

NOTICE OF
ANNUAL GENERAL MEETING
AND ABRIDGED SHAREHOLDER REPORT
2018



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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 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, 30 January 2019, at 11:30.

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 2018, as published on the Company's website at www.lifehealthcare.co.za. The summarised consolidated audited annual financial results are included as Annexure D to this notice.

2. **Social, ethics and transformation committee**

Life Healthcare's social, ethics and transformation committee report is set out on page 147 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 numbers 1.1 to 1.3: Re-election of directors retiring by rotation**

3.1 **Ordinary resolution number 1.1**

Resolved that PJ Golesworthy 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 Dr MP Ngatane who retires by rotation in terms of clause 28.7.1 of the Company's MOI and who, being eligible, offers himself for re-election, be hereby re-elected as an independent non-executive director of the Company.

3.3 **Ordinary resolution number 1.3**

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

Ordinary resolution number 1.4: Election of director appointed during the year

3.4 **Ordinary resolution number 1.4**

Resolved that Dr SB Viranna who was appointed by the board as an executive director of the Company with effect from 1 February 2018, who retires in terms of clause 28.7.2 of the Company's MOI and who, being eligible, offers himself for election, be hereby elected as an executive director of the Company.

An abbreviated curriculum vitae in respect of each of the current independent non-executive directors and executive director offering themselves for election/re-election is contained in this notice.

4. **Ordinary resolution number 2: Reappointment of external auditor**

Resolved that the reappointment of the auditors, PricewaterhouseCoopers Inc., as nominated by the Company's audit committee, as independent auditor of the Company and the Group; and M Naidoo as the designated audit partner, for the financial year ending 30 September 2019, be approved.

5. **Ordinary resolutions numbers 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) (subject to the adoption of ordinary resolution number 1.1)
- 3.2 AM Mothupi
- 3.3 GC Solomon, and
- 3.4 RT Vice.

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

6. **Ordinary resolution numbers 4.1 to 4.2: Advisory endorsement of the Group's remuneration policy and implementation report**

6.1 Ordinary resolution number 4.1

To endorse through a non-binding advisory vote, the Group remuneration policy as described in the remuneration report included on pages 124 to 132 of the integrated report and Annexure B to this notice, as recommended in the King IV Report™* on Corporate Governance for South Africa, 2016 (King IV).

6.2 Ordinary resolution number 4.2

To endorse through a non-binding advisory vote, the Group's remuneration implementation report, as described in the remuneration report included on pages 133 to 137 of the integrated report and Annexure C to this notice, as recommended in the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

Special business

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

7. **Special resolution number 1: 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 Johannesburg Stock Exchange (JSE) and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty (reported trades are prohibited);
- ◆ authorisation thereto being given by the Company's MOI;
- ◆ 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;

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Notice of annual general meeting *continued*

- ▶ 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 1

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

For the purposes of considering special resolution number 1 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 90 of the annual financial statements and Annexure F to this notice);
- ◆ Share capital of the Company (page 45 of the annual financial statements and Annexure G to this notice); and

◆ **Directors' responsibility statement**

The directors, whose names appear on pages 120 to 123 of the integrated report and Annexure E to this notice, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution number 1 and certify, to the best of their knowledge and belief, that there are no other facts, the omission of which would make any statement false or misleading, 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 annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

8. Special resolution number 2: General authority to provide financial assistance

Resolved that, to the extent required in terms of, and subject to the provisions of, sections 44 and 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 sections of the Companies Act to 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;
 - 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 2

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

Notice of annual general meeting *continued*

9. **Special resolution number 3: Approval of non-executive directors' remuneration**

Resolved that the determination of the non-executive directors' fees for the financial year ending 30 September 2019 on the basis set out below, be hereby approved by way of a special resolution of the shareholders in terms of section 66(9) of the Companies Act:

Committee	Meetings		2018			2019				
	2018	2019	Entity	Retainer per annum	Total meeting fees per annum	Current annual cost	Proposed retainer per annum	Proposed fees per annum	Proposed annual cost	% increase in rate
Directors fees	4	4	Chairperson	546 960	364 640	911 600	601 656	401 104	1 002 760	10.0
			Board member	134 916	89 528	224 444	159 204	105 644	264 848	18.0
Lead independent director		4		202 380	134 292	336 672	232 740	154 436	387 176	15.0
Audit	4	4	Chairperson	149 016	99 236	248 252	157 956	105 192	263 148	6.0
			Member	86 760	59 160	145 920	92 808	61 872	154 680	6.0
Remuneration	3	3	Chairperson	112 968	77 136	190 104	120 912	80 604	201 516	6.0
			Member	57 096	38 061	95 157	60 516	40 344	100 860	6.0
Nominations	2	2	Chairperson	75 876	50 604	126 480	80 424	53 640	134 064	6.0
			Member	40 008	26 458	66 466	44 004	29 104	73 108	10.0
Risk	3	3	Chairperson	79 140	79 143	158 283	100 668	67 113	167 781	6.0
			Member	39 840	39 687	79 527	52 488	34 992	87 480	10.0
Investment	4	4	Chairperson	114 072	101 208	215 280	136 920	91 276	228 196	6.0
			Member	57 168	50 748	107 916	68 640	45 756	114 396	6.0
Clinical governance, quality and safety	2	4	Chairperson	75 900	50 604	126 504	112 644	75 096	187 740	48.4
			Member	39 840	26 458	66 298	61 219	40 813	102 032	53.9
Social, ethics and transformation	3	3	Chairperson	75 900	75 906	151 806	96 552	64 368	160 920	6.0
			Member	38 208	38 061	76 269	48 504	32 337	80 841	6.0
						3 326 978		3 711 546	12.6	

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.

10. **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 annual general meeting is Friday, 7 December 2018. 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, 25 January 2019, 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, 22 January 2019.

APPROVAL REQUIRED FOR RESOLUTIONS

Ordinary resolutions numbers 1 to 4 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 MOI of the Company and the JSE Listings Requirements.

Special resolutions numbers 1 to 3 contained in this notice of annual general meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the annual general meeting, subject to the provisions of the Companies Act, the MOI of the Company 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 should be (but are not required to be) forwarded to 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, 28 January 2019, at 11:30 (South African time) to allow for processing of such proxies and the orderly arrangement of matters on the date of the annual general meeting. All other proxies not lodged by this time must be handed to the Chairman prior to the proxy exercising their right to vote at the annual general meeting.

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, who are entitled to attend, to participate in the annual general meeting by way of a teleconference call, provided that the shareholders or their CSDP or broker (as the case may be) must give written notice to the Company, per the Secretariat, c/o F Patel, either by email at fazila.patel@lifehealthcare.co.za or at the address given below (by way of physical delivery or post) and such notice must be received by the Company by no later than 48 hours prior to the date of the annual general meeting. If no notice is received by the Company at least 48 hours prior to the date of the annual general meeting, then the Company shall not make provision for shareholders to participate in the annual general meeting by way of a teleconference call. However, if the Company timeously receives the above notice, then the Company will provide a teleconference facility and furnish the shareholders or their CSDP or broker (as the case may be) with the dialling code and pin number.

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.

Notice of annual general meeting *continued*

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/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

22 November 2018

BRIEF CURRICULA VITAE OF DIRECTORS PROPOSED FOR RE-ELECTION

Ordinary resolutions numbers 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:

PJ (Peter) Golesworthy (60)

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.

Dr MP (Malefetsane) Ngatane (64)

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 Natsalspruit Hospital. He is currently in private practice. Malefetsane is the former President and the Trustee of 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.

JK (Joel) Netshitenzhe (61)

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 and the Council for Scientific and Industrial Research (CSIR). He is also a member of CEEF Africa (a section 21 company dealing with tertiary education opportunities) and 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.

Ordinary resolution number 1.4: Election of director appointed during the year

In accordance with the Company's MOI, for a director appointed by the board during the year, such appointment must be confirmed by the shareholders, in accordance with clause 28.7.2, at the next annual general meeting.

The abbreviated curriculum vitae of the director offering himself for election appears below:

Dr SB (Shrey) Viranna (43)

Executive Director – Group Chief Executive Officer

MBChB

Shrey is a medical doctor by training and has extensive experience in the healthcare industry having worked with leading healthcare organisations both locally and globally. He moved out of clinical practice to join McKinsey & Co where he worked for 12 years. Shrey gained extensive international exposure working in East Africa, southern

Notice of annual general meeting *continued*

Africa, India and the UK, including advising on M&A transactions. Shrey joined Discovery in 2013 and served as the CEO for Discovery Vitality and Discovery Card. He has been responsible for driving profitable growth in these businesses. He assumed the role of Group Chief Executive Officer on 1 February 2018.

Ordinary resolutions numbers 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, ie finance, accounting, commerce or industry.

The curriculum vitae of PJ (Peter) Golesworthy appears on the previous page.

AM (Audrey) Mothupi (48)

Independent non-executive director

South African – Bachelor of Arts (BA, Honours), Political Science, Trent University, Canada

Audrey Mothupi is a businesswoman, entrepreneur and the Chief Executive Officer of SystemicLogic Group, a global financial innovation and technology disruptor. She currently serves on the following boards: Pick 'n Pay and Brainworks Capital. She serves as Chairman of the following non-profit boards: Orange Babies of South Africa (HIV/Aids), Numeric Board of South Africa (Maths) and Roedean School (SA). Prior to SystemicLogic Group, Audrey served as the head of inclusive banking at the Standard Bank Group and Chief Executive of group strategic services at Liberty Group. As a result, her experience spans across various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management. She was appointed to the Life Healthcare board of directors on 3 July 2017.

GC (Garth) Solomon (51)

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 (71)

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 Puresgas Proprietary Limited. 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.

Form of proxy

Life Healthcare Group Holdings Limited

Registration Number 2003/002733/06

JSE code: LHC

ISIN: ZAE000145892

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

I/We (please print name in full)

of (address)

contact number

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

or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held at The Wanderers Club, 21 North Street, Illovo, Johannesburg on Wednesday, 30 January 2019, at 11:30 or any adjournment thereof.

I/We desire to vote as follows:

Voting instructions		For	Against	Abstain
Ordinary business				
1.	Re-election of directors:			
1.1	PJ Golesworthy			
1.2	Dr MP Ngatane			
1.3	JK Netshitenzhe			
1.4	Dr SB Viranna			
2.	Reappointment of external auditor			
3.	Appointment of Group audit committee members:			
3.1	PJ Golesworthy (Chairman)			
3.2	AM Mothupi			
3.3	GC Solomon			
3.4	RT Vice			
4.	Advisory endorsement of the Group's remuneration policy and implementation report:			
4.1	Endorsement of the Group's remuneration policy			
4.2	Endorsement of the Group's remuneration implementation report			
Special resolutions				
1.	General authority to repurchase Company shares			
2.	General authority to provide financial assistance			
3.	Approval of non-executive directors' remuneration			

Signed this

day of

2019

Signature

Notes to the form of proxy

1. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a registered shareholder of the Company.
2. Every shareholder present in person or by proxy and entitled to vote at the annual general meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds. In the event of a poll, every shareholder shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by such shareholder bears to the aggregate amount of the nominal value of all the shares issued by the Company.
3. Shareholders registered in their own name are shareholders who elected not to participate in the Issuer Sponsored Nominee Programme and who appointed Computershare Limited as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic uncertificated securities register in their own names.
4. Proxy forms should be (but are not required to be) forwarded to 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, 28 January 2019, at 11:30 (South African time) to allow for processing of such proxies and the orderly arrangement of matters on the date of the annual general meeting. All other proxies not lodged by this time must be handed to the Chairman prior to the proxy exercising their right to vote at the annual general meeting.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the annual general meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.

INSTRUCTIONS ON SIGNING AND LODGING THE FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space/s be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that shareholder wishes to exercise, in the appropriate spaces provided. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company.
5. The completion of any blank spaces need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
6. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.

Annexure A: Social, ethics and transformation committee report

The social, ethics and transformation committee is pleased to present its report to shareholders for the financial year ended 30 September 2018 in accordance with the requirements of the Companies Act.

The purpose of the report is to share with shareholders and other stakeholders how the committee discharged its responsibilities in accordance with its mandate. The mandate of the committee is contained in formal terms of reference, which are amended as necessary. The committee's terms of reference are approved by the committee and thereafter reviewed and approved by the board annually. The terms of reference guide the committee to perform its oversight role to ensure that the Group, as a responsible corporate citizen, conducts sustainable and ethical business and that its reputation is safeguarded.

COMPOSITION OF THE COMMITTEE

The members of the committee for the period under review were as follows:

- ◆ MEK Nkeli (chairman – independent non-executive director) *(resigned as a non-executive director effective 31 May 2018)*
- ◆ AM Mothupi (chairman – independent non-executive director – appointed as a member of the committee with effect from 31 May 2018)
- ◆ Dr MP Ngatane *(independent non-executive director)*
- ◆ PJ Golesworthy *(independent non-executive director)*
- ◆ Dr SB Viranna *(Group Chief Executive Officer – executive director appointed as a member of the committee with effect from 27 February 2018)*
- ◆ PP van der Westhuizen *(Group Chief Financial Officer and acting Group Executive Officer till 31 January 2018 – executive director – stepped down as a member of the committee with effect from 27 February 2018)*

Senior executives and functional heads attend meetings of the committee as appropriate. All members of management who present on various matters are experts on each of the disciplines or areas falling within the mandate of the committee specified in regulation 43(5) of the Companies Act. The Chairman of the board is a standing invitee.

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

RESPONSIBILITIES

The committee has a statutory responsibility to monitor the Group's activities in terms of the Companies Act with regard to matters relating to:

- ◆ social and economic development;
- ◆ good corporate citizenship;
- ◆ environment, health and public safety;
- ◆ consumer relationships; and
- ◆ labour and employment practices.

The committee has the responsibility to draw matters within its mandate to the attention of the board and to shareholders.

Annexure A: Social, ethics and transformation committee report *continued***FUNCTIONING**

In terms of its mandate, the committee takes a forward looking, global, integrated view when exercising its duties. The committee's aim is to build an ethical organisation which will naturally allow for regulatory compliance.

During the financial year ended 30 September 2018, the committee undertook an exercise aimed at aligning the committee's mandate and focus areas with the Group's values and strategic focus areas.

The committee believes that as social and ethical principles develop, the Group's approach to such issues should also evolve, while remaining aligned to Life Healthcare's mission of improving the lives of people by means of the delivery of high-quality, cost-effective care.

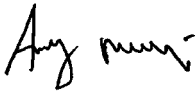
The key issues addressed by the committee during the year included the following:

- ▶ The Group's ethics and the prevention of fraud, bribery and corrupt practices
- ▶ The arrangements related to Tip Offs Anonymous and the resolution of tip-offs reported
- ▶ The environment, health and public safety and compliance to relevant legislation
- ▶ Pending legislation or recently enacted legislation that may have a potentially material impact on the Group ie POPI, and labour and employment equity legislation
- ▶ The Group's transformation strategy and review of the Group's transformation initiatives
- ▶ Employment equity targets for the southern Africa business
- ▶ Performance with regard to the B-BBEE scorecard, procurement and enterprise development, and effective and ethical leadership
- ▶ Skills and other development programmes aimed at employees' education
- ▶ Labour and employment practices and policies
- ▶ Corporate social initiatives including the Company's role in society
- ▶ Consumer relationships and reputation management, including the Group's advertising, public relations and compliance with consumer protection laws

CONCLUSION

The committee was pleased to note that the Group retained its position as a constituent of the FTSE/JSE Responsible Index based on the FTSE environmental, social and governance (ESG) rating. This achievement reinforces the committee's view that ESG responsibilities are imperative to the Group.

Based on its monitoring activities for the year, no substantive non-compliance with legislation and regulations relevant to the committee's mandate was raised. The committee is satisfied that it has discharged its responsibilities in accordance with its mandate for the year ended 30 September 2018.

**Audrey Mothupi**

Chairman: Social, ethics and transformation committee

Annexure B: Remuneration report

Driving high performance through competitive remuneration.

DEAR SHAREHOLDER,

I am pleased to present the key aspects covered by the Group remuneration and human resources committee (the committee), as well as the accompanying remuneration report for Life Healthcare.

The committee recognises the increased need for stakeholder engagement, and we will continue to engage with major shareholders in this regard.

During the year, the committee dealt with a number of key issues which include:

- ▶ the appointment of Dr Shrey Viranna as CEO of the Group;
- ▶ the retirement of the Chief Executive Officer – SA and appointing a suitable replacement;
- ▶ consideration of the most appropriate European organisational structure to achieve the growth and efficiencies required from this major part of the Group, following the resignation of AMG's CEO and CFO;
- ▶ integrating remuneration practices across all geographies to ensure Group cohesion and best practice is applied (refer to "Group Remuneration Practice" in this report); and
- ▶ improving the senior management value proposition to encourage their commitment and continued alignment to Company objectives (refer to outperformance incentive scheme and the long-term incentive alternative).

The global labour market has become increasingly competitive. Many of the skills we compete for are in full employment status. Continued slow economic growth has been a challenge in South Africa, and global mobility has resulted in the loss of key skills. The Group continues to seek creative ways to attract and retain skilled individuals to address the slow growth of the talent pool, especially regarding clinical skills. Over the past two years, market sentiment has negatively impacted our long-term incentive plan (LTIP) and this has placed pressure on our ability to retain key talent.

It is imperative for us to ensure we address the loss of key skills. The committee, in collaboration with the Group as a whole, strives to address challenges faced to ensure future success.

The Life Healthcare share price, coupled with the extended delay in being able to make offers in terms of the LTIP, as the Company was under a prolonged cautionary in 2018, has resulted in a situation in which the Company is vulnerable to the loss of key management talent. Accordingly, the Company has made an alternative once-off long-term restricted cash offer, which will be described further in this report. The on-target variable reward for Hospital Managers has also been improved to align better with competitor practice.

DEAR SHAREHOLDER,

We endeavour to design and continue calibrating our executive remuneration, in a manner that promotes the achievement of key business objectives in order to qualify for variable remuneration. The major change for FY2018 has been to improve the long-term incentive scheme for 2019. Key changes to the scheme include the removal of TSR as a performance measure as the movement in share price is already embedded in scheme design, the introduction of ROCE versus a WACC hurdle and the introduction of patient centric measures for all participants.

We are pleased to inform shareholders that the new CEO has acquired Life Healthcare shares to the value of R3 million. These shares were matched on the basis as described in the implementation report. We believe this shows strong commitment and personal alignment to the future growth and profitability of the Group.

The committee is of the opinion that the Group's HR strategy delivered a sound value proposition to employees in the past year, and industry leading employee retention rates support this. Our employee reward and recognition initiative was developed to ensure a broader application of recognition at all levels in the Company. It recognises when individual and Group performance goes beyond expectation and continues to drive the correct behaviour.

I personally wish to thank my fellow remuneration committee members, Adv Mahlape Sello, Mpho Nkeli and Garth Solomon, who have assisted me this year with addressing the challenges we have faced. The committee meets formally three times per year, but I am grateful for the many additional hours they spent deliberating and preparing for our formal meetings.

Royden Vice

Chairman: Remuneration and human resources committee

Please note

Life Healthcare Group Holdings Limited and its subsidiaries are defined as the Group, while Company refers to the southern Africa business.

Annexure B: Remuneration report *continued*

REMUNERATION POLICY REPORT

Introduction

In embracing positive governance and effective disclosure, our remuneration policy and implementation are explained in compliance with King IV and draft guidelines and practice notes of IoDSA. The remuneration policy report and the accompanying remuneration implementation report (implementation report) are to be tabled at the upcoming annual general meeting and are to be subject to separate non-binding advisory votes by shareholders.

Through these non-binding advisory votes, the shareholders express their views separately on the remuneration policy and the implementation thereof as disclosed in the implementation report.

We will continue to engage with shareholders as well as other stakeholders regarding our remuneration policy and in particular, be sensitive to our employees' needs and the requirements of the Company to retain our talented and skilled people.

Remuneration philosophy

The Group's remuneration strategy's objective is to attract and retain key talent and to motivate and reward employees appropriately to ensure they achieve key organisational objectives.

The remuneration philosophy is informed by business objectives, market competitiveness, employee growth and development, the retention of scarce and specialised skills and legislative compliance.

Our remuneration strategy aims to:

- ▶ support the Group's business and human resource strategy, and provide a platform for the provision and articulation of the remuneration policy;
- ▶ provide a platform for fair, responsible and transparent remuneration throughout the Group;
- ▶ align management's interests with those of shareholders;
- ▶ encourage innovation and progress;
 - promote an ethical culture and responsible corporate citizenship;
 - offer 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 that the unique needs of the employees and Group are being met.

The Group acknowledges that focused management and employee attention to business objectives are critical success factors for sustained long-term value creation for stakeholders. To this end, its remuneration strategy aims to attract and retain the talent required to give effect to these objectives.

Therefore, the Group will periodically solicit a number of market survey providers for an indication of the guaranteed remuneration and annual cash incentive payments, made generally and sectorally. This is undertaken in order to assess our positioning compared to the market in terms of key talent, and to assess our own performance in delivering a value proposition to all employees of fair and equitable remuneration.

The committee has a systematic agenda to review the remuneration strategy and overall policy (including higher-level strategic reward principles). It oversees, without interfering in areas where management ordinarily have discretion, the implementation of policy over an annual cycle. At least annually, formal feedback is provided to the board on how the policy objectives are being achieved, and this feedback forms part of the process of obtaining approval of the remuneration report.

In the annual review of the benefits offered by the Group, the committee considers whether they are appropriate and competitive given the industry, the Group's financial position, legislative requirements, and market benchmarks and trends, and if the costs relating to the administration of the benefits/schemes are justified.

The committee reviews the policy and objectively assesses the appropriateness of the fixed to variable remuneration mix for the Group, to ensure that it reflects the remuneration strategy, and:

- ◆ serves the Group's operational needs and objectives;
- ◆ is competitive;
- ◆ is sustainable; and
- ◆ serves the achievement of strategic objectives and promotes positive outcomes.

At the same time, it ensures that the tenets of fair and equitable remuneration are addressed, by assessing:

- ◆ how the benefits are perceived and understood by participants;
- ◆ if the benefits/schemes/trusts are soundly governed;
- ◆ whether the benefits/schemes meet the needs of employees and are fair towards all employees; and
- ◆ whether benefits that are offered to executives are similarly offered to employees and if not, what the justification is.

Life Healthcare remuneration

The Group targets a mix of remuneration elements to align reward strategy to its stated objective of providing fair, responsible and transparent remuneration throughout the Group, in order to:

- ◆ attract, motivate, reward and retain human capital;
- ◆ promote the achievement of strategic objectives within the Group's risk appetite;
- ◆ promote positive outcomes;
- ◆ promote an ethical culture and responsible corporate citizenship; and
- ◆ provide a balanced remuneration mix within the Group's financial constraints.

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

All elements of remuneration that are offered in the Group are set out in the detailed remuneration policy that follows, including:

- ◆ **Fixed remuneration:** Salary and benefits and how these are determined, including contributions to retirement, risk funds and medical benefits, leave entitlements, allowances and flexible work conditions.
- ◆ **Variable remuneration:**
 - **Short-term performance incentives** – Annual or shorter incentives and (generally) cash performance-based payments. This is paid to employees at middle management and higher who have line of sight to business objectives. Targets are stretched to encourage superior performance.
 - **Long-term incentives** – share-orientated awards that are performance and retention based. Senior managers who have a more strategic focus participate in the Group's long-term incentive scheme to ensure long-term sustainability of the Group and alignment with shareholders' interests.
- ◆ **Retention of key clinical and managerial skills.**
- ◆ **All other types of payments** including, for example, loss of office or termination payments and restraint payments.
- ◆ **Non-executive directors' fee structures and the principles for setting of fees.**

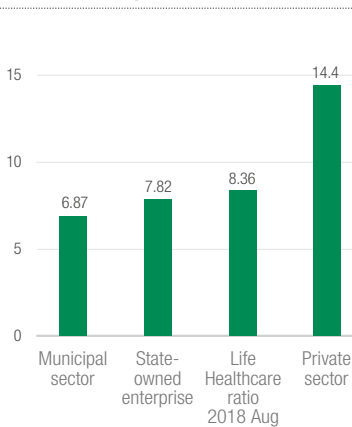
Annexure B: Remuneration report *continued*

Wage gap

Research suggests that the so-called 10:10 ratio provides an insightful view on the top versus bottom earnings comparison in organisations.

This methodology analyses the average guaranteed remuneration of the highest earning 10% of employees against the lowest earning 10% of employees. The Company's 10:10 ratio reflects a more equal distribution of income between higher and lower income earners compared to the private sector in general, as depicted below.

10:10 ratio August 2018



Non-binding advisory votes on the remuneration policy and remuneration implementation report

In the event that less than 75% support for the remuneration policy and remuneration implementation report are achieved at the annual general meeting, Life Healthcare will invite dissenting shareholders to send reasons for such votes in writing whereafter further engagements may be scheduled.

Source: *African Journal of Reward – Edition 2*
(Bryden Morton and Chris Blair) – March 2017.

Global remuneration practice

Significant progress has been made in FY2018 to align reward practices per geography as part of a broader integration initiative to drive value creation across the Group. This includes Scanmed in Poland and AMG with operations in Italy, Ireland, the UK and Northern Europe.

- ◆ All international senior management jobs have been graded utilising the Hay Grading system to ensure consistency and alignment across the Group and appropriate benchmarking in the market.
- ◆ All short and long-term incentives are in the process of being aligned and this will be a key focus area for FY2019.

Group executive remuneration pay mix

The on-target pay mix apportionment for a number of executive positions in Life Healthcare is shown in more detail in the graph on the next page.

The potential consequences of the remuneration policy on the total remuneration for executive management are illustrated below. The on-target and maximum expected reward mix for executives is depicted. Actual remuneration in the year under review will be reflected in the implementation report that follows.

Pay mix Group CEO (on target)



■ Guaranteed package	36%
■ VCP	32%
■ LTIP	32%

Pay mix Group CEO (max reward)



■ Guaranteed package	22%
■ VCP	38%
■ LTIP	40%

Pay mix Group CFO (on target)



■ Guaranteed package	44%
■ VCP	25%
■ LTIP	31%

Pay mix Group CFO (max reward)



■ Guaranteed package	28%
■ VCP	32%
■ LTIP	40%

Pay mix other Group executives (on target)



■ Guaranteed package	47%
■ VCP	26%
■ LTIP	27%

Pay mix other Group executives (max reward)



■ Guaranteed package	31%
■ VCP	34%
■ LTIP	35%

Annexure B: Remuneration report *continued*

Life Healthcare guaranteed remuneration

Base pay	<ul style="list-style-type: none"> ◆ Attraction and retention of key employees ◆ Internal and external equity ◆ Rewarding individual performance
Benefits	<ul style="list-style-type: none"> ◆ External market competitiveness ◆ Integrated approach towards wellness, driving employee effectiveness and engagement
Allowances	<ul style="list-style-type: none"> ◆ Compliance with legislation ◆ Key focus on attraction and retention of clinical skills ◆ Specialist allowances to recognise skills, incentivise and retain employees ◆ Other variable allowances are paid for additional services rendered
Guaranteed package	<ul style="list-style-type: none"> ◆ Salaries are benchmarked against general market surveys and specific healthcare market data

The Company benchmarks remuneration against the market median which is derived from representative salary surveys. Increases to Group Executives will be reflected under the implementation report.

Life Healthcare employee benefit structure

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
- ◆ The Life Healthcare DC Pension Fund

In addition, the Company operates two defined benefit funds that have been closed to new membership since 1996. The Life Healthcare DB Pension Fund provides retirement benefits for 105 active members and 246 pensioners.

The Lifecare Group Holdings (LGH) Pension Fund no longer has active members. The fund has purchased an annuity policy which covers the liability to pay pensions.

The Company-supported retirement funds offer group life cover and disability benefits to members. Permanent disability and death are covered by lump sum payments that are underwritten by an insurer. The standard cover for new employees is three times annual salary for 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 R7 000 per month (with effect from 1 January 2018) 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 up to two children is subsidised by the Company.

The Company participates in the open medical scheme market and offers Medshield and Discovery Health as options to employees. In addition, medical aid membership is voluntary for employees who earn below the threshold level referred to on the previous page.

However, the Company has procured a primary health benefit for employees earning below R7 000 per month who opt not to join a medical aid. 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

- ◆ Alignment with Group and business unit performance
- ◆ Individual performance, which includes transformation and quality
- ◆ Rewards performance against stretch targets

The Group's variable compensation plan (VCP) is a short-term reward scheme based on balanced scorecard methodology and is offered to managers who have line of sight and contribute to the profitability of the business.

Balanced scorecard measures are weighted differently at each level of the organisation in line with the accountability of employees and the behaviour that needs to be encouraged. Both modifiers and gatekeepers are applicable where appropriate, where the gatekeeper acts as a penalty, and a modifier may enhance or decrease incentives for performance relative to targets.

In setting targets, the committee is mindful that external factors, some of which are unpredictable, can mitigate performance, but it strongly believes that overall sustainable performance should still be carefully considered and then targeted, within a mix of financial and non-financial measures that are directly controllable, but still in the context of overall affordability and alignment with shareholder outcomes.

The board may apply its discretion on all payments, to mitigate against unintended consequences, but this discretion is reluctantly applied, and only used in extreme and exceptional circumstances. Such discretion for executives is fully disclosed in the implementation report.

For each performance measure or scorecard element, a weighting is set reflecting its overall importance for that year, as well as levels for threshold, target and stretch performance. Individual and corporate performance targets are reviewed annually in advance.

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

A review of the variable compensation plan was undertaken during the year and line of sight to objectives was improved. In addition, team-based objective setting was implemented and accountability for certain strategic objectives was extended to all scheme participants.

The Life Healthcare short-term incentive scheme will also be extended to senior management in Scanmed and AMG in the new financial year as part of the integration of incentive schemes, as this scheme is perceived as a suitable vehicle to drive the achievement of key business goals.

Annexure B: Remuneration report *continued*

The Group CEO has a bespoke balanced scorecard which, for the financial year under review, comprised the following measures; the outcomes of which will be discussed in the implementation report:

Group CEO¹	Personal (weighting 50%) <ul style="list-style-type: none"> ▸ Realign the long-term Group strategy based on global market trends and context ▸ Revise the Group organisation structure to support the strategy ▸ Conclude the Max India transaction ▸ Implement the integration of AMG structure ▸ Establish and deliver on media and external stakeholder engagement plan
	Financial (weighting 50%) <ul style="list-style-type: none"> ▸ Working capital management (cash generated from operations) ▸ Operating profit against budget

Scanmed (Poland) short-term incentive scheme

STI payment is made annually and is based on the following measures:

Measures	Weighting
Financial goals	75%
Personal performance	25%

Alliance Medical short-term incentive scheme

Short-term variable compensation is paid to the management board of Alliance Medical and targeted reward is based on seniority. Payment is made annually and is based on the following measures:

Measures	Weighting
Financial goals	67%
Personal performance	33%

Life Healthcare variable compensation plan (VCP) (southern Africa)

(a) *Balanced scorecard measures*

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

¹ This arrangement was implemented for FY2018 only in view of the fact that the CEO joined in February 2018 and had limited opportunity to influence the financial outcomes during the remainder of the current financial year. Future financial ratings will typically comprise at least 70% of KPIs.

VCP payment	Personal performance
	Personal targets
	Quality criteria
	Transformation targets
	Group performance
	Working capital
	Operating profit
	Business unit performance (UFT)
	Working capital
Operating EBITDA	

(b) Balanced scorecard measures

The level of potential reward has been industry benchmarked and directly influences total remuneration. A targeted percentage, ranging from 10% to 90% of remuneration, represents a theoretical on-target reward should the targeted objectives be met, which escalates as responsibility increases. However, actual reward may exceed this percentage if targets are exceeded.

Maximum rewards as a percentage of on-target performance for all employees are as follows:

Group performance:	capped at 225%
Business unit performance:	capped at 225%
Personal performance:	capped at 160%

The maximum potential reward based on the above criteria ranges from 8% to 173% of guaranteed salary, depending on the management level.

Outperformance incentive scheme

A short-term outperformance (or kicker) scheme has been introduced and will run annually for the next two years only, to secure the Company's key talent in the extraordinary circumstances of the extended period of corporate activity in the healthcare sector.

Its intention is to incentivise superior business and personal performance and further retain the loyalty and commitment of key management, and to ensure that true outperformance is rewarded.

Actual bonuses generated as outcomes in the VCP are to be matched with a further 40% component, which matching component will be subject to a modifier between 50% and 150%, based on an assessment of a scorecard of critical sustainability measures.

Annexure B: Remuneration report *continued*

Long-term incentive plan

Long-term incentives

- ▶ Direct alignment with shareholders' interests by making the award conditional upon achievement of targets
- ▶ Awards are made annually to eligible senior managers
- ▶ Scheme reviewed annually to ensure its continuous alignment to strategic goals and long-term sustainability of the Company
- ▶ To be extended to senior management across all geographies

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 based on Group performance against long-term measures.

The aims of the plan are:

- ▶ 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;
- ▶ to assist with the recruitment and motivation of managers of the Group;
- ▶ to reward executives for sustained out-performance; and
- ▶ in terms of newly adopted policy to encourage unencumbered share ownership, an element of retention, but still governed by performance criteria.

Historical LTI scheme (2014 allocation)

The last allocation in terms of this scheme was made in 2014. All allocations have vested, however, there are still employee purchased shares and Company matched shares held in Trust until restrictions are lifted at the end of January 2019.

LTI scheme (introduced from 2015 to 2017)

The LTI scheme is a notional performance share scheme for all senior managers and executives. Allocations are made annually and the first allocation was made in September 2015. The notional value of the performance shares is linked to the Company's share price.

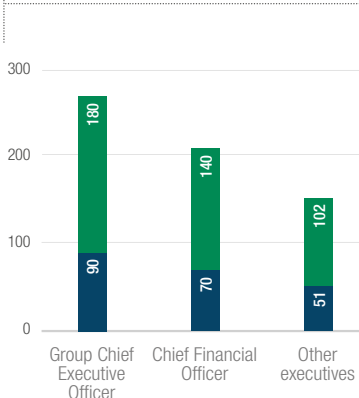
The performance measures and allocation methodology are detailed below:

(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 on-target and maximum vesting for the Group Chief Executive Officer, Group Financial Officer, executive directors and prescribed officers are as follows:

LTIP allocations and maximum vesting (%)



- Maximum LTIP as percentage of cost to company
- On-target LTIP as percentage of cost to company

The value of the performance shares is determined by the Company's listed share price, using a 30-day volume weighted average traded price (VWAP).

(b) Sustained performance/retention modifier

The allocation of performance shares can be enhanced via a performance/retention modifier to retain key high-performing individuals.

(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.

The first vesting occurring at the end of August 2018. There are two equally weighted performance measures, namely:

- ◆ Actual TSR is compared to a comparator group of companies;
- ◆ Actual EBIT growth is compared to a composite inflation rate plus a hurdle rate.

MEASURE	VESTING CRITERIA	
Actual TSR	<ul style="list-style-type: none"> ◆ Below 50th percentile ◆ 60th percentile ◆ 80th percentile 	No payment On-target payment 200% award
Actual EBIT growth	<ul style="list-style-type: none"> ◆ Below CPI + 1% ◆ CPI + 4% ◆ CPI + 8% 	No payment On-target payment 200% award

Performance against both measures did not meet threshold levels and thus yielded no payment to participants.

MEASURE	OUTCOME	RESULT
Actual TSR	Not achieved	No payment
Actual EBIT growth	Not achieved	No payment

Annexure B: Remuneration report *continued*

LTIP 2018 and 2019 allocations

(a) *Once-off alternative LTI scheme 2018*

The 2018 offer in terms of the 2015 LTIP scheme was not made as a result of the Company being in an extended closed period since November 2017. In order to provide a consistent pattern of long-term incentive awards, an alternative once-off long-term bonus scheme was approved by the board to cover this period.

The once-off alternative offering is based on an additional third of the FY2018, FY2019 and FY2020 short-term bonus outcomes which will be banked and payment will be made in January 2021 to coincide with the date when the normal LTIP 2018 allocation would have vested.

(b) *LTIP 2015 scheme – 2019 allocation*

For FY2019 the Company will revert to the 2015 LTIP scheme and allocations will be made in February 2019.

(i) *Performance measures*

Scheme performance measures have been restated based on the following considerations:

- ▶ Better line of sight via country EBIT measure
- ▶ Core purpose measures namely patient satisfaction and patient incident rate
- ▶ ROCE versus WACC introduced to address capital allocation efficiency

The performance measures are tabled below:

Measure	ROCE	Normalised Group HEPS	Normalised country EBIT	Life core purpose outcomes
Group CEO and CFO	40%	40%	–	20%
Group executives	30%	–	35%**	35%
Other executives	30%	–	30%	40%

** Group executives measured on Group EBIT

Employment contracts

Executive employment contracts for management are generally subject to a three-month notice period and a subsequent six-month restraint of trade. These conditions also apply to the Group CEO.

The letters of appointment for executive directors specify that he/she “be required to tender his/her resignation as an executive director on the board with effect from the third anniversary date of the date of commencement of the contract and on the anniversary date of each subsequent 3 (three) year period for the duration of the contract”.

They are entitled, but not obliged, to offer themselves up for re-election as executive directors on the Life Healthcare board.

If their re-election is supported by the board, but they are not re-elected, the executive director will resign and the notice period will apply, or alternatively, an appropriate payment in lieu of the notice period may be agreed upon between the parties.

On expiry of the notice period, Life Healthcare will make the following payments:

An amount equivalent to 12 (twelve) months guaranteed remuneration and the amount of the 13th cheque payment (if applicable).

An amount equivalent to 12 (twelve) months of the variable compensation plan payment, based on the amount paid to the executive director during the immediately preceding 12-month period, to be escalated by the CPI increase over the same period.

They would be granted good leaver status with all benefits as provided for in the Life Healthcare LTIP.

Employee share plan

An employee share ownership plan was implemented via a trust. Commencing in 2012, the Company funded, via the trust, the purchase of shares to the value of R50 million or more per annum for the benefit of employees. This year an increased contribution of R62.75 million was approved by the board to purchase shares on behalf of employees.

The trust holds the shares and confers "rights" or units to shares to employees. Permanent employees who belong to specified Company retirement funds and have one year's service at the date of grant are eligible for an allocation. 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 the rights of each allocation made.

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

Employees who resign or are dismissed during the duration of the scheme will lose their rights to all allocations made, 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 paid out to them, less tax and costs. They will no longer participate in the employee share plan.

Shares, or the after tax equivalent in cash, 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.

The second vesting and first vesting of 25% of the 2012 and 2013 allocations have taken place in the current year. This means that next year the scheme will be fully ramped up to provide a 100% vesting to each employee who received their first allocation in 2012.

The Company will continue to acquire 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.

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.

An average increase of 11.8% was effective to non-executive directors' fees in 2018. This was done to address instances where non-executive directors' remuneration lagged the market; this market lag was caused by below market adjustments in prior years.

Annexure C: Remuneration implementation report

REMUNERATION POLICY REPORT

INTRODUCTION

Remuneration offered in year under review

This implementation report discloses the remuneration outcomes on a named individual basis, for each executive director and identified prescribed officer.

Additional tables provide details of all awards made under various remuneration incentive schemes:

- ◆ In schemes that have not yet vested, including the number of LTIP allocations; the values at date of allocation; their allocation and vesting dates; and an estimated fair value at the end of this reporting period.
- ◆ The cash value of all awards made under variable remuneration incentive schemes that were settled under the reporting period.
- ◆ The performance measures used with their relative weighting, as a result of which variable compensation plan (VCP) incentive awards, and long-term incentive plan allocations were made, including: the targets set for the performance measures and the corresponding value of the award opportunity; and for each performance measure, how the Group and executive managers, individually, performed against the set targets.

All individuals are subject to the Company's standard terms and conditions of employment, specifically as they relate to the employment contract and conditions relating to termination.

In order to align executive interest with that of shareholders, the directors of Life Healthcare (the board) agreed with the Group Chief Executive Officer (the CEO) on his appointment, that subject to the CEO investing R3 million in the Company's securities (direct investment), the Company would match this investment with the purchase of shares to the value of R9 million (matching investment). The Company matched shares will be restricted and will vest in tranches of one-third on 1 February 2019, 1 February 2020 and 1 February 2021, respectively.

Remuneration outcomes – total remuneration

2017/2018 total remuneration outcomes are provided on a name and role basis for the current and prior financial years, with explanatory footnotes identifying, where appropriate, the above positions.

As the appointment of Group CEO and CEO – SA were recent, no comparison to prior year can be made.

Remuneration outcomes – single figure

2017/2018 total remuneration outcomes are compared to the 2018 target pay mix and a single figure derivation on a name and role basis for the previous year and the year under review.

ACTUALS ACHIEVED 2017 AND 2018 IN RELATION TO 2018 PAY MIX TARGETS

GROUP CEO – Dr S Viranna

Commenced employment as Group CEO: 1 February 2018
 Not full year of assessment

R'000	Annual TCTC	Actual TGP (8 months)	STI performance bonus	Total annual compensation	LTIP expected value	Total remuneration
			90%		90%	
Min 2018	5 500	3 764		3 764		3 764
On-target 2018	4 950	3 764	3 300	7 064	4 950	12 014
Max 2018	9 529	3 764	6 353	10 117	9 900	20 017
Actual 2018		3 764	3 878	7 642	-	7 642

Group CEO purchased R3 million worth of LHC shares after the restrictions of the closed period lifted. The Company matched with a purchase of R9 million restricted shares (337 096 shares at an issue price of R26.46). These will vest to the Group CEO in three tranches over a period of three years.

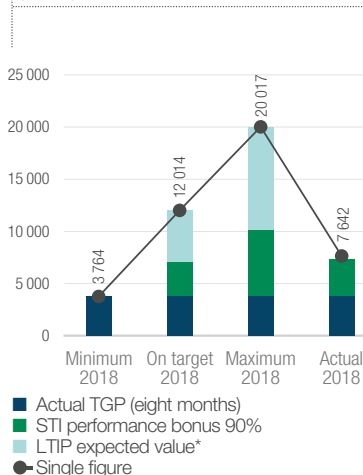
CEO SA – CLW Bekker

Retired end October 2018

R'000	Annual TGP	STI performance bonus	Total annual compensation	LTIP value	Total remuneration
		57.5%		70.0%	
Min 2018	3 661		3 661		3 661
On-target 2018	3 661	2 105	5 766	2 563	8 328
Max 2018	3 661	4 394	8 055	5 125	13 180
Actual 2017	3 275	1 049	4 324	1 416	5 740
Actual 2018	3 661	2 026	5 687	500	6 187
Year-on-year growth	11.8%	93%	32%	(100%)	(1%)

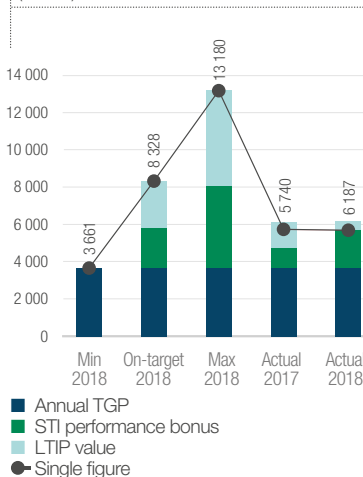
An additional bonus of R335 000 was awarded in FY2017 for the successful rights offer and bedding down of the AMG acquisition. Significant improvement in financial results resulted in the high STI performance bonus in FY2018. Details reflected under STI (VCP) outcomes.

Group CEO – Dr SB Viranna (R'000)



* No LTI allocation made in FY2018.

CEO SA – CLW Bekker (R'000)



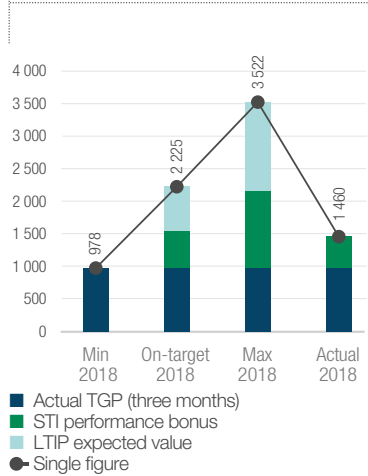
Annexure C: Remuneration implementation report *continued*

CEO SA – AM Pyle

Commenced on an interim handover period 1 July 2018
Only period as interim CEO SA reflected

R'000	Annual TCTC	Actual TGP (3 months)	STI performance bonus	Total annual compensation	LTIP expected value	Total remuneration
			57.5%		70.0%	
Min 2018	3 250	978		978		978
On-target 2018	1 869	978	563	1 540	685	2 225
Max 2018	2 275	978	1 175	2 152	1 370	3 522
Actual 2018		978	482	1 460	-	1 460

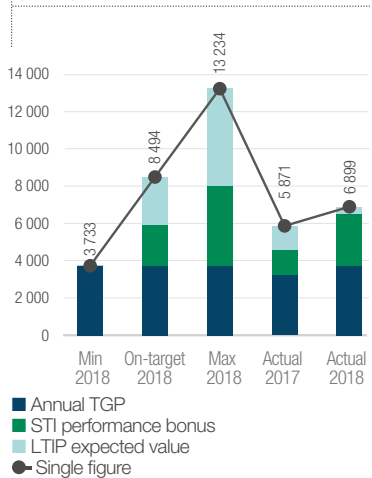
CEO SA – AM Pyle (R'000)



Group CFO – PP van der Westhuizen

R'000	Annual TGP	STI performance bonus	Total annual compensation	LTIP expected value	Total remuneration
		57.5%		70.0%	
Min 2018	3 733		3 733		3 733
On-target 2018	3 733	2 147	5 880	2 614	8 494
Max 2018	3 733	4 273	8 006	5 228	13 234
Actual 2017	3 219	1 375	4 594	1 277	5 871
Actual 2018	3 733	2 748	6 482	418	6 899
Year-on-year growth	16.0%	100%	41%	(67%)	18%

Group CFO – PP van der Westhuizen (R'000)



An additional allowance of R2.5 million was paid in his capacity as acting Group Chief Executive Officer from 1 July 2017 to 31 January 2018.

An additional bonus of R400 000 was awarded in FY2017 for the successful rights offer and bedding down of the AMG acquisition. Significant improvement in financial results resulted in the high STI performance bonus in FY2018. Details reflected under STI (VCP) outcomes.

Remuneration outcomes – 2017/2018 variable compensation plan (VCP) outcomes in detail

The results of performance against all measures in the corporate and individual scorecards are disclosed below in such a way that the stakeholder can reasonably assess whether the incentive is in line with the performance measures and the policy.

SHORT-TERM INCENTIVE OUTCOME**FY2017 VS FY2018****Group CEO – Dr SB Viranna**

Commenced February 2018

Period of review – 8 months

	FY2018		
	Weighting %	Achievement %	Total payment R'000
Group financial rating	50	115	1 898
Personal performance rating	50	120	1 980
Grand total (8 months)			3 878

Group CFO – PP van der Westhuizen

	FY2017			FY2018		
	Weighting %	Achievement %	Total Payment R'000	Weighting %	Achievement %	Total payment R'000
Group financial rating	60	–	–	60	115	1 517
Personal performance rating	40	130	975	40	140	1 231
Grand total			975			2 748

An additional bonus was awarded in FY2017 for the successful rights offer and bedding down of the AMG acquisition.

400

Annexure C: Remuneration implementation report *continued***CEO SA – CLW Bekker**

	FY2017			FY2018		
	Weighting %	Achievement %	Total payment R'000	Weighting %	Achievement %	Total payment R'000
Group financial rating	15			15	113	314
Unit financial rating	60	25	245	60	108	1 201
Personal performance rating	25	110	470	25	110	512
Grand total			715			2 027

An additional bonus was awarded in FY2017 for the successful rights offer and bedding down of the AMG acquisition.

335

CEO SA – AM Pyle

Period of review – 3 months

	FY2018		
	Weighting %	Achievement %	Total payment R'000
Group financial rating	15	115	81
Personal performance rating	60	85	238
	25	140	163
Grand total (3 months)			482

Remuneration outcomes – history of recently vested and unvested shares

There are currently unvested shares resulting from one legacy long-term incentive plan scheme and from the current (2015) long-term incentive plan.

- ◆ From the Life Healthcare 2013 long-term incentive plan, individuals were allowed to elect at the time of the 2013 and 2014 allocations to defer the vesting of their shares for a further two years (from three to five) and have those shares matched with additional restricted shares. The 2013 co-investment and matched shares vested in January 2018, while the 2014 shares will vest at the end of January 2019.
- ◆ From the Life Healthcare 2015 long-term incentive plan, performance shares were offered in 2015, 2016 and 2017. A three-year vesting period resulted in the first vesting occurring at the end of August 2018. Performance against both TSR and EBIT measures did not meet threshold levels and thus yielded no payment to participants (refer to remuneration report for performance criteria). The next vesting of the 2016 allocation occurs at the end of December 2018.
- ◆ The 2018 offer in terms of the 2015 long-term incentive plan was unable to be made as a result of the Company being in an extended closed period since November 2017. Accordingly, the Company has made an alternative once-off long-term restricted cash offer, the details of which are described in the remuneration report.

Annexure C: Remuneration implementation report *continued*

Summaries of the current situation for executive directors and prescribed officers are shown below:

Executives and prescribed officers

Life Healthcare long-term incentive schemes

	LTIP scheme	1 October 2017				Rights offer			
		Share allocation	Offer price R	Co-investment shares	Matched shares	Offer price R	Additional co-investment Shares purchased by executive	Adjustment co-matched shares R	
PP van der Westhuizen	LTIP 2009 scheme	1 Jan 13	31.66	7 031	11 916	24.50	2 406	4 077	
		1 Jan 14	35.05	7 381	12 509	24.50	2 526	4 280	
	LTIP scheme	Share allocation	Offer price R	Performance shares	Adjustment to performance shares				
						1 Sept 15	37.14	43 126	9 215
						1 Jan 16	34.58	40 620	8 679
1 Jan 17	31.59	65 380	13 970						

	LTIP scheme	1 October 2017				Rights offer			
		Share allocation	Offer price R	Co-investment shares	Matched shares	Offer price R	Additional co-investment shares purchased by executive	Adjustment co-matched shares R	
CLW Bekker	LTIP 2009 scheme	1 Jan 13	31.66	8 521	14 442	24.50	2 916	4 942	
		1 Jan 14	35.05	6 941	11 765	24.50	2 376	4 027	
	LTIP scheme	Share allocation	Offer price R	Performance shares	Adjustment to performance shares				
						1 Sept 15	37.14	29 226	6 245
						1 Jan 16	34.58	33 104	7 073
1 Jan 17	31.59	54 784	11 706						

Vested 1 February 2018		Balance 30 September 2018		
Number of shares	Price at exercise date R	Number of shares	Allocation value R	Value based on 30 September 2018 share price R
25 430	R25.90	-	-	-
		26 696	935 695	655 654
		Total number of shares	Allocation value R	Value based on 30 September 2018 share price R
52 341		-	-	-
		49 299	1 704 759	1 210 783
		79 350	2 506 667	1 948 836

Vested 1 February 2018		Balance 30 September 2018		
Number of shares	Price at exercise date R	Number of shares	Allocation value R	Value based on 30 September 2018 share price R
30 821	25.90	-	-	-
		25 109	812 519	616 677
		Total number of shares	Allocation value R	Value based on 30 September 2018 share price R
35 471		-	-	-
		40 177	1 389 321	986 747
		66 490	2 100 419	1 632 994

Annexure C: Remuneration implementation report *continued*

		1 October 2017		Rights offer		Vested 1 February 2018	Balance 30 September 2018
		Share allocation	Offer price R	Per- formance shares	Adjust- ment to per- formance shares	Allocation value R	Value based on 30 September 2018 share price R
AM Pyle	LTIP 2015 scheme	1 Jan 17	31.59	34 126	7 292	1 308 395	1 017 226

Adjusted allocations as a results of the rights process, according to the rules of the LTIP schemes to ensure "that participants are in the same economic position that they were in prior to the happening of the relevant event". This was approved by the board, confirmed by Deloitte as fair and practical and PwC confirmed that it resulted in no adverse accounting interventions.

Annexure D: Audited summarised consolidated annual financial results

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2018

	2018 R'm	% change	2017 R'm
Revenue	23 488	12.9	20 797
Operating expenses	(19 640)		(17 177)
Operating profit	3 848	6.3	3 620
Fair value adjustment to contingent consideration	(18)		43
Transaction costs relating to acquisitions	(38)		(267)
Impairment of assets and investments	(34)		(167)
Profit on remeasuring previously held interest in associate to fair value	–		6
Profit/(loss) on disposal of property, plant and equipment	35		(37)
Gain on derecognition of lease assets and liabilities	79		–
Fair value profit/(loss) on derivative financial instruments	127		(92)
Other	(95)		(20)
Finance income	40		162
Finance cost	(1 002)		(1 299)
Share of associates' and joint ventures' net loss after tax	(105)		(15)
Profit before tax	2 837		1 934
Tax expense	(923)		(815)
Profit after tax	1 914	71.0	1 119
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve	183		127
Items that will not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid	–		13
Total comprehensive income for the year	2 097	66.6	1 259
Profit after tax attributable to:			
Ordinary equity holders of the parent	1 575	93.5	814
Non-controlling interest	339		305
	1 914	71.0	1 119
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	1 757	84.6	952
Non-controlling interest	340		307
	2 097	66.6	1 259
Weighted average number of shares in issue (million)	1 451	10.8	1 310
Earnings per share (cents)	108.6	74.6	62.2
Headline earnings per share (cents)	108.8	40.6	77.4
Diluted earnings per share (cents)	108.1	74.4	62.0
Diluted headline earnings per share (cents)	108.3	40.3	77.2
Headline earnings (R'm)			
Profit attributable to ordinary equity holders	1 575		814
Headline earnings adjustable items (net of tax)			
Impairment of assets and investments	34		167
Profit on remeasuring previously held interest in associate to fair value	–		(4)
(Profit)/loss on disposal of property, plant and equipment	(30)		37
Headline earnings	1 579	55.7	1 014

Summarised consolidated statement of financial position

as at 30 September 2018

	Notes	2018 R'm	2017 R'm
Assets			
Non-current assets			
		30 558	31 459
Property, plant and equipment		12 243	11 131
Intangible assets		17 084	16 281
Other non-current assets		1 231	4 047
Current assets			
		8 584	5 180
Cash and cash equivalents		1 494	1 176
Other current assets		4 249	4 004
Asset classified as held for sale		2 841	–
Total assets		39 142	36 639
Equity and liabilities			
Capital and reserves			
Stated capital		13 510	13 084
Reserves		1 406	1 296
Non-controlling interest		1 286	1 171
Total equity		16 202	15 551
Liabilities			
Non-current liabilities			
		14 764	9 991
Interest-bearing borrowings	1	12 870	7 786
Other non-current liabilities		1 894	2 205
Current liabilities			
		8 176	11 097
Bank overdraft		488	450
Interest-bearing borrowings	1	3 086	6 301
Other current liabilities		4 602	4 346
Total liabilities		22 940	21 088
Total equity and liabilities		39 142	36 639

Annexure D: Audited summarised consolidated annual financial results *continued*

Summarised consolidated statement of changes in equity

for the year ended 30 September 2018

	Total capital and reserves R'm	Non-controlling interest R'm	Total equity R'm
Balance at 1 October 2017	14 380	1 171	15 551
Total comprehensive income for the year	1 757	340	2 097
Profit for the year	1 575	339	1 914
Other comprehensive income	182	1	183
Issue of new shares as a result of scrip distributions	450	-	450
Transactions with non-controlling interests	(474)	19	(455)
Distributions to shareholders	(1 208)	(244)	(1 452)
Net movement in treasury shares for staff benefit schemes	(66)	-	(66)
Share-based payment charge for staff benefit schemes	77	-	77
Balance at 30 September 2018	14 916	1 286	16 202
Balance at 1 October 2016	5 486	1 312	6 798
Total comprehensive income for the year	952	307	1 259
Profit for the year	814	305	1 119
Other comprehensive income	138	2	140
Issue of new shares as a result of scrip distributions	712	-	712
Issue of new shares as a result of the rights offer, net of costs	8 770	-	8 770
Gains on transactions with non-controlling interests	6	(6)	-
Transactions with non-controlling interests	(6)	(205)	(211)
Non-controlling interest arising on business combination	-	17	17
Distributions to shareholders	(1 477)	(254)	(1 731)
Purchase of treasury shares for staff benefit schemes	(125)	-	(125)
Share-based payment charge for staff benefit schemes	62	-	62
Balance at 30 September 2017	14 380	1 171	15 551

Summarised consolidated statement of cash flows

for the year ended 30 September 2018

	2018 R'm	% change	2017 R'm
Cash generated from operations	5 503	18.0	4 663
Transaction costs paid	(38)		(210)
Interest received	40		162
Tax paid	(1 065)		(891)
Net cash from operating activities	4 440	19.2	3 724
Capital expenditure	(2 244)		(1 656)
Acquisition of Alliance Medical (net of cash acquired)	-		(9 568)
Other investments (net of cash acquired) and contingent considerations paid	(1 131)		(733)
Other	11		72
Net cash utilised in investing activities	(3 364)		(11 885)
Proceeds from interest-bearing borrowings	8 437		18 685
Repayment of interest-bearing borrowings	(6 784)		(15 462)
Proceeds from issue of shares as a result of the rights offer, net of costs	-		8 770
Finance costs paid	(903)		(1 210)
Dividends paid	(758)		(765)
Other	(818)		(720)
Net cash (utilised in)/generated from financing activities	(826)		9 298
Net increase in cash and cash equivalents	250		1 137
Cash and cash equivalents – beginning of the year	726		(426)
Effect of foreign exchange rate movements	30		15
Cash and cash equivalents – end of the year	1 006		726

Annexure D: Audited summarised consolidated annual financial results *continued*

Segment information

for the year ended 30 September 2018

The hospitals and complementary services segment comprises all the acute hospitals and complementary services in southern Africa. The healthcare services segment comprises Life Esidimeni and Life Employee Health Solutions in southern Africa.

Alliance Medical comprises diagnostic services in the United Kingdom and Europe, and Poland comprises healthcare services in Poland.

The operating businesses have been aggregated into different segments based on the similar nature of products and services, similar economic characteristics, similar type of customers and operating in a similar regulatory environment.

Inter-segment revenue of R4 million (2017: R5 million) is eliminated and relates to revenue between Life Employee Health Solutions and the southern Africa business.

	2018 R'm	2017 R'm
Revenue		
Southern Africa		
Hospitals and complementary services	16 118	15 019
Healthcare services	1 122	871
Alliance Medical		
Diagnostic services	4 988	3 812
Poland		
Healthcare services	1 260	1 095
	23 488	20 797
Normalised EBITDA¹		
Southern Africa		
Hospitals and complementary services	3 703	3 420
Healthcare services	131	121
Alliance Medical		
Diagnostic services	1 161	908
Poland		
Healthcare services	85	44
Corporate	455	508
	5 535	5 001

¹ Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading-related costs or income.

Annexure D: Audited summarised consolidated annual financial results *continued*Segment information *continued*

for the year ended 30 September 2018

	2018 R'm	2017 R'm
Depreciation		
Southern Africa		
Hospitals and complementary services	(531)	(475)
Healthcare services	(17)	(14)
Alliance Medical		
Diagnostic services	(480)	(390)
Poland		
Healthcare services	(59)	(58)
Corporate	(46)	(34)
	(1 133)	(971)
EBITA¹		
Southern Africa		
Hospitals and complementary services	3 172	2 945
Healthcare services	114	107
Alliance Medical		
Diagnostic services	681	518
Poland		
Healthcare services	26	(14)
Corporate	409	474
	4 402	4 030
Amortisation		
Southern Africa		
Hospitals and complementary services	(131)	(135)
Alliance Medical		
Diagnostic services	(387)	(284)
Poland		
Healthcare services	(19)	(20)
	(537)	(439)
Operating profit before items detailed on page 45		
Southern Africa		
Hospitals and complementary services	3 041	2 810
Healthcare services	114	107
Alliance Medical		
Diagnostic services	294	234
Poland		
Healthcare services	7	(34)
Corporate	409	474
	3 865	3 591

¹ EBITA = normalised EBITDA less depreciation.

	2018 R'm	2017 R'm
Operating profit before items detailed below	3 865	3 591
Retirement benefit asset and post-employment medical aid income	34	29
Severance payments	(51)	–
Operating profit	3 848	3 620
Fair value adjustment to contingent consideration	(18)	43
Transaction costs relating to acquisitions	(38)	(267)
Impairment of assets and investments	(34)	(167)
Profit on remeasuring previously held interest in associate to fair value	–	6
Profit/(loss) on disposal of property, plant and equipment	35	(37)
Gain on derecognition of lease assets and liabilities	79	–
Fair value profit/(loss) on derivative financial instruments	127	(92)
Other	(95)	(20)
Finance income	40	162
Finance costs	(1 002)	(1 299)
Share of associates' and joint ventures' net loss after tax	(105)	(15)
Profit before tax	2 837	1 934

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

Annexure D: Audited summarised consolidated annual financial results *continued*Segment information *continued*

for the year ended 30 September 2018

	2018 R'm	2017 R'm
Total assets before items below		
Southern Africa	12 998	12 542
Alliance Medical	19 559	17 815
Poland	2 519	2 280
India (classified as held for sale in the current year)	2 841	2 960
	37 917	35 597
Employee benefit assets	401	399
Deferred tax assets	700	608
Derivative financial assets	100	2
Income tax receivable	24	33
Total assets per the balance sheet	39 142	36 639
Net debt		
Southern Africa	8 018	7 976
Alliance Medical	5 854	4 276
Poland	1 078	1 109
	14 950	13 361
Cash and cash equivalents (net)		
Southern Africa	(82)	49
Alliance Medical	944	590
Poland	144	87
	1 006	726

Net debt is a key measure for the Group, which comprises all interest-bearing borrowings, overdraft balances and cash on hand.

Acquisitions and disposals of investments in subsidiaries

Transactions with non-controlling interests

Increase and decrease in ownership interest in southern Africa subsidiaries

The Group had increases and decreases in its percentage shareholding in some of its subsidiary companies due to transactions with minority shareholders. The largest impact on the Group cash flows were the acquisition of additional shares in Metropol Hospitals Proprietary Limited (R376 million cash outflow) and Border Hospitals Proprietary Limited (R94 million cash outflow).

Business combinations

The following acquisitions took place during the current financial year.

	EOH Abantu Proprietary Limited (EOH) and Centro Alfa srl	Imed srl	Business of Piramal Imaging SA and three subsidiaries (Piramal)
Acquirer	Life Employee Health Solutions and Alliance Medical respectively	Alliance Medical	Alliance Medical
Country of incorporation	South Africa and Italy respectively	Italy	Switzerland, with businesses in Germany, United Kingdom and United States
Acquisition date	1 October 2017 and 5 September 2018 respectively	17 March 2018	25 June 2018
Percentage voting equity interest acquired	100%	100%	100%
Primary reasons for business combination	Expanding the Group's footprint in the Life Employee Health Solutions business as well as continuing its strategy to acquire clinics in Italy	In line with Life Healthcare's strategy to establish a sizeable international business, the acquisition of Imed ensured a footprint in another region in Italy and complements the Group's existing diagnostic services segment	The acquisition of Piramal expands the Group's molecular imaging business with the development and ownership of a proprietary broader range of non-invasive molecular imaging PET solutions
Qualitative factors that make up goodwill recognised	Attributable to future earnings potential and synergies	Attributable to future earnings potential and synergies	Attributable to the workforce and future earnings potential from commercialisation of the proprietary molecular imaging PET solutions
Contingent liabilities at acquisition	None	None	None

Annexure D: Audited summarised consolidated annual financial results *continued*Segment information *continued*

for the year ended 30 September 2018

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

R'm	EOH and Centro Alfa srl	Imed srl	Piramal
Total purchase consideration	(44)	(542)	(422)
Cash portion	(37)	(542)	(16)
Contingent consideration ¹	(7)	–	(406)
Fair value of net assets acquired²	15	223	180
Inventories	–	–	3
Trade and other receivables	1	39	62
Trade and other payables	(8)	(68)	(141)
Retirement benefit liability	–	(25)	–
Cash and cash equivalents	2	124	11
Income tax (payable)/receivable	–	(1)	5
Interest-bearing borrowings	(3)	–	–
Property, plant and equipment	17	51	19
Intellectual property	–	–	221
Customer relationships	7	124	–
Software	–	2	–
Deferred tax liabilities	(1)	(23)	–
Goodwill	(29)	(319)	(242)

¹ Contingent consideration (Piramal)

The contingent consideration will become payable when the acquired business is generating a positive cash contribution, measured on a cumulative basis from the date of acquisition. The contingent consideration is a 50% share of pre-tax cash generated for a period of 10 years post-acquisition or a maximum amount payable of USD200 million. The amount included is the calculated payment, based on long-term forecasts adjusted for probabilities associated with the success of the product developed, discounted to present value using a discount rate of 11.3%.

² *The fair values identified on acquisition, relating to Piramal and Imed, are provisional and subject to further review, and will be finalised during the 2019 financial year.*

R'm	EOH and Centro Alfa srl	Imed srl	Piramal
Cash outflow to acquire businesses, net of cash acquired			
Initial cash consideration	37	542	16
Less: Cash at acquisition	(2)	(124)	(11)
	35	418	5
Impact on consolidated information from date of acquisition			
Revenue	136	125	66
Net profit/(loss)	6	16	(82)
Impact on consolidated information if each business combination took place on 1 October 2017			
Revenue	145	236	228
Net profit/(loss)	6	32	(125)

Notes

1. Interest-bearing borrowings

	R'm
Total borrowings at 30 September 2017	14 087
Proceeds from interest-bearing borrowings	8 437
Repayment of interest-bearing borrowings	(6 784)
Derecognition of finance lease liabilities	(94)
Interest accrued	874
Interest paid	(738)
Other movements	(43)
Exchange differences	217
Total borrowings at 30 September 2018	15 956

Basis of presentation and accounting policies

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) Listings Requirements for preliminary reports, and the requirements of the South African Companies Act 71 of 2008 (as amended) 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*.

Annexure D: Audited summarised consolidated annual financial results *continued*

Segment information *continued*

for the year ended 30 September 2018

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 financial statements, except for the adoption of new, revised or amended 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 consolidated financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited consolidated 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 consolidated financial statements.

Overview

The Group results for the year ended 30 September 2018 reflect a strong overall performance with Group revenue growing by 12.9%, normalised EBITDA increasing by 10.7% and headline earnings per share up by 40.6%. The Group continues to diversify its revenue streams with 35% (2017: 28%) of Group revenue coming from outside the acute hospital business. The southern African operations returned to positive paid patient day (PPD) growth and continued to benefit from the strategy of expanding the complementary services business. In the Group's international operations, Scanmed S.A. (Scanmed) continued with its business turnaround and performed in line with H1 2018 and Alliance Medical Group Limited (Alliance Medical) delivered a good performance for the 2018 year. In the Alliance Medical UK business, molecular imaging (PET-CT) continued to experience solid scan volume growth with 2018 volumes increasing by 15.2% over the prior year. The diagnostic imaging business in the UK was impacted by increased mobile competition and a decrease in National Health Service (NHS) prices, and the strategic focus continues to move away from short-term contracts to long-term partnership solutions with hospital trusts. The Irish, Italian and northern Europe diagnostic businesses within Alliance Medical performed well over the year.

Operational review

Southern Africa

Revenue from the southern African operations increased by 8.5% to R17.2 billion (2017: R15.9 billion). Revenue in hospitals and complementary services grew by 7.3%. The business benefited from the 1.1% increase in PPDs (2017: -1.7%) and a higher revenue per PPD of 6.1%, made up of a 5.6% tariff increase and a 0.5% positive case mix impact. The overall weighted occupancy for the year remained relatively constant at 69.7% (2017: 70.0%), with 131 brownfield expansion beds being added. Complementary services continue to reflect good growth across its different lines of business with revenue increasing by 14.0%. Healthcare services benefited from the acquisition of the occupational health and wellness business (EOH) in October 2017 as well as the return of the Gauteng mental healthcare users.

Annexure D: Audited summarised consolidated annual financial results *continued* Commentary

Normalised EBITDA increased by 5.9% with an EBITDA margin of 24.9% for the year (2017: 25.5%). The EBITDA margin for hospitals and complementary services reflected a marginal improvement on 2017 with the overall margin being impacted by costs due to the investment in future growth projects.

The Group continues to improve on its quality outcomes with the overall patient experience improving and the patient incident rate declining. In line with the Group's strategy of increasing transparency around quality outcomes, the southern African business became the first hospital group in South Africa to publish quality scores on a per hospital basis from October 2018.

Alliance Medical

Alliance Medical's revenue increased by 30.8% to R5.0 billion (2017: R3.8 billion) and normalised EBITDA increased by 27.9% to R1.2 billion (2017: R0.9 billion) due to the inclusion of its results for the full 12 months in 2018 (2017: 10.3 months), and the subsequent acquisitions of the Italian clinics, Imed and Centro Alfa, as well as Piramal. The weakening of the rand against the pound sterling and euro also contributed to the increase. On a 12-month basis, revenue grew by 8.4% compared to 2017, on the back of strong growth in PET-CT volumes, the subsequent acquisitions and a solid underlying performance in Italy and Ireland. The Alliance Medical results include the acquisition of Piramal, the Group's investment in a clinical trials business, contributing revenue of R66 million and a loss of R45 million at an EBITDA level. Piramal has a track record in research, development, marketing and sales of non-invasive molecular imaging PET solutions. The EBITDA margin on a 12-month basis was 23.3% (2017: 24.2%). The margin was impacted by Piramal, as well as the lower margin in the Life Radiopharma business (acquired in H2 2017). The margin excluding Piramal and Life Radiopharma is 25.3% (2017: 24.4%). Alliance Medical opened its first integrated diagnostic centre (IDC) in March 2018 and has contracts signed with an additional 12 trusts.

The Group agreed to transition certain members of the Alliance Medical management into non-executive roles. As part of this transition, the Group agreed to acquire the management's equity holding of 6.22% and settle the B-share liability for GBP35.7 million (R640 million). As a result of this settlement, the Group recognised a net gain of R23 million (2017: loss of R65 million) in profit or loss.

Poland

Scanned revenue for the year increased by 15.1% to R1 260 million (2017: R1 095 million). Normalised EBITDA increased by 93.2% to R85 million (2017: R44 million) with the EBITDA margin increasing to 6.7% (2017: 4.0%). These strong results are primarily as a result of the business turnaround driven by the management team and the continued integration and efficiency initiatives. In addition, new four-year Narodowy Fundusz Zdrowia (NFZ) contracts covering 95% of the Scanned business have been concluded at improved average pricing. The prior year also included a downward adjustment to EBITDA of R23 million mainly relating to overquota revenue.

India

In September 2018, the board accepted an offer from the global investment firm Kohlberg Kravis Roberts and Co LP (KKR) of 80 rupees per share for the Life Healthcare equity shareholding in Max Healthcare Institute Limited (Max). The offer values the Life Healthcare stake at approximately R4.3 billion before costs and the impact of exchange rate fluctuations (the R4.3 billion is an indicative amount based on the rate of exchange as at 19 September 2018, R1 = INR4.93). The final amount will be determined based on the rate of exchange when the transaction is finalised. The offer is subject to the signing of a sale agreement and regulatory approvals. The Group entered into foreign exchange option contracts to manage exposure to fluctuations in the exchange rates on the proceeds relating to the sale.

The Group ceased equity accounting the investment on 30 June 2018, since the IFRS 5 criteria had been met on 1 July 2018. The results relating to Max for the nine-month period reflect a loss of R118 million (2017: loss of R27 million).

Annexure D: Audited summarised consolidated annual financial results *continued*

Commentary *continued*

Financial performance

Group revenue increased by 12.9% to R23.5 billion (2017: R20.8 billion) consisting of an 8.5% increase in southern African revenue to R17.2 billion (2017: R15.9 billion); R5.0 billion (2017: R3.8 billion) revenue contribution from Alliance Medical and R1 260 million (2017: R1 095 million) revenue contribution from Poland.

Normalised EBITDA increased by 10.7% to R5.5 billion (2017: R5.0 billion).

	2018 R'm	% change	2017 R'm
Normalised EBITDA			
Operating profit	3 848	6.3	3 620
Depreciation on property, plant and equipment	1 133	16.7	971
Amortisation of intangible assets	537	22.3	439
Retirement benefit asset and post-employment medical aid income	(34)		(29)
Severance payments	51		–
Normalised EBITDA	5 535	10.7	5 001
Southern Africa	4 289	5.9	4 049
Alliance Medical	1 161	27.9	908
Poland	85	93.2	44

Cash flow

The Group produced strong cash flows from operations, increasing by 18.0%, due to improved working capital management and better operational performance.

Financial position

The Group concluded the refinancing of the UK bridge facilities in November 2017 and arranged GBP225 million and EUR302.5 million facilities for general corporate requirements.

Net debt to normalised EBITDA as at 30 September 2018 was 2.73 times (2017: 2.55 times). The bank covenant for net debt to EBITDA is 3.50 times (2017: 3.50 times).

Capital expenditure

During the current financial period, Life Healthcare invested R3.4 billion (2017: R12.0 billion, including the acquisitions of Alliance Medical), mainly comprising capital projects of R2.1 billion (2017: R1.6 billion), new acquisitions (net of cash acquired) by Alliance Medical of R434 million (2017: R292 million) and settling the B-share liability for R640 million. The Group has approved R2.6 billion for its 2019 capital expenditure programme. The maintenance capex for the year was R878 million (2017: R837 million).

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

HEPS increased by 40.6% to 108.8 cps (2017: 77.4 cps). EPS on a normalised basis, which excludes non-trading related items, increased by 17.4% to 110.2 cps (2017: 93.9 cps).

	2018 R'm	% change	2017 R'm
Weighted average number of shares in issue (million) ¹	1 451	10.8	1 310
Normalised earnings			
Profit attributable to ordinary equity holders	1 575		814
Adjustments (net of tax)			
Retirement benefit asset and post-employment medical aid income	(24)		(21)
Fair value adjustment to contingent consideration	18		(43)
Transaction costs relating to acquisitions	38		267
Impairment of assets and investments	34		167
Profit on remeasuring previously held interest in associate to fair value	–		(4)
(Profit)/loss on disposal of property, plant and equipment	(30)		37
Gain on derecognition of lease assets and liabilities	(71)		–
Fair value gain on foreign exchange option contracts	(17)		(7)
Other	75		20
Normalised earnings	1 598	29.9	1 230
Normalised EPS (cents)	110.2	17.4	93.9

¹The weighted number of shares in issue in the current year increased by 10.8% due to the effect of the rights offer shares issued in April 2017 as well as the scrip distribution shares issued during the current year.

Annexure D: Audited summarised consolidated annual financial results *continued*

Commentary *continued*

Changes to board of directors

SB Viranna was appointed as Group Chief Executive Officer effective 1 February 2018.

MEK Nkeli resigned as an independent non-executive director with effect from 31 May 2018.

AM Mothupi was appointed chairman of the social, ethics and transformation committee with effect from 31 May 2018.

Cash dividend declaration

The board approved a final gross cash dividend of 50 cents per ordinary share for the year ended 30 September 2018. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders not exempt therefrom, after deduction of which the net cash dividend is 40 cents per share.

The Company's total number of issued ordinary shares is 1 467 349 162 as at 22 November 2018. The Company's income tax reference number is 9387/307/15/1.

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

Last date to trade cum dividend	Tuesday, 11 December 2018
Shares trade ex the dividend	Wednesday, 12 December 2018
Record date	Friday, 14 December 2018
Payment date	Tuesday, 18 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 12 December 2018 and Friday, 14 December 2018, both days inclusive.

Outlook

Southern Africa

In southern Africa, the Group expects PPDs to continue to grow conservatively with continued good growth in complementary and healthcare services. Although the Group will continue to take a cautious approach with regard to bed expansion, adding 80 greenfield mental health beds in Q2 2019 to facilitate the growing demand in this business. Capex for the year is expected at approximately R1.2 billion. The Group has realigned the southern African management team to enable a greater focus on increasing operational leverage, driving efficiencies, improving clinical quality outcomes and clinical efficiency, broadening the service offering outside of the acute spectrum and ensuring continued good growth with improved margins within healthcare services.

Alliance Medical

Alliance Medical will continue to execute on its growth strategies and good PET-CT volume growth is expected to continue in the UK. In addition, the UK business will look to roll out five IDCs while focusing on signing additional long-term contracts. The businesses in Italy and Ireland are expected to show good growth on the back of volume increases, the growth of the clinic business in Italy as well as introducing the clinic model to Ireland. Capex for the year is expected to be approximately R1.2 billion.

Poland

Prospects for Scanmed have improved on the back of the new four-year contracts with the NFZ. The Group will continue to focus on driving further efficiencies and aligning the business to the Group's best operating practices. The effects of these plans, implemented to sustain growth and manage costs, will be seen over a reasonable period of time. Capex for the year is expected at approximately R77 million.

Annexure D: Audited summarised consolidated annual financial results *continued* Commentary *continued*

Thanks

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

Approved by the board of directors on 22 November 2018 and signed on its behalf:

Mustaq Brey
Chairman

Shrey Viranna
Group Chief Executive Officer

Executive directors: SB Viranna (Group Chief Executive Officer), PP van der Westhuizen (Group Chief Financial Officer)

Non-executive directors: MA Brey (Chairman), PJ Golesworthy, ME Jacobs, AM Mothupi, JK Netshitenzhe, MP Ngatane, M Sello, GC Solomon, RT Vice

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

Date: 23 November 2018

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, and such information has not been reviewed or reported by the Company's auditors.

LIFE HEALTHCARE GROUP HOLDINGS LIMITED

Registration number: 2003/002733/06

Income tax number: 9387/307/15/1

ISIN: ZAE000145892

Share code: LHC

Annexure E: Board of directors

ONE NON-EXECUTIVE DIRECTOR

MA (Mustaq) Brey (64)

Chairman (non-executive director)

South African – BCompt (Hons), CA(SA)

Appointed to the board – 28 November 2003

Appointed Chairman – February 2013

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

EIGHT INDEPENDENT NON-EXECUTIVE DIRECTORS

PJ (Peter) Golesworthy (60)

Independent non-executive director

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

Appointed to the board – 10 June 2010

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

Prof ME (Marian) Jacobs (70)

Independent non-executive director

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

Appointed to the board – 1 January 2014

Prof Marian Jacobs retired as Dean of the Faculty of Health Sciences at the University of Cape Town in 2012 and holds the position of Emeritus Professor, Paediatrics and Child Health at that institution. Previous positions of employment include: Professor of Child Health and Director of the Children's Institute at the University of Cape Town, where she was also employed as a community paediatrician in a joint position with the Provincial Health Department, and earlier, as a community (public) health lecturer and specialist. Her global experience includes service as Chair of the boards of governance of the Medical Research Council in South Africa; the Centre for Health Research (ICDDR) in Bangladesh; the Council for Health Research and Development (COHRED) in Geneva, Switzerland; and the African Population and Health Research Centre in Nairobi, Kenya. Marian has served as convener and a member of the scientific committee of many national and international scientific congresses in the global health arena and has also co-authored a number of key publications over the course of her academic career. She currently chairs the advisory committee of the Academy for Leadership and Management in Healthcare in the National Department of Health, serves as a member of the technical steering committee for the World Health Organisation's Maternal, New-born Child and Adolescent Committee; and is Advisor to both the Global Mental Health Platform of the Gulbenkian Foundation in Portugal, and the Doris Duke African Health Initiative.

Annexure E: Board of directors *continued*

AM (Audrey) Mothupi (48)

Independent non-executive director

South African – Bachelor of Arts (BA, Hons), Political Science, Trent University, Canada
Appointed to the board – 3 July 2017

Audrey Mothupi is a businesswoman, entrepreneur and the Chief Executive Officer of SystemicLogic Group, a global financial innovation and technology disruptor. She currently serves on the following boards: Pick n Pay and Brainworks Capital. She serves as Chairman of the following non-profit boards: Orange Babies of South Africa (HIV/Aids), Numeric Board of South Africa (Maths) and Roedeans School (SA). Prior to SystemicLogic Group, Audrey served as the head of inclusive banking at the Standard Bank Group and Chief Executive of group strategic services at Liberty Group. As a result her experience spans across various business domains including group strategy, talent design, marketing and communications strategy, integrated with strong corporate relationship management. She was appointed to the Life Healthcare board of directors on 3 July 2017.

JK (Joel) Netshitenzhe (61)

Independent non-executive director

South African – MSC (University of London), Postgraduate Diploma in Economic Principles, Diploma in Political Science
Appointed to the board – 30 November 2010

Joel Netshitenzhe is the executive director and board Vice-Chairman of the Mapungubwe Institute for Strategic Reflection (MISTRA), an independent research institute dealing with strategic issues facing South Africa. Joel is a member of the National Planning Commission and the ANC National executive committee. Joel serves as a non-executive director on the boards of Nedbank Group 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 which is run by the Nelson Mandela Foundation and Life College Association. Before joining the Government Communication and Information System (GCIS) as CEO in 1998, he was head of communication in President Nelson Mandela's office. In addition to being GCIS CEO, he was appointed head of the Policy Co-ordination and Advisory Services (PCAS) in the presidency, in 2001. He headed the PCAS on a full-time basis from 2006 until his retirement in 2009. Prior to 1994, he served in various capacities within the ANC: Radio Freedom, Mayibuye editor, member of the ANC Politico-Military Council and deputy head of the Department of Information and Publicity, and as part of the ANC negotiating team. He was appointed to the Life Healthcare board of directors in 2010.

Dr MP (Malefetsane) Ngatane (64)

Independent non-executive director

South African – BSc, MBChB, FCOG
Appointed to the board – 25 July 2007

Dr Malefetsane Ngatane is a specialist obstetrician and gynaecologist. He has served as a consultant obstetrician and gynaecologist, as well as superintendent of the Chris Hani Baragwanath Hospital. He also served as the head of obstetrics and gynaecology at Natsalspruit Hospital. He is currently in private practice. Malefetsane serves on the boards of Boxing South Africa (BSA), the World Boxing Council based in Mexico and is the Vice-President of the African Boxing Union based in Tunisia. He serves as treasurer for the International Planned Parenthood Federation in Nairobi and is a trustee of the Commonwealth Boxing Council based in London. He was appointed to the Life Healthcare board of directors in 2007.

Adv M (Mahlape) Sello (56)

Independent non-executive director

South African – Master of Arts and Law (Russia); LLB (Wits)
Appointed to the board – 3 July 2017

Mahlape Sello is a practising advocate and a member of the Johannesburg Society of Advocates. She has been in practice since 2003. She is a panellist with the Arbitration Foundation of Southern Africa and China-Africa Joint Arbitration Centre. Mahlape was appointed a member of the South African Law Reform Commission in 2007, on which she served until December 2011, and was then reappointed in August 2013 to date. She is the chairperson of Murray & Roberts Limited having been appointed to the board in 2009 and to the chair in 2013. She is the

chairperson of the Advertising Industry Tribunal Appeal Committee of the Advertising Standards Authority of South Africa (appointed in 2013). She was appointed to the Life Healthcare board of directors on 3 July 2017.

GC (Garth) Solomon (51)

Independent non-executive director

South African – BCom, BCompt (Hons), CA(SA)

Appointed to the board – 23 March 2005

Garth Solomon 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 subcommittees 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 (71)

Independent non-executive director

South African – BCom, CA(SA)

Appointed to the board – 1 January 2014

Royden Vice is the chairman of the board of Waco International Holdings Proprietary Limited since retiring in July 2011 after 10 years as the company's CEO. The Waco group of companies has subsidiaries in the UK, USA, Australia, New Zealand, Chile and southern Africa. Prior to this, Royden was CEO of Industrial and Special Products of the UK-based BOC Group, responsible for operations in over 50 countries and revenue of USD4 billion. He was also Chairman of African Oxygen Limited (Afrox) from 1994 to 2001 and Afrox Healthcare, which successfully listed in 1999. He served as a non-executive director on the boards of Hudaco Industries Limited where he is the Chairman and Murray & 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).

TWO EXECUTIVE DIRECTORS

Pieter van der Westhuizen (47)

Group CFO

South African – CA(SA)

Appointed to the board – 1 June 2013

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. He held the role of Acting Group CEO from June 2017 to January 2018.

Dr Shrey Viranna (43)

Group CEO

MBChB (UKZN)

Appointed to the board – 1 February 2018

Shrey is a medical doctor by training and has extensive experience in the healthcare industry having worked with leading healthcare organisations both locally and globally. He moved out of clinical practice to join McKinsey & Co where he worked for 12 years. Shrey gained extensive international exposure working in East Africa, southern Africa, India and the UK including advising on M&A transactions. Shrey joined Discovery in 2013 and served as the CEO for Discovery Vitality and Discovery Card. He has been responsible for driving profitable growth in these businesses. He assumed the role of Group Chief Executive Officer in February 2018.

Annexure F: Shareholder distribution

SHAREHOLDER DISTRIBUTION

Analysis of registered shareholders and Company

1. schemes

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders at 28 September 2018 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	10 643	68.83	8 809 769	0.60
1 001 – 10 000 shares	2 853	18.45	9 706 873	0.66
10 001 – 100 000 shares	1 206	7.80	42 715 336	2.91
100 001 – 1 000 000 shares	583	3.77	193 780 879	13.21
1 000 001 shares and above	177	1.14	1 212 336 268	82.62
Total	15 462	100.00	1 467 349 125	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	0.06	59 005 942	4.02
Directors	5	0.03	1 148 530	0.08
Brimstone Investment Corporation Limited	2	0.01	47 143 485	3.21
Life Healthcare Employees Share Trust	1	0.01	10 522 860	0.72
Life Healthcare long-term incentive schemes	1	0.01	191 067	0.01
Public shareholders	15 453	99.94	1 408 343 183	95.98
Total	15 462	100.00	1 467 349 125	100.00

SHAREHOLDER DISTRIBUTION continued**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 28 September 2018:

Investment management shareholdings

Investment manager	Total shareholding	%
Allan Gray Investment Council	293 133 188	19.98
Government Employees Pension Fund (PIC)	179 025 726	12.20
Lazard Asset Management LLC Group	113 426 052	7.73
Coronation Asset Management	80 151 039	5.46
Industrial Development Corporation (IDC)	69 867 972	4.76
BlackRock Inc	58 148 808	3.96
The Vanguard Group Inc	51 777 562	3.53
Sanlam Investment Management	46 764 279	3.19
Total	892 294 626	60.81

Beneficial shareholdings

Beneficial shareholdings	Total shareholding	%
PIC	209 598 324	14.28
Allan Gray Balanced Fund	99 575 167	6.79
IDC	69 867 972	4.76
Lazard Emerging Market Fund	44 793 695	3.05
Total	423 835 158	28.88

Annexure F: Shareholder distribution *continued***SHAREHOLDER DISTRIBUTION** *continued***Previously disclosed holdings**

Investment managers now holding below 3%

Investment manager	Total shareholding	%	Previous %
Total	-	-	-

Beneficial owners now holding below 3%

Beneficial owners	Total shareholding	%	Previous %
Total	-	-	-

3. Geographic split of shareholders*Geographic split of investment managers and Company-related holdings*

Region	Total shareholding	% of issued capital
South Africa	989 686 326	67.45
United States of America and Canada	304 687 065	20.76
United Kingdom	63 122 540	4.29
Rest of Europe	59 645 834	4.06
Rest of World ¹	50 207 360	3.42
Total	1 467 349 125	100.00

¹ Represents all shareholdings except those in the above regions.**Geographic split of beneficial shareholders**

Region	Total shareholding	% of issued capital
South Africa	940 598 425	64.10
United States of America and Canada	282 241 408	19.23
United Kingdom	36 525 788	2.49
Rest of Europe	106 391 399	7.25
Rest of World ¹	101 592 105	6.93
Total	1 467 349 125	100.00

SHAREHOLDER DISTRIBUTION continued**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	547 336 859	37.30
Pension funds	432 686 743	29.49
Government of SA	69 867 972	4.76
Sovereign wealth	64 354 100	4.39
Private investors	63 608 952	4.33
Trading position	48 223 130	3.29
Insurance companies	46 257 488	3.15
Exchange-traded fund	34 113 548	2.32
Custodians	17 064 367	1.16
Employees	10 713 927	0.73
American Depository Receipts	10 471 140	0.71
University	5 890 849	0.40
Charity	3 644 268	0.25
Medical aid scheme	2 707 280	0.18
Local authority	2 611 131	0.18
Hedge fund	2 511 507	0.17
Corporate holding	662 286	0.05
Black economic empowerment	661 045	0.05
Foreign government	438 681	0.03
Remainder	103 523 852	7.06
Total	1 467 349 125	100.00

Annexure G: Share capital

	2018 R'm	2017 R'm
STATED CAPITAL		
Stated capital comprises:		
Share capital	10 507	10 057
Share premium	3 373	3 373
Treasury shares	(370)	(346)
	13 510	13 084
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 (2017: R4 149)		
Issued and fully paid:		
Balance at 1 October	1 449 391	1 057 800
Share issued as a result of scrip distributions	17 958	24 244
Share issued as a result of rights offer ¹	–	367 347
Balance at 30 September	1 467 349	1 449 391
Total value = R1 467 (2017: R1 449)		

¹ The purpose of the rights offer was to repay a portion of the bridge facility utilised for the Alliance Medical acquisition. On 16 March 2017 the Group invited its shareholders to subscribe to a rights offer of 367 346 939 new Life Healthcare Group Holdings Limited ordinary shares at an issue price of R24.50 per share on the basis of 34.21659 shares for every 100 ordinary shares held. The issue was fully subscribed. Costs of R230 million directly attributable to the rights offer were capitalised against stated capital.

	Number of shares		Value of shares	
	2018 '000	2017 '000	2018 R'm	2017 R'm
Treasury shares				
Balance at 1 October	10 387	7 365	(346)	(282)
Granted	2 731	2 728	(72)	(73)
Granted as a result of rights issue	–	2 252	–	(55)
Exercised	(67)	(174)	2	6
Vested	(1 269)	(1 784)	46	58
Balance at 30 September	11 782	10 387	(370)	(346)

Treasury shares are shares in Life Healthcare Group Holdings Limited that are held for the purpose of the staff benefit schemes. (Life Healthcare employee share trust and long-term incentive scheme).

Administration

GROUP COMPANY SECRETARY

Fazila Patel

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REGISTRATION

2003/002733/06

PLACE OF INCORPORATION

Illovo

JSE CODE

LHC

ISIN

ZAE000145892

ATTORNEYS

Cliffe Dekker Hofmeyr Inc.

AUDITORS

PricewaterhouseCoopers Inc.

TRANSACTIONAL BANKERS

First National Bank

SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

TRANSFER OFFICE

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