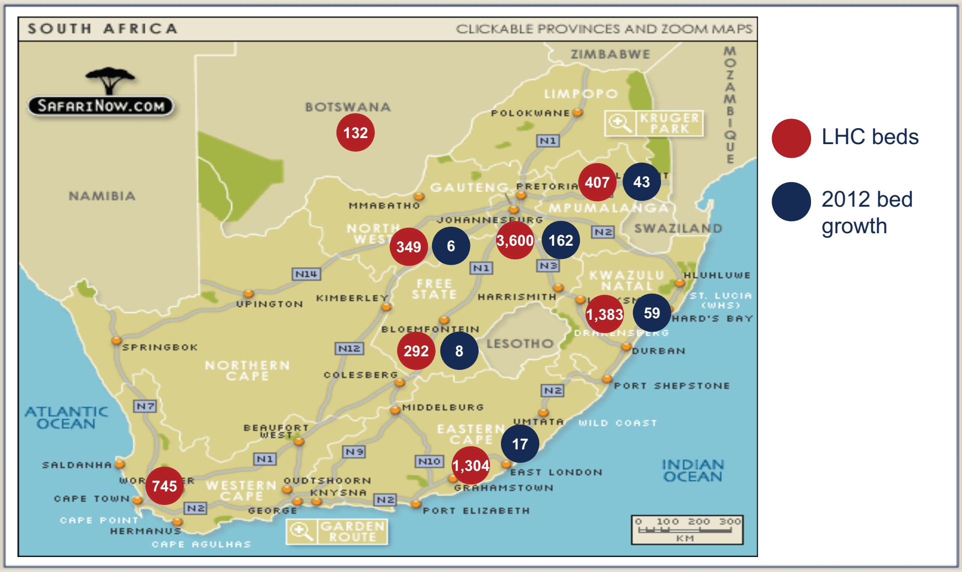
Facilities	57
Total Beds	8,212
Theatres	310
ICU beds	664
High care beds	320
Radiology units	44
A&E units	41
Maternity units	36
Cardiac units	12
Acute Rehab units	6 (219 beds)
Mental health units	6 (277 beds)
Life Esidimeni	12 (4,165 beds)
Occ Health	307 clinics 165,000 lives



LHC facilities Life Esidimeni facilities

Notes

Hospital geographic spread



Registered beds excluding associates at 31 March 2012

Notes

Growth SA: Bed growth H1 2012

Additional beds	Capacity pipeline	2012	H1 2012
Capacity expansion at existing facilities	▪ Expansion at Anncron, Rosepark, St Marys, Empangeni, Robinson, Glynnwood ▪ Combination of ICU, medical & surgical beds	118	57
New lines of business	▪ Mental Health beds: o Life St Josephs: Durban o Life Poortview: JHB – open in May 2012	134	54
New facilities	• Piet Retief	43	43
Total		**295**	**154**

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Growth SA: Associates

JMH Transaction (November 2011 update):

- 5 Hospitals in Durban with 478 beds
- Made offer to existing shareholders - to increase shareholding from 49% to between 60% and 70%
- Subject to Shareholder agreement & Regulatory approval
- Aim to complete transaction by end January 2012

Current position:

- Shareholders accepted the offer
- CC has decided to oppose the acquisition based on:
  - Price impact based on counterfactual analysis – argument rejected by the Tribunal
  - Perceived regional dominance & implications on medical scheme negotiations for preferred provider networks
- Competition Tribunal (CT) will decide. Case to be heard in May

Life Midmed:

- Increased shareholding to 57% as of 1 August 2011

Notes

Growth SA: New Lines of Business

- New lines of Business:
  - Mental Health / Acute Rehabilitation:
    - 29% revenue growth
    - High demand:
      - Life St Joseph occupancy March 2012: 89%
    - Opening 80 bed Life Poortview mental Healthcare facility in May
  - Renal Dialysis:
    - Additional 28 chronic stations planned
    - Focus on acute dialysis

Life St Josephs

- Life Occupational Health:
  - 21% revenue growth:
    - Additional clients
    - Further penetration of new products within existing client base

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Growth International: MHC

- **India (MHC) re-cap:**
  - Leading hospital chain in Delhi with strong brand and reputation
  - Existing business:
    - March 2011: 968 beds, 68% occupancy
    - March 2012: 1,050 beds, 71% occupancy
  - Greenfield business:
    - additional 904 beds added in 4 facilities
  - Initial Investment:
    - 26% shareholding (R823m)
    - Paid on 23 January 2012
    - LHC provides a pro rata guarantee of the debts that Max India currently guarantees: circa R130m

Notes

Growth International: MHC

- **MHC bed growth:**

Hospital	Bed Capacity constructed	Area	Opened
Existing business	**1,050**		
Shalimar Bagh	288	North Delhi	Nov 2011
Mohali	206	Punjab	Dec 2011
Bhantinda	205	Punjab	Dec 2011
Dehra Dun	205	Uttarakhand	May 2012
Total capacity	**1,954**		

- **Focus on ramping-up the occupancies of the new units**

Notes

Strategic Priorities

Growth	Efficiency	Sustainability
▪ Develop the breadth and depth of LHC's existing hospital network ▪ Expand our coverage and penetration of the SA market ▪ Establish our position in India through MHC	▪ Continue to enhance operational efficiencies in SA and MHC: o occupancy o cost of sales o IT o administrative efficiencies o overhead productivity	▪ Maintain LHC's commitment to world class healthcare ▪ Implement sustainable human capital strategies ▪ Ongoing partnership and engagement with government on healthcare reform

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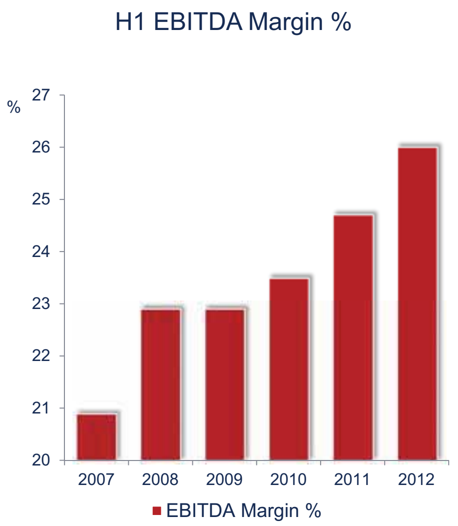
Notes

Efficiency

- Efficiency strategy requires the combination of the following business strategies:

  1. ARM pricing strategy: creates the right incentives
  2. Cost of sales: Focus on procurement, utilisation & benchmarking
  3. Leveraging our fixed cost base through increasing occupancies and brownfield expansion
  4. Driving efficiency programs across the group utilising improved systems and work processes
  5. Gaining the support, input and buy-in of the doctors



Notes

Efficiency: Cost of Sales (COS) Management

- ARM and pricing:
  - The ARM incentivises LHC to focus on procurement costs
  - Results in lower hospital costs for Funders
  - Experienced a 5.3% increase in revenue / PPD
- Procurement
  - Through a continuous focus on:
    - Strong procurement
    - Analysis and benchmarking
    - Improved product utilisation

Resulted in lower procurement costs and contributed **0.6%** to the increase in the Ebitda margin

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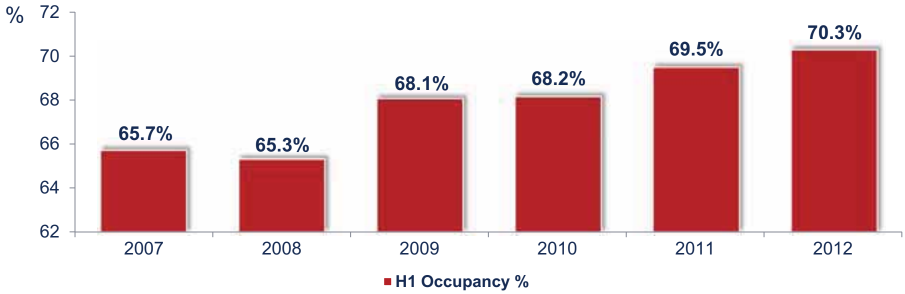
Notes

Efficiency: Occupancy

- Occupancy increased from **65.7%** in 2007 to **70.3%**
- An additional 20% bed growth over the same period
- Demand driven by:
  - Aging / disease burden / technology
  - Preferred networks
  - Growth of medical scheme members
  - Expanding into new lines of business

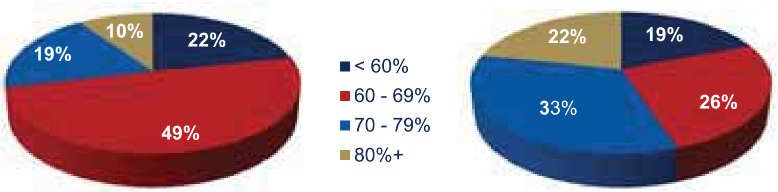


Notes

Efficiency: Occupancy

- Occupancy improvement:
  - Focus on under-performing units:
    - Additional doctors
    - Re-positioning
    - Capex
    - Network deals

2007: Bed Occupancy Split | **2011: Bed Occupancy Split**



71% of beds with occupancy < 70%

45% of beds with occupancy < 70%

Notes

Efficiency: Administrative

- Systems driven efficiency through our Impilo system:
  - 5 year program
  - Patient centric system
  - Focus on driving:
    - standardisation
    - reduction in administrative costs
    - economies of scale
  - Provides:
    - platform for accurate clinical coding
    - application for pro-active case management – enabling the managing of risk more effectively in a complex funder environment.

Notes

Efficiency: Administrative

2010

1. Impilo Admissions Module

1. Patient demographics data base
2. Patient validation
3. Funder rules engine
4. Clinical coding search facility

2011

1. Impilo Case Management & P.S. Staffing model

1. Standard work processes and staffing model
2. R8 million p.a. savings in staff costs
3. Improved IDSO - 1 day

2012

1. Impilo Confirmation Module – Centralisation

1. Impilo Billing & Debtors Module
2. Stock and product management
3. Hospital billing staffing model

2013

1. Impilo Billing & Debtors Module
2. Stock and product management
3. Hospital billing staffing model

2014

1. Doctor Portal – Theatre Booking Process

Notes

Efficiency: Administrative

- Multi-touch system:
  - Real time census management
  - Removal of dependency on complex tariff knowledge by staff
  - Remove the delay between patient movements and recording
  - Remove the whiteboards in wards – patient confidentiality
  - Remove the reliance on bed-types - map treatments and acuity levels to the appropriate fee
  - Provide real time accurate accommodation billing
  - Provide real time LOC status for case managers

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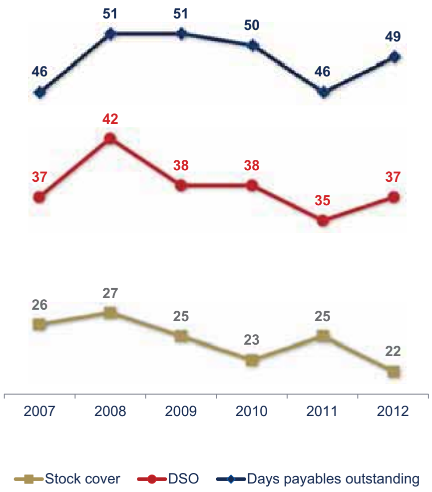
Notes

Efficiency: Administrative



- Days Payable:
  - Improved product and supplier mix change
- DSO:
  - Hospital DSO at 34 days. Excluding Coid Hospital DSO at 30 days
  - Issues regarding government related debt and a disappointing March collection
- Stock Cover:
  - Decrease a result of continued focus on stock management

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Notes

Efficiency: MHC

- Since payment:
  - MHC management has visited LHC facilities and had detailed meetings with LHC management
  - LHC has sent the following management teams to MHC:
    - Finance
    - Systems
    - Procurement
    - Nursing
    - Business Efficiency
  - To assist with the integration plan LHC is seconding a regional manager to MHC. Current management structure within LHC developed to cater for this situation

Notes

Efficiency: MHC

- Since payment:
  - Focus on MHC leveraging off LHC's processes, systems and operating model
  - An integration team is working on the following opportunities:
    - Management information systems and Financial reporting
    - Utilising LHC best practices in supply chain management
    - Focusing on Staff rationalisation by using LHC nursing model benchmarks
    - Using the LHC Hospital Governance Structure and expertise to develop robust structure
    - Using LHC HR Policies : Defining Scorecards and incentive plans
  - Opportunities for LHC:
    - Opportunity to extend the Life College of Learning in conjunction with the Nelson Mandela Metropolitan university and MHC:
      - Set up a college centre in Delhi to focus on training specialised nursing for SA
    - Investigating:
      - the electronic patient record system utilised by MHC
      - Procurement opportunities

Notes

Efficiency: MHC

- MHC has also focused on the following strategic business areas, implementing specific plans and processes:
  - Quality of Business Processes:
    - New organization structure for MHC:
      - Creating bandwidth to cater for the growth in beds, drive efficiency programs and assist with scalability and standardisation
    - Management of clinicians:
      - Implementing a new physician engagement model
    - Business re-engineering:
      - Pricing
      - Supply chain management
      - Labour productvity
    - Aggressive marketing of the new facilities
  - Quality of Clinical Outcomes
  - Quality of Service Experience

Notes

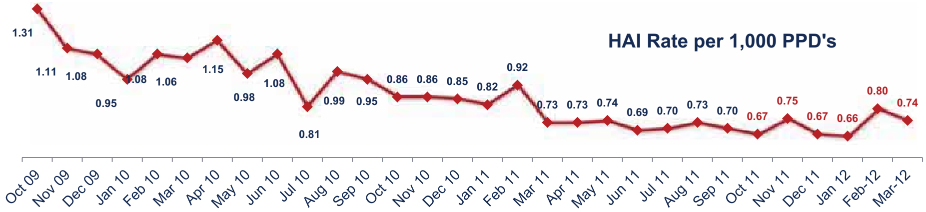
Strategic Priorities

Growth	Efficiency	Sustainability
▪ Develop the breadth and depth of LHC's existing hospital network ▪ Expand our coverage and penetration of the SA market ▪ Establish our position in India through MHC	▪ Continue to enhance operational efficiencies in SA and MHC: ○ occupancy ○ cost of sales ○ IT ○ administrative efficiencies ○ overhead productivity	▪ Maintain LHC's commitment to world class healthcare ▪ Implement sustainable human capital strategies ▪ Ongoing partnership and engagement with government on healthcare reform

Notes

Sustainability: Quality

Measure	Outcome Mar 2012	Outcome Mar 2011	Standard
Net promoter score	95.5%	94.8%	All hospital over 90%
Patient incident rate	4.04	4.45	Per 1,000 PPDs
VAP (Ventilator Associated Pneumonias)	4.81	7.67	Per 1,000 VAP days
SSI (Surgical Site Infections)	0.96	1.02	Per 1,000 theatre cases
CLABSI (Central Line Associated Blood Stream Infections)	1.16	1.25	Per 1,000 central line days
CAUTI (Catheter-related Urinary Tract Infections)	0.83	1.19	Per 1,000 catheter days



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Notes

Sustainability: Quality

- Clinical Initiatives:
  - AMI (Acute Myocardial Infarction):
    - Into the 3rd year of measuring the AMI bundle at our 12 hospitals with cardiac facilities
    - Rolled out the AMI bundle to 16 feeder hospitals
  - VTE (Venous thrombolembolism):
    - Program launched in March
    - Focusing on managing DVTs and PEs
  - PROMS (Patient Reported Outcome Measures):
    - Measures quality from the patient perspective
    - Initially covering hip and knee replacements
  - VON (Vermont Oxford Network) program:
    - Piloting in the NNICU in 4 hospitals
  - Stroke management bundle - aim to roll-out within the next 12 months
  - Developing an electronic solution to improve ICU outcomes
- Ability through our real-time systems to measure results and outcomes across all hospitals

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Sustainability: Human Capital

- Doctor Training:
  - R78 million 6 year program training 60 specialists
  - Done in coordination with the College of Medicines
- Nurse Training:
  - 1,300 nurses in training
  - Looking to recruit specialised nurses from India in conjunction with MHC
- Pharmacist training:
  - 48 pharmacy learnerships
- Management Training:
  - Over 22,000 manager training interventions planned for next 12 months
- Employee Share Option Scheme (ESOP):
  - 13,500 staff with a BEE profile of approximately 68% previously disadvantaged
  - Excludes top management
  - LHC to purchase R50m worth of shares (no new shares issued) for employees for investment over 7 years
  - Be exercised in 5 years time
  - The investment for staff is planned each year in July
  - Dividends accrue to the staff after the initial investment

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Sustainability: Health Policy

- Taxation Law Amendment:
  - Convert medical expense deductions to medical tax credits
  - Benefit medical scheme members with taxable income of R150,000. (> 50% of medical scheme members)
  - Increase the affordability of private healthcare at the low income end of the market
  - Potential to extend this concept to people below the tax threshold
- Labour Relations Act:
  - Still not clear as to the impact of the proposed labour bills
  - Potential increase in labour costs as contract and sessional workers are re-classified as permanent employees

Notes

Agenda

1. Group Review — Michael Flemming, CEO
2. **Financial Review** — Roger Hogarth, CFO
3. Future Guidance — Michael Flemming, CEO

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Notes

Highlights

Good Revenue Growth	Strong Normalised Ebitda growth	Healthy Profit conversion	Excellent Normalised EPS growth
+ 11.7%	+ 17.5%	+ 22.4%	+ 21.9%

Revenue	:	**+ 11.7 %**	to	R5,271m
Operating profit	:	**+ 22.4 %**	to	R1,208m
Profit before tax	:	**+ 23.2%**	to	R1,154m
EPS	:	**+ 25.1 %**	to	66.3 cents
HEPS	:	**+ 21.3%**	to	63.8 cents
Normalised EPS	:	**+ 21.9 %**	to	62.3 cents

Normalised earnings exclude non-trading related items

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Financial results

	March 2012	March 2011	%
Revenue	**5,271**	4,718	11.7
Normalised EBITDA	**1,370**	1,166	17.5
Normalised EBITDA margin	**26.0%**	24.7%	

H1 Comment

- Revenue growth - driven by hospitals:
  - 6.0% increase in PPDs (paid patient days)
  - 5.2% revenue/ppd increase
- Normalised EBITDA margin:
  - Increase in occupancies to **70.3%**
  - Strong cost of sales management
  - Leveraging of efficiencies across the group

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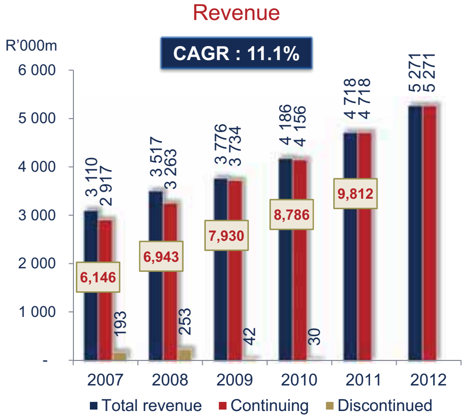
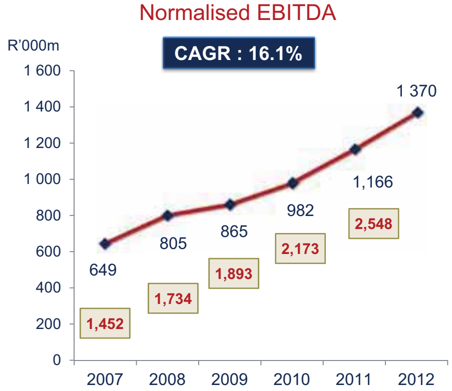
Notes

Six year review – 6 months to March





Full year numbers

- Historical revenue generated in 1st half: 48% of total revenue
- Historical normalised EBITDA generated in 1st half: 46% of total normalised EBITDA

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Notes

Financial results

	March 2012	March 2011	%
Revenue	**5,271**	4,718	11.7
Normalised EBITDA	**1,370**	1,166	17.5
Normalised EBITDA margin	**26.0%**	24.7%	
Operating profit	**1,208**	987	22.4
Operating profit margin	**22.9%**	20.9%	
Profit before tax	**1,154**	937	23.2
Profit after tax	**808**	640	26.3

H1 Comment

- Midmed, previously an associate became a subsidiary – August 2011
- Lower STC than March 2011

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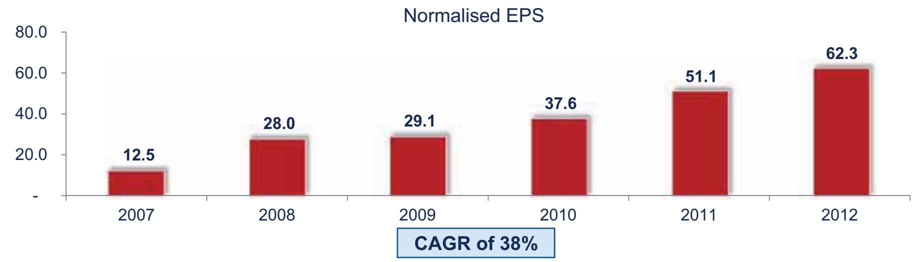
Notes

Financial results

	March 2012	March 2011	%
EPS	**66.3**	53.0	25.1
• Profit on disposal of investment in business	**(2.5)**	(0.4)	
HEPS	**63.8**	**52.6**	
• Retirement funds	(1.5)	(1.5)	
Normalised EPS	**62.3**	51.1	21.9
Normalised EPS (excl. Amortisation of intangible assets)	**66.2**	55.2	19.9



Notes

Financial results - segmental review

	March 2012	March 2011	%
Revenue	**5,271**	4,718	11.7
Hospital division	**4,905**	4,393	11.7
Healthcare services	**365**	324	12.7
Other	**1**	1	

H1 Comment

- Hospital revenue increased by **11.7%** and represents **93%** of Group revenue
- Mental Healthcare and Acute Rehabilitation experienced growth of **29%**
- Life Midmed included from 1 August 2011 as a subsidiary
- Healthcare services revenue driven by strong growth of **21%** in Occupational Health

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Financial results - segmental review

	March 2012	March 2011	%
Revenue	**5,271**	4,718	11.7
Hospital division	**4,905**	4,393	11.7
Healthcare services	**365**	324	12.7
Other	**1**	1	
Operating profit before amortisation, profit on disposals and impairment of intangible assets	**1,211**	1,020	18.7
Hospital division	**1,040**	859	21.1
Healthcare services	**71**	68	4.4
Other	**100**	93	7.5

H1 Comment

- Hospitals: **86%** of operating profit before amortisation, profit on disposals and impairment of intangible assets

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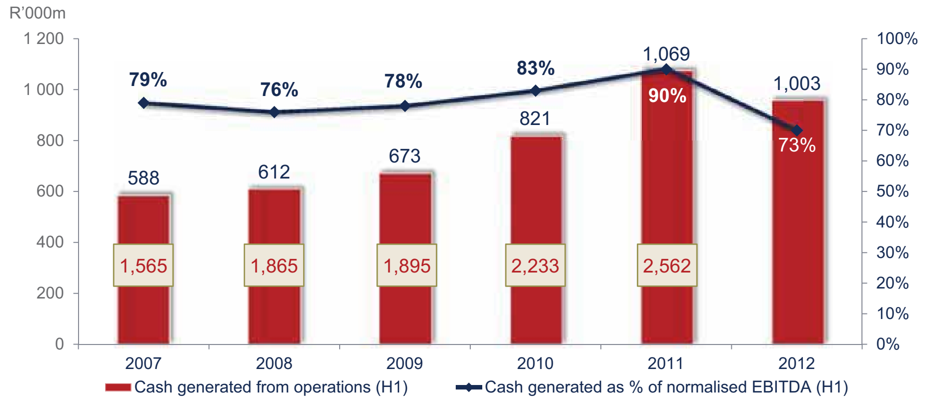
Notes

Cash generated vs normalised EBITDA (H1)



Full year numbers – Cash generated

- Historical cash generated in 1st half : 42% of total cash generated
- 2012 expect cash generated in 1st half to be: 36% of total cash generated

Notes

Summarised statement of financial position: Assets

	March 2012	Sept 2011	March 2011
Non-current assets	**7,582**	**6,775**	**6,266**
PPE	3,791	3,753	3,346
Intangibles	2,242	2,296	2,164
Other	1,549	726	756
Current assets (excl. cash)	**1,558**	**1,293**	**1,360**
Cash	213	400	264
Total Assets	**9,353**	**8,468**	**7,890**

H1 Comment

- Other includes R1 billion in Associate Investments:
  - R823m investment in MHC
- Own **84%** of beds

Notes

Summarised statement of financial position: Equity and liabilities

	March 2012	Sept 2011	March 2011
Total shareholders equity	**4,507**	**4,385**	**3,788**
Non current liabilities	**2,685**	**2,084**	**2,292**
Interest bearing borrowings	2,213	1,565	1,786
Other non-current liabilities	472	519	506
Current liabilities	**2,161**	**1,999**	**1,810**
Total Equity and liabilities	**9,353**	**8,468**	**7,890**
Net Debt	2,759	1,624	1,986
Net Debt to normalised EBITDA	**0.97**	**0.66**	**0.84**
Interest cover	12.3	10.8	8.15

H1 Comment

- Working capital facility of R350 million
- Uncommitted revolving credit facility of R1 billion
- Net debt to normalised EBITDA calculation based on rolling 12 months

Notes

Cash distribution

	Cents/ share	Rand million	% of Normalised EBITDA
Total 2010	52	542	24.9
Total 2011	85	885	34.7
Interim 2012	**45**	**469**	**34.2**

H1 Comment

- Dividend based on revised policy as outlined at 2011 Year end results
- Equates to a cover of 1.47 X normalised earnings excluding amortisation

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Notes

Agenda

1 Group Review — Michael Flemming, CEO

2 Financial Review — Roger Hogarth, CFO

3 **Future Guidance** — Michael Flemming, CEO

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Future Guidance

- Growth:
  - SA
    - Continued good PPD growth
    - Hospital occupancy of 70%
    - Bed growth:
      - Additional 141 beds in 2012
      - Received approvals to add: 300 + beds
      - Applications pending for: 250 + beds
    - Total Capex spend of R686 million
    - Decision on the JMH transaction
  - India: Focus on the ramp-up of the new facilities
- Efficiency:
  - SA:
    - Consistent Ebitda margin in H2
    - Improvement in cash collections in H2
  - India:
    - Introduction of LHC performance management measures and systems

Notes

Questions

Life is an opportunity, benefit from it.
Life is beauty, admire it.
Life is bliss, taste it.
Life is a dream, realise it.
Life is a challenge, meet it.
Life is a duty, complete it.
Life is a game, play it.
Life is a promise, fulfill it.
Life is sorrow, overcome it.
Life is a song, sing it.
Life is a struggle, accept it.
Life is a tragedy, confront it.
Life is an adventure, dare it.
Life is luck, make it.
Life is too precious, do not destroy it.
Life is life, fight for it.

~ Mother Teresa

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Notes

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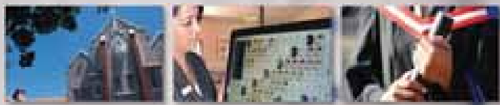

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- unless otherwise indicated, forward-looking statements indicate the Group`s` expectations as at 31 March 2012
- actual results may differ materially from the Group`s expectations if known and unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate;
- the Group cannot guarantee that any forward-looking statement will materialize and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements; and
- the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events or for any other reason.

Notes


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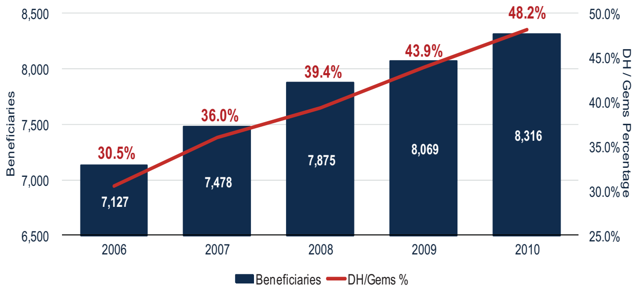
Interim Results
For 6 months ended
31 March 2012

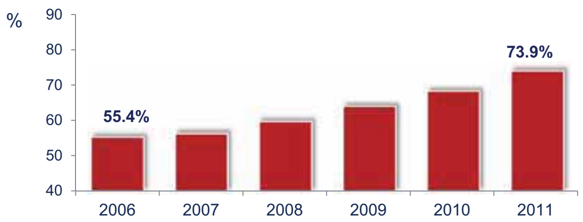
Notes

Funder Industry - Consolidation

% of Total Beneficiaries belonging To Discovery And GEMs



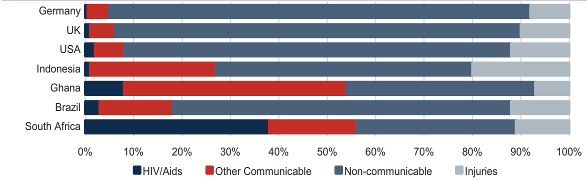
% of LHC revenue from Top 5 medical administrators



Notes

South Africa's significant burden of disease is significantly higher than other countries

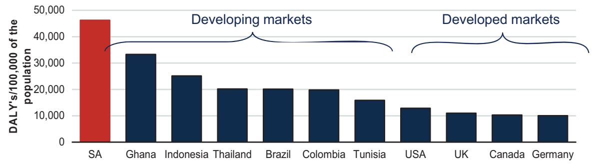
Diseases as % of total burden



- Nearly 40% share of HIV/AIDS in total disease burden (very high even for developing countries)
- Tuberculosis, influenza and pneumonia as major causes of death
- High infection rate among the black population
- High incidence of non communicable disease such as heart disease, cancer and diabetes

Source: Econex calculations from WHO 2009 data.

Burden of disease vs. other countries



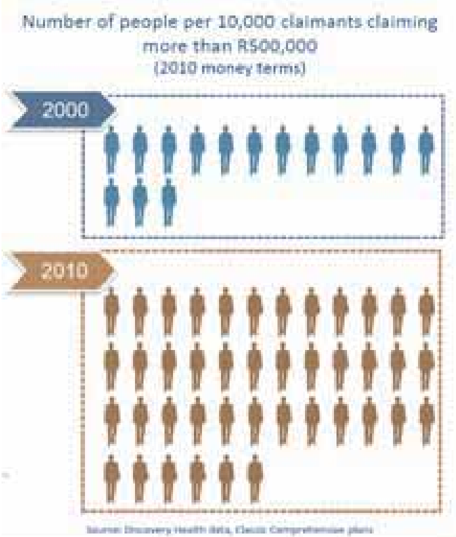
- Very high infection rate and disease burden, even compared with developing countries
- Burden of HIV/AIDS expected to continue to grow despite strong government funding for treatment & prevention programmes
- SA has substantially higher numbers of sick people who are also sicker than those in other countries

Source: Econex calculations from WHO 2009 data.

On average South Africa's disease burden is 2x larger than in developing countries and 4x larger than in developed countries

Notes

Increasing Disease Burden

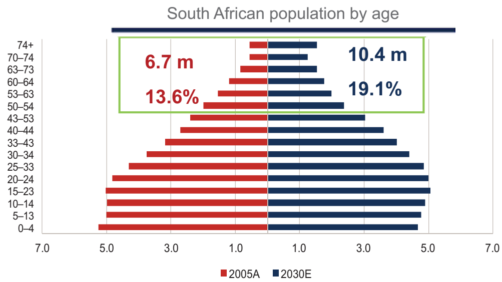


Discovery Health membership:

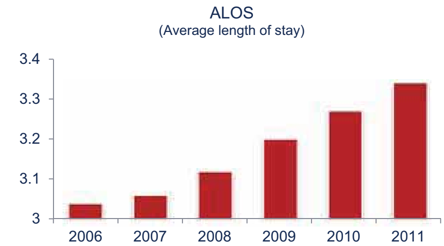
- 0.25% of members = 18.5% of total spend
- 1.75% of members = 29.5% of total spend

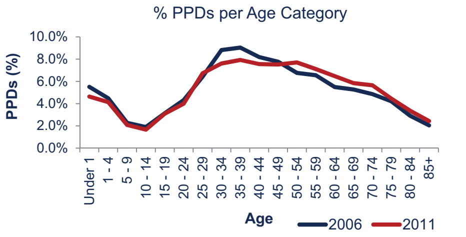
Notes

SA population is aging



LHC	2006	2010
% of admissions > 50 years	33%	36%
% of revenue from admissions > 50 years	45%	48%





Notes

Growth International: MHC

- **India re-cap:**
  - Demand side drivers:
    - Growing middle class and rise in disposable income
    - Ageing population and increased health awareness
    - Rapid growth in health insurance
    - Rapidly changing disease profile
  - Significant barriers to entry give incumbents a significant advantage:
    - Long gestation periods for green field growth
    - High cost of real estate
    - High capital intensity of business
    - Shortage of key clinical skills
  - Fragmented hospital market

Notes

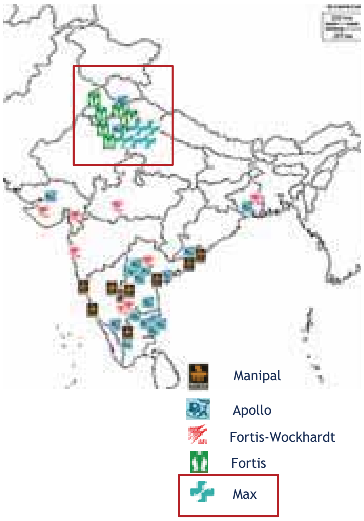
Growth Offshore: India

India:

▪ Population:	1,186 billion
▪ GDP 2011:	7.9%
▪ CPI 2011:	6.8%
▪ 10 Year Bond:	9.04%
▪ Current account :	- 3.1% of GDP

Indian Healthcare market

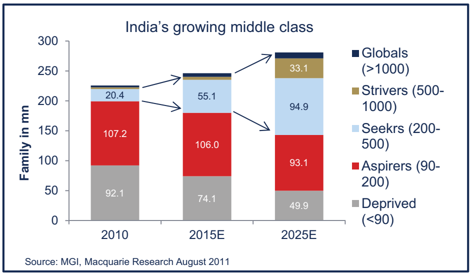
- Indian healthcare sector currently valued at $62bn
- Growing at 13% per annum and expected to double by 2015 - $125bn
- Private sector accounts for 80% of India's healthcare spend
- Private hospital providers dominate the tertiary/quaternary segments
- Hospital insurance is growing fast: expected to account for 9.9% of hospital revenue in 2013 (5.7% in 2008)
- Highly fragmented hospital sector

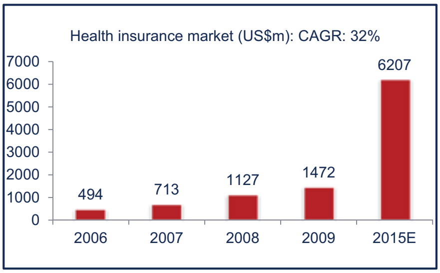


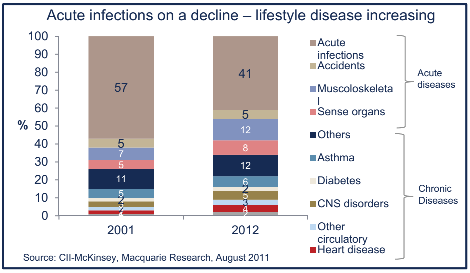
Notes

Growth Offshore: India demand side drivers

- Growing middle class and rise in disposable income
- Ageing population and increased health awareness
- Rapid growth in health insurance
- Rapidly changing disease profile: so called lifestyle diseases
- Growth in medical tourism & telemedicine



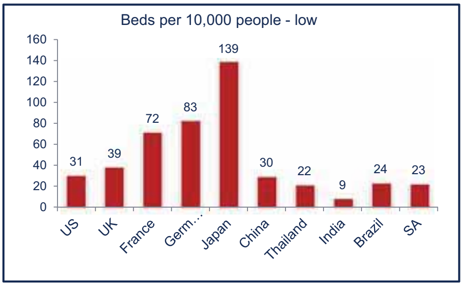


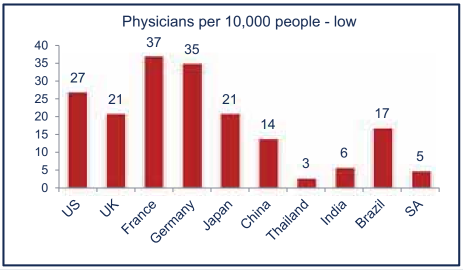


Notes

Growth Offshore: India supply side drivers

- India has 9 beds per 10,000 population
- Estimated 900,000 bed shortfall
- Significant barriers to entry give incumbents a significant advantage
  - Long gestation periods for green field growth
  - High cost of real estate
  - High capital intensity of business
  - Shortage of key clinical skills

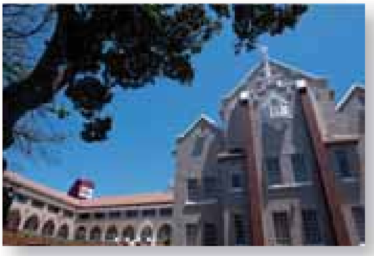




Source: Fortis Presentation , Macquarie Research, August 2011

Notes

Notes



Growth

Efficiency

Sustainability

Life Healthcare Group

Unaudited Group results and cash dividend
for the six month period ended 31 March 2012

Making life better

Paid patient days (PPDs):
+6,0%

Operating profit:
+22,4% to R1 208 million

Revenue:
+11,7% to R5 271 million

Normalised earnings per share:
+21,9% to 62,3 cents

Normalised EBITDA:
+17,5% to R1 370 million

Interim dividend:
45 cents

Condensed consolidated statement of comprehensive income

R Million	**6 months 31 March 2012 Unaudited**	Change %	6 months 31 March 2011 Unaudited	12 months 30 Sept 2011 Audited
Revenue	**5 271**	11,7	4 718	9 812
Other income	**50**		50	102
Operating expenses	**(4 144)**		(3 785)	(7 838)
(Loss)/Gain on remeasuring of fair value of equity interest before business combination	**(3)**		—	92
Additional receipt on previous disposed business	**2**		—	5
Profit on disposal of businesses	**32**		4	—
Operating profit	**1 208**	22,4	987	2 173
Fair value gain on derivative financial instruments	**8**		8	14
Finance income	**10**		30	37
Finance cost	**(119)**		(144)	(250)
Share of associates' net profit after tax	**47**		56	115
Profit before tax	**1 154**		937	2 089
Tax expense	**(346)**		(297)	(597)
Profit after tax	**808**	26,3	640	1 492
Other comprehensive income, net of tax				
Currency translation differences	**(2)**		(1)	2
Total comprehensive income for the period	**806**	26,1	639	1 494
Profit after tax attributable to:				
Ordinary equity holders of the parent	**690**	25,0	552	1 287
Non-controlling interest	**118**		88	205
	808	26,3	640	1 492
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	**689**		551	1 288
Non-controlling interest	**117**		88	206
	806	26,1	639	1 494
Total shares in issue ('000)	**1 042 210**		1 042 210	1 042 210
Weighted average shares in issue ('000)	**1 040 833**		1 042 210	1 041 523
Diluted number of shares ('000)	**1 041 057**		1 042 210	1 041 523
Earnings per share (cents)	**66,3**	25,1	53,0	123,6
Headline earnings per share (cents)	**63,8**	21,3	52,6	119,5
Diluted earnings per share (cents)	**66,3**	25,1	53,0	123,6
Diluted headline earnings per share (cents)	**63,8**	21,3	52,6	119,5
Headline earnings				
Profit attributable to ordinary equity holders	**690**		552	1 287
Headline earnings adjustable items (net of tax)				
Impairment of intangible assets	**—**		—	54
Loss/(Gain) on remeasuring of fair value of equity interest before business combination	**3**		—	(92)
Additional receipt on previous disposed business	**(2)**		—	(4)
Profit on disposal of businesses	**(27)**		(3)	—
Profit on disposal of property, plant and equipment	**—**		—	(1)
Headline earnings	**665**	21,1	549	1 244

Condensed consolidated statement of financial position

R Million	31 March 2012 Unaudited	31 March 2011 Unaudited	30 Sept 2011 Audited
ASSETS			
Non-current assets	**7 582**	6 266	6 775
Property, plant and equipment	**3 791**	3 346	3 753
Intangible assets	**2 242**	2 164	2 296
Other non-current assets[1]	**1 549**	756	726
Current assets	**1 771**	1 624	1 693
Other current assets	**1 558**	1 360	1 293
Cash and cash equivalents	**213**	264	400
TOTAL ASSETS	**9 353**	7 890	8 468
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	**3 629**	3 102	3 518
Non-controlling interests	**878**	686	867
TOTAL EQUITY	**4 507**	3 788	4 385
LIABILITIES			
Non-current liabilities	**2 685**	2 292	2 084
Interest-bearing borrowings[2]	**2 213**	1 786	1 565
Other non-current liabilities	**472**	506	519
Current liabilities	**2 161**	1 810	1 999
Other current liabilities	**1 402**	1 346	1 539
Current portion of interest-bearing borrowings	**474**	464	460
Bank overdraft	**285**	—	—
TOTAL LIABILITIES	**4 846**	4 102	4 083
TOTAL EQUITY AND LIABILITIES	**9 353**	7 890	8 468

[1]The increase includes the investment made in Max Healthcare during the current period.

[2]The increase includes the new funding regarding the acquisition of Max Healthcare during the current period.

Condensed consolidated statement of changes in equity

for the period ended 31 March 2012

R Million	Total capital and reserves	Non-controlling interest	Total equity
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
Non-controlling interests arising on business acquisition	—	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 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)
Transactions with non-controlling interests	4	—	4
Distribution to shareholders	(302)	(69)	(371)
Balance at 31 March 2011	3 102	686	3 788
Balance at 1 October 2010	2 849	667	3 516
Total comprehensive income for the year	1 288	206	1 494
Profit for the year	1 287	205	1 492
Other comprehensive income	1	1	2
Transactions with non-controlling interests	12	—	12
Non-controlling interest arising on business acquisition	—	128	128
Change in ownership that does not result in loss of control	—	16	16
Distribution to shareholders	(625)	(150)	(775)
Treasury shares	(6)	—	(6)
Balance at 30 September 2011	3 518	867	4 385

Condensed consolidated statement of cash flows

R Million	**6 months 31 March 2012 Unaudited**	6 months 31 March 2011 Unaudited	12 months 30 Sept 2011 Audited
Cash generated from operations	**1 003**	1 069	2 562
Tax paid	**(375)**	(301)	(617)
Net cash inflow from operating activities	**628**	768	1 945
Net cash outflow from investing activities[1]	**(909)**	(207)	(688)
Net cash outflow from financing activities[2]	**(193)**	(779)	(1 378)
Net decrease in cash and cash equivalents	**(474)**	(218)	(121)
Cash and cash equivalents – beginning of the year	**400**	482	482
Cash balances acquired through business combinations	**2**	—	39
Cash and cash equivalents – end of the year	**(72)**	264	400

[1]The increase includes the investment made in Max Healthcare during the current period.

[2]The decrease includes the new funding regarding the acquisition of Max Healthcare during the current period.

Segmental report

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

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

There are no inter-segment revenue streams.

R Million	**6 months 31 March 2012 Unaudited**	6 months 31 March 2011 Unaudited	12 months 30 Sept 2011 Audited
Operating segments			
Revenue			
Southern Africa			
Hospitals	**4 905**	4 393	9 136
Healthcare Services	**365**	324	674
Other	**1**	1	2
Total	**5 271**	4 718	9 812
Profit before items below			
Southern Africa			
Hospitals	**1 040**	859	1 917
Healthcare Services	**71**	68	141
Other	**100**	93	191
Operating profit before amortisation, disposals and impairment of intangible assets	**1 211**	1 020	2 249
Amortisation of intangible assets	**(57)**	(60)	(110)
Impairment of intangible assets	**—**	—	(65)
Profit on disposal of businesses	**32**	4	—
Retirement benefit asset movement	**21**	20	2
Post-retirement medical aid movement	**2**	3	—
(Loss)/Gain on remeasuring of fair value of equity interest before business combination	**(3)**	—	92
Additional receipt on previous disposed business	**2**	—	5
Operating profit	**1 208**	987	2 173
Fair value gain on derivative financial instruments	**8**	8	14
Finance income	**10**	30	37
Finance costs	**(119)**	(144)	(250)
Share of associates' net profit after tax	**47**	56	115
Profit before tax	**1 154**	937	2 089

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

Acquisition of investments

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

The Group had a marginal increase in its interest in Little Company of Mary Trust.

Acquisition of shareholding in Max Healthcare Institute Limited, India (Max Healthcare)

On 23 January 2012, the Group acquired a 26% shareholding in Max Healthcare for a cash investment of R823 million. This is funded through a long-term finance agreement of R820 million.

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

The Group disposed of a marginal percentage of its holding in a subsidiary company to a non-controlling interest, maintaining control.

Disposal of investments

Disposal of associates

On 1 December 2011, the Group disposed of its 50% interest in Occuli Trust and Bloemfontein Eye Clinic.

Disposal of subsidiary

On 1 March 2012, the Group disposed of its total interest in Birchmed Day Clinic Partnership and property.

Basis of presentation and accounting policies

These condensed consolidated interim financial statements for the six months ended 31 March 2012 have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in the manner required by the Companies Act of South Africa and Section 8.57 of the JSE Listings Requirements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 September 2011 which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The accounting policies applied are consistent with those applied in preparation of the annual financial statements for the year ended 30 September 2011, 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 to 31 March 2012 have not been reviewed or audited by the Group's auditors.

Commentary

Overview

Life Healthcare continued to grow during the period under review and is in a healthy financial position to deliver on its strategic objectives of growth, efficiency and sustainability. Activities as measured by hospital paid patient days (PPDs), increased by 6,0% as a result of an increased demand for hospital services due to high incidence of disease together with a growing and aging medical aid population and preferred network arrangements. Additional beds have been added to the business to cater for this additional demand, including the opening of Life Glynnview (Mental Health) in April 2011, the acquisition of Life Midmed in August 2011, the opening of Life Vincent Palotti Rehabilitation in September 2011 and the addition of 154 beds in the current period including the opening of Life Piet Retief Hospital and Life St Josephs (Mental Health).

The total number of registered beds at 31 March 2012 is 8 212.

The Max Healthcare India investment of R823 million resulted in a 26% shareholding.

Life Healthcare continued to improve on its clinical quality metrics during the period under review resulting in an improvement in its hospital acquired infection rate.

Financial performance

Group revenue increased by 11,7% to R5 271 million (2011: R4 718 million). Hospital division revenue increased by 11,7% to R4 905 million (2011: R4 393 million) driven by the 6,0% increase in PPDs and higher revenue per PPD of 5,2%. Healthcare Services revenue increased by 12,7% to R365 million (2011: R324 million). Life Esidimeni revenue grew in line with inflation while Life Occupational Healthcare concluded new contracts and provided additional services to existing clients.

The Group continues to focus on efficiencies across the business to ensure services remain affordable. The alternative reimbursement model (ARM) provides an incentive to actively manage input costs, which together with slightly higher occupancies of 70,3% (2011: 69,5%) allowed the Group to leverage efficiencies across the existing base resulting in an operating profit increase of 22,4% to R1 208 million (2011: 987 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 17,5% to R1 370 million (2011: R1 166 million).

R Million	**6 months 31 March 2012 Unaudited**	6 months 31 March 2011 Unaudited	12 months 30 Sept 2011 Audited
Normalised EBITDA			
Operating profit	**1 208**	987	2 173
Profit on disposal of business	**(32)**	(4)	—
Additional receipt on previous disposed businesses	**(2)**	—	(5)
Loss/(Gain) on remeasuring of fair value of equity interest before business combination	**3**	—	(92)
Depreciation on property, plant and equipment	**160**	146	299
Impairment of intangible assets	**—**	—	65
Amortisation of intangible assets	**57**	60	110
Retirement benefit asset movement	**(21)**	(20)	(2)
Post-retirement medical aid movement	**(2)**	(3)	—
Normalised EBITDA	**1 370**	1 166	2 548
Normalised EBITDA as % of turnover	**26,0%**	24,7%	26,0%

Cash flow

The business generated solid cash flows, however, weak collections of government related debt, contributed to a decrease of 6,2% in cash generated from operations to R1 003 million (2011: R1 069 million).

Financial position

The Group is in a strong financial position with a low gearing. Net debt to normalised EBITDA is 0,97 as of 31 March 2012 after the Max Healthcare investment. The Group has the financial flexibility to continue investing in the growth of the business.

Normalised earnings per share

The earnings on a normalised basis, which excludes non-trading related items as set out below, increased by 21,9% to 62,3 cps (2011: 51,1 cps) and excluding the amortisation of intangibles by 19,9% to 66,2 cps (2011: 55,2 cps).

R Million	**6 months 31 March 2012 Unaudited**	% Change	6 months 31 March 2011 Unaudited	12 months 30 Sept 2011 Audited
Normalised earnings				
Profit attributable to ordinary equity holders	**690**		552	1 287
Adjustments (net of tax):				
Profit on disposal of businesses	**(27)**		(3)	—
Additional receipt on previous disposed business	**(2)**		—	(4)
Loss/(Gain) on remeasuring of fair value of equity interest before business combination	**3**		—	(92)
Impairment of intangible assets	**—**		—	54
Retirement funds	**(16)**		(17)	(2)
Normalised earnings	**648**		532	1 243
Amortisation of intangible assets (net of tax)	**41**		43	79
Normalised earnings (excluding amortisation of intangible assets)	**689**		575	1 322
Normalised EPS (cents)	**62,3**	21,9	51,1	119,3
Normalised EPS – excluding amortisation (cents)	**66,2**	19,9	55,2	126,9

Shareholders dividend

Notice is hereby given that the directors have declared an interim cash dividend of 45 cents per ordinary share (2011: 31 cents per ordinary share) out of income reserves in respect of the six months to 31 March 2012. The Group has utilised STC credits amounting to 9.877 cents per share. The balance of the dividend will be subject to a dividend withholding tax at a rate of 15%, which will result in a net dividend of 39.732 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. The salient dates for the dividend will be as follows:

Last day to trade cum the distribution	Friday, 1 June 2012
Trading ex dividend commences	Monday, 4 June 2012
Record date	Friday, 8 June 2012
Payment date	Monday, 11 June 2012

Share certificates may not be dematerialised or rematerialised between Monday, 4 June 2012 and Friday, 8 June 2012, both days inclusive.

Capital expenditure

During the current period, Life Healthcare invested R1 033 million (2011: R235 million) including capital projects of R199 million (2011: R235 million) and the Max Healthcare India investment of R823 million. The board has approved a capital expenditure budget of R686 million for the financial year and capital expenditure of R440 million has been approved as at 31 March 2012. This investment in the Group's facilities is to ensure that the demand for services is met and the Group remains abreast of modern technology and standards.

An additional 141 beds are projected to be commissioned in the second six months.

Changes to board of directors

There have been no changes to the board of directors during the period ended 31 March 2012.

Outlook

Subject to the current economic conditions prevailing for the rest of the financial year, the Group expects continued growth in earnings.

Growth

The Group will continue to focus on its growth objectives in South Africa by adding additional beds through brownfield expansion and mental healthcare, including the 80 bed Life Poortview mental health facility in Gauteng. Life Healthcare will assist Max Healthcare to improve its business operations.

Efficiency

The Group will continue to focus on driving operational efficiencies in South Africa through; cost of sales, procurement, streamlined administrative processes; the re-engineering of certain IT systems and improving hospital occupancies to enable the leveraging of the fixed cost base.

Sustainability

The Group will continue to focus on and expand its quality management programme which is a comprehensive, consistently applied and measured programme which benchmarks clinical interventions against international best practice with the aim of enhancing patient outcomes. In addition the Group recognises the shortage of healthcare skills and will continue to invest heavily in the training of doctors, nurses and pharmacists. In connection with the development of healthcare policy and proposed healthcare reforms, the Group will continue to actively engage with the South African government.

Thanks

The contribution of the doctors, nurses and employees of Life Healthcare have greatly enhanced the quality of our performance. For their effort, we extend our thanks.

Approved by the board of directors on 10 May 2012 and signed on its behalf:

Professor Jakes Gerwel
Chairman

Michael Flemming
Chief Executive Officer

10 May 2012

Executive Directors:

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

Non-executive Directors:

Prof GJ Gerwel (Chairman), MA Brey, FA du Plessis, PJ Golesworthy, KM Gordhan, 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.

LIFE HEALTHCARE GROUP HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number: 2003/002733/06

Income Tax number: 9557/379/154

ISIN: ZAE000145892

Share Code: LHC

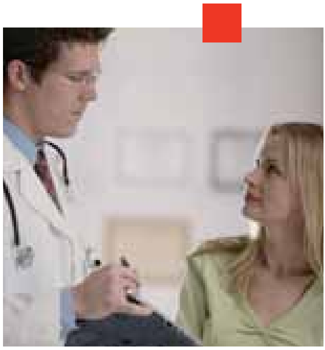
("Life Healthcare" or "the Company")

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**

BASTION GRAPHICS





Life is an opportunity, benefit from it.
Life is beauty, admire it.
Life is bliss, taste it.
Life is a dream, realize it.
Life is a challenge, meet it.
Life is a duty, complete it.
Life is a game, play it.
Life is a promise, fulfill it.
Life is sorrow, overcome it.
Life is a song, sing it.
Life is a struggle, accept it.
Life is a tragedy, confront it.
Life is an adventure, dare it.
Life is luck, make it.
Life is too precious, do not destroy it.
Life is life, fight for it.

Mother Teresa

Life Group

Making life better