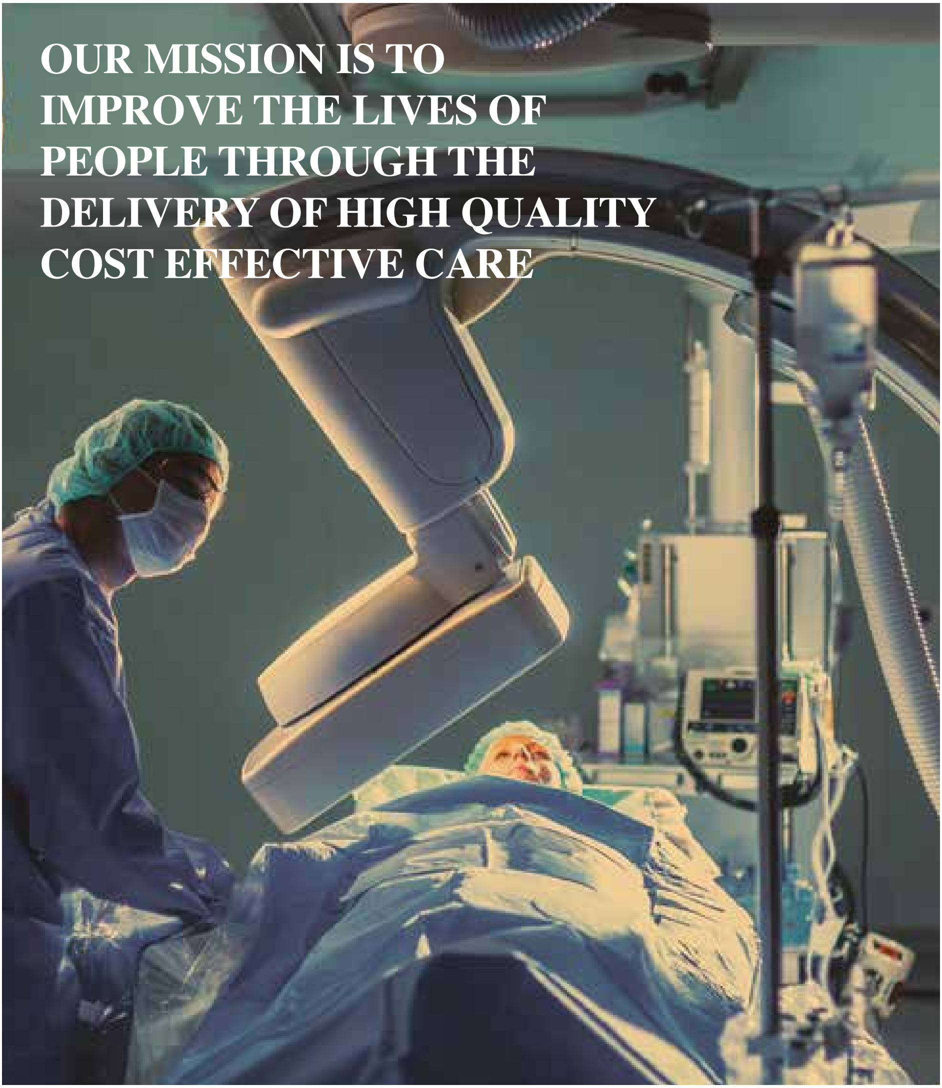
LIFE HEALTHCARE

NOTICE OF ANNUAL GENERAL MEETING

AND ABRIDGED SHAREHOLDER REPORT **2017**

Life	Health	Care
Well-being and quality of life	Clinical excellence in world-class facilities	Quality, service, respect and empathy for those entrusted to our care



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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 of annual general meeting

Notice is hereby given that the annual general meeting of shareholders of Life Healthcare Group Holdings Limited will be held at The Wanderers Club, 21 North Street, Illovo, Johannesburg on Wednesday, 31 January 2018, 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 2017, as published on the Company's website at www.lifehealthcare.co.za. The summarised consolidated 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 150 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 resolution numbers 1.1 to 1.2: Re-election of directors retiring by rotation

3.1 Ordinary resolution number 1.1

Resolved that MA Brey 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 a non-executive director of the Company;

3.2 Ordinary resolution number 1.2

Resolved that GC Solomon 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 numbers 1.3 to 1.4: Election of directors appointed during the year:

3.3 Ordinary resolution number 1.3

Resolved that Adv. M Sello who was appointed by the board as a non-executive director of the Company with effect from 3 July 2017, who retires in terms of clause 28.7.2 of the Company's MOI and who, being eligible, offers herself for election be hereby elected as an independent non-executive director of the Company;

3.4 Ordinary resolution number 1.4

Resolved that AM Mothupi who was appointed by the board as a non-executive director of the Company with effect from 3 July 2017, who retires in terms of clause 28.7.2 of the Company's MOI and who, being eligible, offers herself for election be hereby elected as an independent non-executive director of the Company;

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

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

Resolved that the reappointment of the auditors, PricewaterhouseCoopers Inc., as nominated by the Company's audit committee, as independent auditors of the Company and the Group; and M Naidoo as the designated audit partner, for the financial year ending 30 September 2018, be approved.

5. **Ordinary resolution 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:

5.1 PJ Golesworthy (Chairman);

5.2 AM Mothupi (subject to the adoption of ordinary resolution number 1.4);

5.3 RT Vice; and

5.4 GC Solomon (subject to the adoption of ordinary resolution number 1.2)

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 123 to 133 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 134 to 139 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).

7. **Ordinary resolution number 5: General authority to issue ordinary shares for cash**

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

- this authority shall be valid until the Company's next annual general meeting or for 15 (fifteen) months from the date of this resolution, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- the securities which are the subject of the general issue of shares for cash may not exceed 144 939 013 shares, being 10% (per cent) of the number of listed equity securities of the Company as at the date of this notice of annual general meeting, provided that:
  - any equity securities issued under this authority during the period must be deducted from the number above;
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
  - the calculation of the listed equity securities is a factual assessment of the listed equity securities as at the date of the notice of annual general meeting;
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the Company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company and the party subscribing for the securities;

Notice of annual general meeting continued

- a paid press announcement giving full details will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 10% or more of the number of ordinary shares in issue prior to that issue, in terms of the JSE Listings Requirements; and
- any such general issue is subject to exchange control regulations and approval at that time.

Additional information in respect of ordinary resolution number 5
Approval for this ordinary resolution is obtained by achieving a 75% majority of the votes cast in favour of this resolution at the annual general meeting by all shareholders entitled to vote thereon and present or represented by proxy. The effect of ordinary resolution number 5 is that the directors will be able to issue the authorised but unissued ordinary shares of R0.000001 each in the capital of the Company for cash, as and when suitable opportunities arise, subject to the requirements of the JSE, the restrictions/conditions set out in the authority, the Companies Act and the Company's MOI. Such issue may not exceed 10% of the number of listed equity securities as at the date of this notice, the number of listed equity securities in issue as at the date of this notice being 1 449 390 130 shares.

Special business

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

8. 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 JSE and done without any prior understanding or arrangement between the Company and/or the relevant subsidiary and the counterparty;
- an announcement complying with the JSE Listings Requirements be published by the Company (i) when the Company and/or its subsidiaries have cumulatively repurchased 3% of the ordinary shares in issue as at the time when the general authority was given (the initial number) and (ii) for each 3% in the aggregate of the initial number of the ordinary shares acquired thereafter by the Company and/or its subsidiaries;
- the repurchase by the Company of its own ordinary shares shall not in the aggregate in any one financial year exceed 5% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued ordinary shares of the Company at the relevant times are held by or for the benefit of the subsidiaries of the Company taken together;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf or on behalf of any subsidiary of the Company;
- subject to the exceptions contained in the JSE Listings Requirements, the Company and the Group will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in writing to the JSE prior to the commencement of the prohibited period;
- prior to the repurchase, a resolution has been passed by the board of directors of the Company confirming that the board has authorised the repurchase, that the Company satisfies the solvency and

liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group; and

- such repurchases will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to the particular repurchase), the Company's MOI, the JSE Listings Requirements and the Exchange Control Regulations 1961 as amended.

It is the intention of the board of directors to use this general authority should prevailing circumstances (including the tax dispensation and market conditions) warrant it, in their opinion.

The Company's directors undertake that they will not implement any such repurchases while this general authority is valid, unless:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 (twelve) months after the date of the general repurchase;
- the assets of the Company and the Group will exceed their liabilities for a period of 12 (twelve) months after the date of the general repurchase. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the Company's latest Group audited annual financial statements;
- the Company and the Group will have adequate share capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the general repurchase.

Reason for and effect of special resolution number 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 (pages 76 and 77 of the annual financial statements and Annexure F to this notice);
- Share capital of the Company (page 39 of the annual financial statements and Annexure G to this notice); and
- Directors' responsibility statement
  The directors, whose names appear on pages 104 to 106 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 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.

10. 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 any person or 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.

Notice of annual general meeting continued

The purpose for this authority is to grant the board of directors the authority to authorise the Company to provide intra-group loans and other financial assistance for purposes of funding the activities of the Group. The board undertakes that:

- it will not adopt a resolution to authorise such financial assistance, unless the board is satisfied that:
  - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
  - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company;
- 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.

11. 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 2018 on the basis set out below be hereby approved by way of a special resolution of the shareholders in terms of section 66(9) of the Companies Act:

	Meetings			**2017**		2018				
Committee	2016	2017	**Entity**	**Retainer per annum**	**Total meeting fees per annum**	Current annual costs	Proposed retainer per annum	Proposed fees per annum	Proposed annual cost	% increase in rate
Directors fees	4	4	**Chairperson**	**508 800**	**339 200**	848 000	546 960	364 640	911 600	7.5
			Board member	**116 604**	**77 380**	193 984	134 916	89 528	224 444	15.7
Lead independent director		4	**Board member**	**116 604**	**77 380**	193 984	202 374	134 292	336 666	73.6
Audit	4	4	**Chairperson**	**141 242**	**94 064**	235 316	149 016	99 236	248 252	5.5
			Board member	**83 040**	**55 288**	138 328	86 760	59 160	145 920	5.5
Remuneration	3	3	**Chairperson**	**108 108**	**72 090**	180 198	112 968	77 136	190 104	5.5
			Board member	**54 120**	**36 078**	90 198	57 096	38 061	95 157	5.5
Nominations	2	2	**Chairperson**	**71 916**	**47 966**	119 882	75 876	50 604	126 480	5.5
			Board member	**36 372**	**24 502**	60 424	40 008	26 458	66 466	10.0
Risk	3	3	**Chairperson**	**71 940**	**71 949**	143 889	79 140	79 143	158 283	10.0
			Board member	**36 216**	**36 078**	72 294	39 840	39 687	79 527	10.0
Investment	4	4	**Chairperson**	**108 120**	**95 932**	204 052	114 072	101 208	215 280	5.5
			Board member	**54 192**	**48 104**	102 296	57 168	50 748	107 916	5.5
Clinical governance, quality and safety	2	2	**Chairperson**	**71 940**	**47 966**	119 906	75 900	50 604	126 504	5.5
			Board member	**36 216**	**24 052**	60 268	39 840	26 458	66 298	10.0
Social ethics and transformation	3	3	**Chairperson**	**71 940**	**71 949**	143 889	75 900	75 906	151 806	5.5
			Board member	**36 216**	**36 078**	72 294	38 208	38 061	76 269	5.5
						2 979 202			3 326 972	11.8

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.

12. **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, 8 December 2017. 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, 26 January 2018, 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, 23 January 2018.

Approval required for resolutions

Ordinary resolution 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.

Ordinary resolution number 5 and special resolution 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, 29 January 2018, 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.

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.

Notice of annual general meeting continued

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their central securities depository participant (CSDP) or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the meeting, to obtain the necessary Letter of Representation to do so.

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

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

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

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

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

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

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

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

Proof of identification required

In terms of the Companies Act, any shareholder or proxy who intends to attend or participate at the annual general meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the annual general meeting. A green bar-coded identification document/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
20 November 2017

Brief curricula vitae of directors proposed for re-election

Ordinary resolution numbers 1.1 to 1.2: 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:

MA (Mustaq) Brey (63)
Chairman – Non-executive director
South African – BCompt (Hons), CA(SA)

Mustaq is a founder and chief executive officer of Brimstone Investment Corporation Limited. He is non-executive chairman of Oceana Group Limited. He serves as director of various companies including Equites Property Fund Limited and Lion of Africa Insurance Company Limited. He is an independent director and chairman of the finance committee of Western Province Cricket Association. He was appointed to the Life Healthcare board of directors in 2005 and appointed as chairman in February 2013.

GC (Garth) Solomon (50)
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.

Ordinary resolution numbers 1.3 to 1.4: Election of directors 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 28.2, at the next annual general meeting.

The abbreviated *curricula vitae* of the directors offering themselves for election appear below:

Adv M (Mahlape) Sello (55)
Independent non-executive director
South African – Master of Arts and Law (Russia); LLB (Wits)

Mahlape 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.

AM (Audrey) Mothupi (47)
Independent non-executive director
South African – Bachelor of Arts (BA, Honours), Political Science, Trent University, Canada

Audrey 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 chairperson 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.

Notice of annual general meeting continued

Ordinary resolution numbers 5.1 to 5.4: Appointment of Group audit committee

In terms of section 94(2) of the Companies Act, a public company must at each annual general meeting elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. The abbreviated *curricula vitae* of each of the independent non-executive directors proposed to be appointed to the audit committee appear below. As is evident from the *curricula vitae* of these directors, all of them have academic qualifications and experience in one or more of the following areas, i.e. finance, accounting, commerce or industry.

PJ (Peter) Golesworthy (59)
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.

The *curricula vitae* of AM (Audrey) Mothupi and GC (Garth) Solomon appear on page 9.

RT (Royden) Vice (70)
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 Puregas (Pty) Ltd. Royden is a governor of Rhodes University. He has extensive global leadership experience, having lived on three continents – North America (New York), Africa (Johannesburg) and Europe (London). Royden was appointed to the Life Healthcare board of directors in 2014.

Annexure 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 2017 in accordance with the requirements of the Companies Act.

The purpose of the report is to set out 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, approved by the committee and 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 year under review were as follows:

- LM Mojela (chairman – independent non-executive director) (Resigned as a non-executive director effective 25 January 2017)
- ME Nkeli (chairman – independent non-executive director) (Appointed as chairman of the committee effective 25 January 2017)
- Dr MP Ngatane (independent non-executive director)
- PJ Golesworthy (independent non-executive director) (Appointed as a member of the committee effective 25 January 2017)
- A Meyer (Group Chief Executive Officer – executive director) (Stepped down as Group Chief Executive Officer and executive director effective 30 June 2017)
- PP van der Westhuizen (Acting Group Chief Executive Officer and Group Chief Financial Officer – executive director) (Appointed as a member of the committee effective 26 July 2017)
- Dr NK Patel (Executive – healthcare services division – a non-voting member) (Resigned effective 4 March 2017)

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.

Functioning

During the financial year ended 30 September 2017, the key issues addressed by the committee included the following:

- The Group's code of ethics and the prevention of fraud, bribery and corrupt practices review and implementation
- Whistle-blowing arrangements and the resolution of tip-offs reported

Annexure A:
Social, ethics and transformation committee report continued

- The environmental, health and public safety initiatives and progress against targets
- Health policy and pending legislation or recently enacted legislation that may have a potential material impact on the Group i.e. PoPI, and labour and employment equity legislation
- Performance against the B-BBEE scorecard and the monitoring of management's efforts to improve the Group's B-BBEE rating
- The Group's transformation strategy and review of the Group's transformation initiatives
- Employment equity targets for the southern Africa business and related progress
- Skills development programmes aimed at employees' education and the related progress
- Labour practices and policies adopted
- Corporate social initiatives including details of charitable donations
- Consumer relationships 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 the Group takes its ESG responsibilities seriously. Based on its monitoring activities for the year, no substantive non-compliance with legislation and regulation 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 under review.

Mpho Nkeli
Chair: Social, ethics and transformation committee

Annexure B: Remuneration report

Dear shareholder,
I am pleased to present this background letter and the accompanying remuneration report for Life Healthcare.

The group remuneration and human resources committee (the committee) recognise the increased need for stakeholder engagement, and we will continue to engage with major shareholders in this regard.

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

- dealing with the impact of the rights issue on the Company's incentive schemes;
- the exit of the Group Chief Executive Officer on mutually agreed terms;
- external benchmarking and review of non-executive directors' fees which were lagging behind our peers, primarily as a result of a freeze in fees during 2016. The review included the introduction of separate fees for the role of lead independent non-executive director; and
- addressing the continued shortage of key clinical nursing and pharmacy skills by improving the value proposition to these categories of staff. Staff turnover has improved to the best levels ever experienced in the history of the Company.

We recognise the importance of incentivising our employees and management. We believe that strongly committed employees and management promote the Group's growth, quality, efficiency and sustainability strategic focus areas.

As the demand for healthcare increases, the labour market becomes increasingly competitive. Continued slow economic growth has been a challenge, 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, offshore expansion and local market pricing have negatively impacted aspects of profitability. As a result, our LTIs and performance bonuses are becoming challenging.

Challenges like these may lead to executives looking for opportunities outside the Group. It is imperative for us to ensure we prevent 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 committee has consequently initiated a review of our employee (managerial) value proposition by a leading consulting group.

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 committee is of the opinion that the Group's HR strategy delivered a sound value proposition to employees in the past year, and improved 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. The performance of the Life Healthcare share price and resultant lack of retention value offered by the long-term incentive scheme is, however, of concern. The value proposition to senior managers is a key item on the committee's agenda for 2018.

The committee solicits and receives independent, external professional advice on matters within the scope of its duties. During the year, we received assistance on matters associated with remuneration in general and executive remuneration specifically by a number of consultants who, in the view of the committee, are fully independent.

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.

All information relates to southern Africa unless stated otherwise.

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, 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.

This remuneration philosophy and the attendant policies that support it are widely shared with employees, and can also be accessed by the public at www.lifehealthcare.co.za.

Fair and equitable remuneration structures

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
- Variable remuneration: Long-term incentives – share-orientated awards that are performance and retention based
- Retention and sign-on payments
- 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

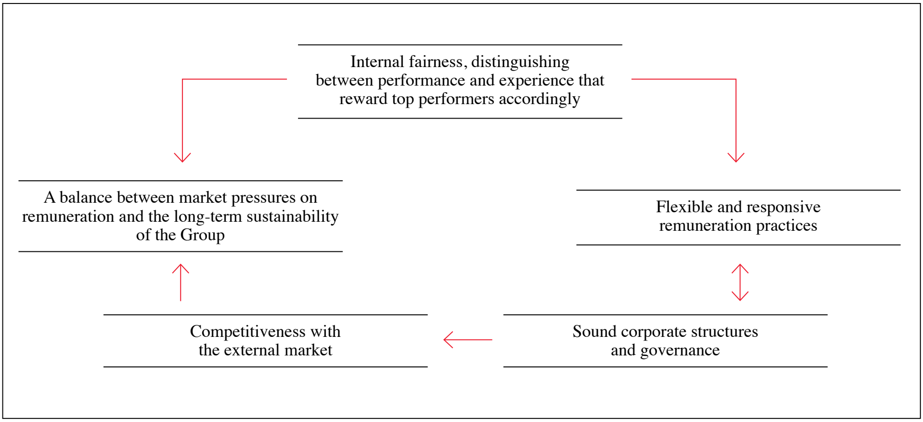
The proposed introduction of policies on malus (pre-vesting) and clawback (post-vesting) provisions and minimum shareholding requirements/guidelines are also discussed.

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.

Annexure B: Remuneration report continued

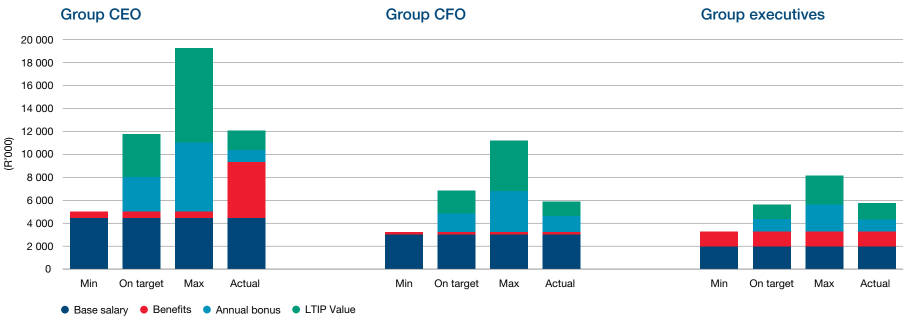
At a practical level, the Group strives for:



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

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

The potential consequences of the remuneration policy on the total remuneration for executive management are illustrated below. The standard minimum, on-target and maximum expected reward mix for executives in Life Healthcare are depicted. Actual remuneration in the year under review is also identified for illustrative purposes, but is commented on more fully in the implementation report which follows.



Notes

- LTIP actual payments are based on 2014 allocations that vested in January 2017.
- For simplicity in the above graph, any actual payments made for extraordinary or outside policy decisions, for example for recruitment or termination, are included under benefits. These benefits are separately detailed and explained in the accompanying implementation report, single-figure disclosure.

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

Guaranteed remuneration

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

The Company benchmarks remuneration against the market median which is derived from representative salary surveys.

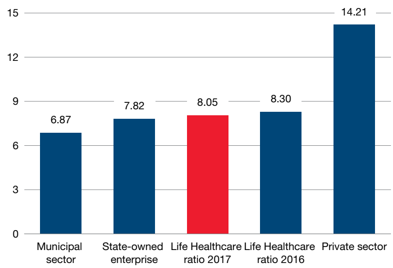
In southern Africa an average increase of 6.0% in guaranteed package was granted to the executives in the 2017 salary review, which was lower than the average increase granted to salaried employees.

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 conservative distribution of income compared to the private sector as depicted below. The Company's efforts in increasing the wages of lower paid employees is evidenced by the reduction in the ratio from 2016 to 2017:

10:10 ratio[1]



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

Annexure B: Remuneration report continued

Employee benefits

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

Retirement funds

The Company operates two defined contribution retirement funds:

- The Life Healthcare Provident Fund
- 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 121 active members and 246 pensioners. The remaining 10 active members of the Lifecare Group Holdings (LGH) Pension Fund joined the Life Healthcare DB Pension Fund with effect from 1 March 2017, following registration of a rule amendment to allow the Life Healthcare Fund to accept the LGH members. The next step will be to outsource the pensioner liability in the LGH Fund to an insurer, as the fund advances towards closure and deregistration.

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 above. However, the Company will, in instances where employees earning below R7 000 per month (with effect from 1 January 2018) opt not to join a medical aid, procure a primary health benefit for such employees. This benefit covers, via a bespoke network, doctors' consultations, medication and a certain number of prescribed minimum benefits.

Other benefits

All other benefits are industry benchmarked and are granted on the basis that they aid employee retention and/or provide an efficient work environment for the employee. Such benefits are priced and form part of the annual salary review mandate process.

Short-term incentives

Short-term incentives	• Alignment with Group and business unit performance • Individual performance, which includes transformation and quality • Rewards performance against 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; and 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 only, and any business and/or personal performance below a set threshold will result in non-payment of incentives.

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).

Personal performance

- Personal targets
- Quality criteria
- Transformation targets

Group performance

- Working capital
- Operating profit

Business unit performance (UFT)

- Working capital
- Operating EBITDA

VCP Payment

Note

Specific detail applicable to the Group Chief Executive Officer financial measures are reflected below, and are not illustrated in the above diagram.

The Group CEO has a bespoke balanced scorecard which, for the financial year under review, comprised the following measures:

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

Annexure B:
Remuneration report continued

b) On-target and maximum payments

The level of potential reward has been industry benchmarked and directly influences total remuneration. A targeted percentage, ranging from 10% to 72.5% of 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 are as follows:

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

The maximum potential reward based on the above criteria ranges from 12.6% to 149% of salary, depending on the management level.

Scanmed short-term incentive scheme (Poland)

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

	Weighting	
Measures	**Chief Financial Officer**	**Management team**
Financial goals	**75%**	**50%**
Personal performance	**25%**	**50%**

Alliance Medical short-term incentive scheme (UK)

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 targeted reward:

Weighting	**Senior management**
Financial goals	**67%**
Personal performance	**33%**

Long-term incentive plan

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

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 key 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 a newly adopted policy to encourage unencumbered share ownership, an element of retention, but still governed by performance criteria.

The scheme design

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

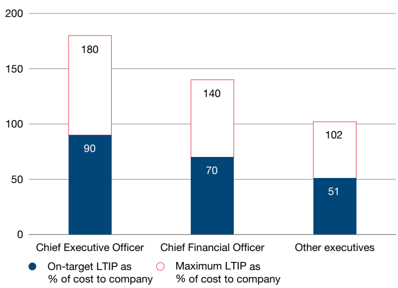
a) Allocation levels and maximum vesting

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

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

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

LTIP allocation levels and maximum vesting (%)



b) Sustained performance/retention modifier

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

c) Vesting and settlement

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

Annexure B: Remuneration report continued

d) Performance measures

Two performance measures generally apply, namely total shareholder return (TSR) and earnings before interest and tax (EBIT). However, to align closer with shareholder interests, the Group Chief Executive Officer and Group Chief Financial Officer are measured on headline earnings per share (HEPS) in place of EBIT.

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

The LTIP scheme is currently under review to possibly include ESG measures, either as gatekeepers or as modifiers.

- Total shareholder return

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

$$\text{TSR \%} = \frac{\text{Ending share price minus initial share price (plus all dividends received)}}{\text{Initial share price}} \times 100$$

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

- EBIT (HEPS for Group Chief Executive Officer and Group Chief Financial Officer)

  The internal financial measure of EBIT is the absolute performance measure that will be used to modify the value of the performance shares vesting. This measure will be set relative to inflation (CPI).

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

Long-term incentive schemes: Rights issue adjustments

The rules of the Company's long-term incentive schemes require that adjustments be made to accommodate the effects of a rights issue. The Company sought advice from a leading investment bank and the committee approved the following adjustments:

Previous LTI Scheme (2013 and 2014 allocations remain)

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 in 2018 (2013 allocation) and 2019 (2014 allocation).

- The rights issue offer applied to shares held in the LTIP Trust. Where participants elected to follow their rights, they were required to pay for additional rights issue shares with own funds. Under such circumstances the Company matched the employees' commitment by funding the following of rights on Company matched shares.

New LTI Scheme (introduced from 2015)

- An adjustment ratio of 1.21367 was applied to all Performance shares held by participants. The ratio was based on the change in the VWAP in the 10 days before the finalisation date (23 March 2017) and the 10 days VWAP post the rights issue date.
- Base EBIT will be adjusted to reflect the acquisition of Alliance Medical.
- The TSR ranking is obtained from a service provider that factors in any corporate action.

Employment contracts

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

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 3rd 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 director 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 per annum for the benefit of employees. This year an increased contribution of R60 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 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

Annexure B: Remuneration report continued

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 first vesting of 25% of the 2012 allocation has taken place in the current year. This means that in the next three years 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 9.6% was granted to non-executive directors, in 2017, to address anomalies in the market.

Annexure C:
Remuneration implementation report

This implementation report discloses the remuneration outcomes on a named individual basis, for each executive director and identified prescribed officer (CLW Bekker and GE Blomfield with effect from financial year 2017).

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 LTIP 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.

As a payment was made to the Group Chief Executive Officer as part of a negotiated termination of employment, these amount(s), are disclosed separately, together with an account as to why, in this instance, the committee applied its discretion/judgement to deviate from policy.

A market comparison of executive salaries was conducted during 2017, and the board remuneration and human resources committee approved an additional adjustment of 13% to the Group Chief Financial Officer's salary to align with salaries of similar roles in the market.

Remuneration outcomes – total remuneration

2016/2017 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 provisions.

Actuals achieved 2016 and 2017 in relation to 2017 pay mix targets:

Group CEO – A Meyer[1]

	Total guaranteed package R	Bonus and performance[2] R	Total annual compensation R	LTIP value R	Termination[3] R	Total remuneration R
Targeted reward		72.5%		90.0%		
Min 2017	5 039	–	5 039	–	–	5 039
On-target 2017	5 039	3 004	8 043	3 730	–	11 773
Max 2017	5 039	6 009	11 048	8 205	–	19 253
Actual 2016	4 941	3 129	8 070	–	–	8 070
Actual 2017	5 039	–	5 039	1 686	4 313	11 038
Year-on-year growth (%)	2.0		(37.6)			36.8

[1] *Mr Meyer terminated his appointment with the Company by mutual agreement, effective 30 June 2017.*

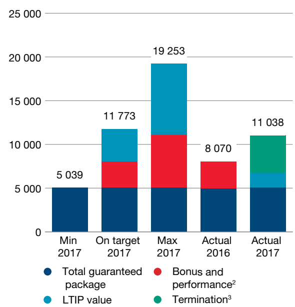
[2] *The VCP payment formed part of the mutual separation payment, thus not measured against targets.*

[3] *Mr Meyer's mutual separation payment consisted of a lump sum made up of the following negotiated elements*

Negotiated bonus in terms of the variable compensation plan to March 2017 – R686 430

Seven months' guaranteed package – R3 270 853
Leave balance paid out of – R356 000

Group CEO – A Meyer[1] (R'000)



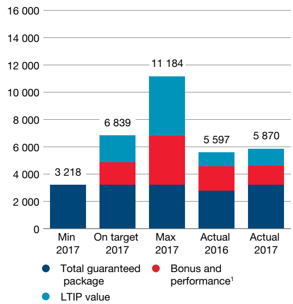
Annexure C:
Remuneration implementation report continued

Group CFO – PP van der Westhuizen

	Total guaranteed package R	Bonus and performance[1] R	Total annual compensation R	LTIP value R	Total remuneration R
Targeted reward		57.5%		70.0%	
Min 2017	3 218	–	3 218	–	3 218
On-target 2017	3 218	1 633	4 851	1 988	6 839
Max 2017	3 218	3 593	6 811	4 374	11 184
Actual 2016	2 750	1 804	4 554	1 043	5 597
Actual 2017	3 218	1 375	4 593	1 277	5 870
Single figure 2017	3 218	1 375	–	1 988	6 581
Year-on-year growth (%)	17.0		0.9		4.9

[1] *An additional bonus of R400 000 was awarded in FY 2017 for the successful rights offer and bedding down of the AMG acquisition.*

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



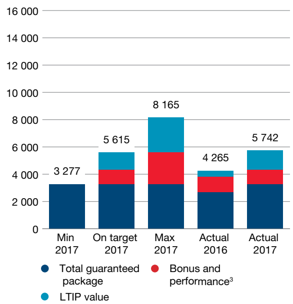
CEO: Southern Africa – CLW Bekker[2]

	Total guaranteed package R	Bonus and performance[3] R	Total annual compensation R	LTIP value R	Total remuneration R
Targeted reward		57.50%		70.00%	
Min 2017	3 277	–	3 277	–	3 277
On-target 2017	3 277	1 055	4 332	1 284	5 615
Max 2017	3 277	2 320	5 597	2 568	8 165
Actual 2016	2 675	1 133	3 808	457	4 265
Actual 2017	3 277	1 049	4 326	1 416	5 742
Single figure 2017	3 277	1 049	–	1 284	5 610
Year-on-year growth (%)	22.5		13.6		34.6

[2] *Mr Bekker was promoted to CEO: Southern Africa in June 2016.*

[3] *An additional bonus of R335 000 was awarded in FY 2017 for the successful rights offer and bedding down of the AMG acquisition.*

CEO: Southern Africa – CLW Bekker[2] (R'000)



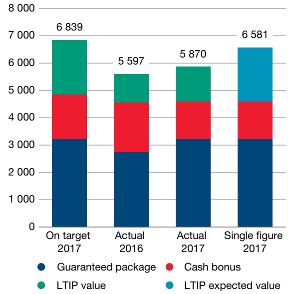
Remuneration outcomes – single figure

2016/2017 total remuneration outcomes are compared to the 2017 target pay mix and a single figure derivation on a name and role basis for the previous year and the year under review.

Group CFO – PP van der Westhuizen

	Guaranteed package R	Cash bonus R	Total annual compen-sation R	LTIP value R	LTIP expected value R	Total remu-neration R
On-target 2017	3 218	1 633	4 851	1 988	–	6 839
Actual 2016	2 750	1 804	4 554	1 043	–	5 597
Actual 2017	3 218	1 375	4 593	1 277	–	5 870
Single figure 2017	3 218	1 375	4 593	–	1 988	6 581

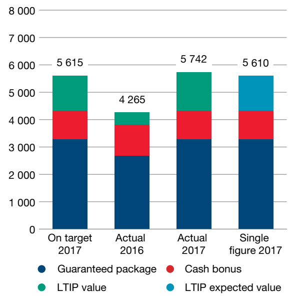
Group CFO – PP van der Westhuizen (R'000)



CEO: Southern Africa – CLW Bekker

	Guaran-teed package R	Cash bonus R	Total annual compen-sation R	LTIP value R	LTIP expected value R	Total remu-neration R
On-target 2017	3 277	1 055	4 332	1 284	–	5 615
Actual 2016	2 675	1 133	3 808	457	–	4 265
Actual 2017	3 277	1 049	4 326	1 416	–	5 742
Single figure 2017	3 277	1 049	4 326	–	1 284	5 610

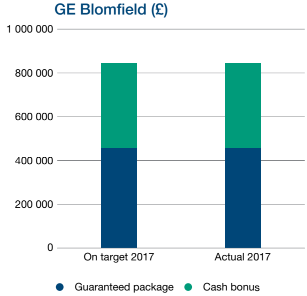
CEO: Southern Africa – CLW Bekker (R'000)



CEO: Alliance Medical – GE Blomfield

	Guaran-teed package £	Cash bonus £	LTIP value £	Total remu-neration £
On-target 2017	455 090	390 822	–	845 912
Actual 2017	455 090	390 822	–	845 912
Single figure 2017	455 090	390 822	–	845 912

CEO: Alliance Medical – GE Blomfield (£)



Remuneration outcomes – 2016/2017 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.

Financial year 2017

			H1 – FY 2017										
First name	Surname	Job description	Targeted reward	Company weighting %	Financial weighting %	Personal weighting %	Company achievement %	Company award R	UFT financial award %	Total UFT financial award R	Personal award %	Personal award R	Total payment H1 R
André	Meyer	Group Chief Executive Officer[1]	72.50	70	–	30	–	–	–	–	–	–	–
Pieter	van der Westhuizen	Group Chief Financial Officer	57.50	60	–	40	–	–	–	–	140	495 231	495 231
Lourens	Bekker	Chief Executive Officer: Southern Africa	57.50	15	60	25	–	–	50	244 530	100	203 775	448 305

			H2 – FY 2017											
First name	Surname	Job description	Targeted reward	Company weighting %	Financial weighting %	Personal weighting %	Company achievement %	Company award R	UFT financial award %	Total UFT financial award R	Personal award %	Personal award R	Total payment H2 R	Grand total R
Pieter	van der Westhuizen	Group Chief Financial Officer	57.50	60	–	40	–	–	–	–	120	479 667	479 667	974 898
Lourens	Bekker	Chief Executive Officer: Southern Africa	57.50	15	60	25	–	–	–	–	120	265 897	265 897	714 202

[1] *The variable compensation plan payment for H1-FY 2017 for André Meyer was not measured and was negotiated as part of his mutual separation.*

Financial year 2016

First name	Surname	Job description	H1 – FY 2016 Targeted reward	Company weighting %	Financial weighting %	Personal weighting %	Company achievement %	Company award R	UFT financial award %	Total UFT financial award R	Personal award %	Personal award R	Total payment H1 R
André	Meyer	Group Chief Executive Officer	72.50	70	–	30	115	1 321 613	–	–	100	766 152	2 087 765
Pieter	van der Westhuizen	Group Chief Financial Officer	57.50	60	–	40	115	532 574	–	–	120	370 486	903 060

First name	Surname	Job description	H2 – FY 2016 Targeted reward	Company weighting %	Financial weighting %	Personal weighting %	Company achievement %	Company award R	UFT financial award %	Total UFT financial award R	Personal award %	Personal award R	Total payment H2 R	Grand total R
André	Meyer	Group Chief Executive Officer	72.50	70	–	30	35	467 973	–	–	100.00	573 029	1 041 002	3 128 768
Pieter	van der Westhuizen	Group Chief Financial Officer	57.50	60	–	40	100	500 570	–	–	120.00	400 456	901 027	1 804 086

Remuneration outcomes – history of recently vested and unvested shares

There are currently unvested shares resulting from two legacy share schemes and from the current share scheme.

- From the Life Healthcare 2009 long-term incentive plan, individuals were allowed to elect prior to the vesting of their 2011 and 2012 allocations to defer settlement, invest the shares for a further three years and have those shares matched with additional restricted shares.
- From the Life Healthcare 2013 long-term incentive plan, individuals were allowed to elect at the time of their 2013 and 2014 allocations to defer the vesting of the shares for a further two years (from three to five), and have those shares matched with additional restricted shares.

From the Life Healthcare 2015 long-term incentive plan, performance units were offered in 2015, 2016 and 2017.

Annexure C:
Remuneration implementation report continued

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

Executive directors	LTIP scheme	Share allocation	1 October 2016: Offer price R	1 October 2016: Co-investment shares	1 October 2016: Matched shares	Rights offer: Offer price R	Rights offer: Additional co-investment shares purchased by executive	Rights offer: Adjustment co-matched shares	Vested 1 February 2017: Number of shares	Vested 1 February 2017: Price at exercise date R	30 September 2017: Number of shares	30 September 2017: Allocation value R	30 September 2017: Value based on 30 Sept 2017 share price R
Pieter van der Westhuizen	LTIP 2009 scheme	1 Jan 11	38.72	8 685	14 471				**23 156**	**34.13**	**–**	**–**	**–**
		1 Jan 12	42.66	6 098	10 163				**16 261**	**34.13**	**–**	**–**	**–**
		1 Jan 13	31.66	7 031	11 916	24.50	2 406	4 077			**25 430**	**758 696**	**602 691**
		1 Jan 14	35.05	7 381	12 509	24.50	2 526	4 280			**26 696**	**863 892**	**632 695**

LTIP scheme	Share allocation	Offer price R	Performance shares	Adjustment to performance shares	Total number of shares	Allocation value R	Value based on 30 Sept 2017 share price R
LTIP 2015 scheme	1 Sep 15	37.14	43 126	9 215	**52 341**	**1 943 945**	**1 240 482**
	1 Jan 16	34.58	40 620	8 679	**49 299**	**1 704 759**	**1 168 386**
	1 Jan 17	31.59	65 380	13 970	**79 350**	**2 506 667**	**1 880 595**

Prescribed officer	LTIP scheme	Share allocation	1 October 2016 Offer price R	1 October 2016 Co-investment shares	1 October 2016 Matched shares	Rights offer Offer price R	Rights offer Additional co-investment shares purchased by executive	Rights offer Adjustment co-matched shares	Vested 1 February 2017 Number of shares	Vested 1 February 2017 Price at exercise date R	30 September 2017 Number of shares	30 September 2017 Allocation value R	30 September 2017 Value based on 30 Sept 2017 share price R
Lourens Bekker	LTIP 2009 scheme	1 Jan 11	38.72	10 453	17 422				**27 875**	**34.13**	**–**	**–**	**–**
		1 Jan 12	42.66	7 309	12 182				**19 491**	**34.13**	**–**	**–**	**–**
		1 Jan 13	31.66	8 521	14 442	24.50	2 916	4 942			**30 821**	**919 530**	**730 458**
		1 Jan 14	35.05	6 941	11 765	24.50	2 376	4 027			**25 109**	**812 519**	**595 083**
	LTIP scheme	Share allocation	Offer price R	Performance shares			Adjustment to performance shares				**Total number of shares**	**Allocation value R**	**Value based on 30 Sept 2017 share price R**
	LTIP 2015 scheme	1 Sep 15	37.14	29 226			6 245				**35 471**	**1 317 393**	**840 663**
		1 Jan 16	34.58	33 104			7 073				**40 177**	**1 389 321**	**952 195**
		1 Jan 17	31.59	54 784			11 706				**66 490**	**2 100 419**	**1 575 813**

Long-term incentive scheme – C share	1 October 2016 Number of shares	1 October 2016 Issue price GBP	Awards made during 2017 Number of shares	Awards made during 2017 Date of issue	Awards made during 2017 Issue price GBP	30 September 2017 Value of dividends in respect of all plans	30 September 2017 Number of shares	30 September 2017 Final vesting date
Guy Blomfield	–	n/a	**204 546[1]**	**22 Nov 2016**	**0.003**	**n/a**	**204 546[1]**	**30 Sept 2021**

[1] *C convertible shares*

Annexure D: Audited summarised consolidated annual financial results

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2017

R'm	2017	% Change	2016
Revenue	**20 797**	26.8	16 404
Operating expenses	**(17 177)**		(12 744)
Operating profit	**3 620**	(1.1)	3 660
Contingent consideration released	**43**		109
Transaction costs	**(267)**		(12)
Impairment of investment	**(167)**		(370)
Profit/(loss) on remeasuring previously held interest in associate to fair value	**6**		(23)
(Loss)/profit on disposal of property, plant and equipment	**(37)**		1
Fair value adjustment on derivative financial instruments	**(92)**		(2)
Other	**(20)**		(7)
Finance income	**162**		12
Finance cost	**(1 299)**		(512)
Share of associates' and joint ventures' net (loss)/profit after tax	**(15)**		8
Profit before tax	**1 934**		2 864
Tax expense	**(815)**		(894)
Profit after tax	**1 119**	(43.2)	1 970
Other comprehensive income, net of tax			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve	**127**		(30)
Items that may not be reclassified to profit or loss			
Retirement benefit asset and post-employment medical aid	**13**		8
Total comprehensive income for the year	**1 259**	(35.4)	1 948
Profit after tax attributable to:			
Ordinary equity holders of the parent	**814**		1 616
Non-controlling interest	**305**		354
	1 119	(43.2)	1 970
Total comprehensive income attributable to:			
Ordinary equity holders of the parent	**952**	(40.4)	1 596
Non-controlling interest	**307**		352
	1 259	(35.4)	1 948
Weighted average number of shares in issue (million)	**1 310**		1 121
Earnings per share (cents)	**62.2**	(56.8)	144.1
Headline earnings per share (cents)	**77.4**	(56.8)	179.1
Diluted earnings per share (cents)	**62.0**	(56.9)	143.7
Diluted headline earnings per share (cents)	**77.2**	(56.8)	178.5
Headline earnings (R'm)			
Profit attributable to ordinary equity holders	**814**		1 616
Headline earnings adjustable items:			
Impairment of investment	**167**		370
(Profit)/loss on remeasuring previously held interest in associate to fair value	**(4)**		23
Loss/(profit) on disposal of property, plant and equipment	**37**		(1)
Headline earnings	**1 014**	(49.5)	2 008

Summarised consolidated statement of financial position

as at 30 September 2017

R'm	2017	2016
Assets		
Non-current assets	**31 459**	14 395
Property, plant and equipment	**11 131**	7 752
Intangible assets	**16 281**	3 196
Other non-current assets	**4 047**	3 447
Current assets	**5 180**	3 102
Cash and cash equivalents	**1 176**	604
Other current assets	**4 004**	2 498
Total assets	**36 639**	17 497
Equity and liabilities		
Capital and reserves		
Stated capital	**13 084**	3 666
Reserves	**1 296**	1 820
Non-controlling interest	**1 171**	1 312
Total equity	**15 551**	6 798
Liabilities		
Non-current liabilities	**9 991**	6 111
Interest-bearing borrowings	**7 786**	5 469
Derivative financial instruments	**749**	–
Other non-current liabilities	**1 456**	642
Current liabilities	**11 097**	4 588
Bank overdraft	**450**	1 030
Interest-bearing borrowings	**6 301**	1 312
Other current liabilities	**4 346**	2 246
Total liabilities	**21 088**	10 699
Total equity and liabilities	**36 639**	17 497

Annexure D:
Audited summarised consolidated annual financial results continued

Summarised consolidated statement of changes in equity
for the year ended 30 September 2017

R'm	Total capital and reserves	Non-controlling interest	Total equity
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 transaction 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)**
Long-term incentive scheme charge	**17**	**–**	**17**
Life Healthcare employee share trust charge	**45**	**–**	**45**
Balance at 30 September 2017	**14 380**	**1 171**	**15 551**
Balance at 1 October 2015	5 168	1 280	6 448
Total comprehensive income for the year	1 596	352	1 948
Profit for the year	1 616	354	1 970
Other comprehensive income	(20)	(2)	(22)
Issue of new shares as a result of scrip distributions	575	–	575
Gains on transactions with non-controlling interests	1	(1)	–
Transactions with non-controlling interests	(197)	(39)	(236)
Non-controlling interest arising on business combination	–	9	9
Distributions to shareholders	(1 662)	(289)	(1 951)
Purchase of treasury shares for staff benefit schemes	(61)	–	(61)
Long-term incentive scheme charge	31	–	31
Life Healthcare employee share trust charge	35	–	35
Balance at 30 September 2016	**5 486**	**1 312**	**6 798**

Summarised consolidated statement of cash flows

for the year ended 30 September 2017

R'm	2017	% Change	2016
Cash generated from operations	**4 663**	15.9	4 024
Transaction costs paid	**(210)**		–
Interest received	**162**		12
Tax paid	**(891)**		(981)
Net cash from operating activities	**3 724**	21.9	3 055
Capital expenditure	**(1 656)**		(1 013)
Acquisition of Alliance Medical (net of cash acquired)	**(9 568)**		–
Other investments[1]	**(733)**		(1 012)
Other	**72**		29
Net cash utilised in investing activities	**(11 885)**		(1 996)
Interest-bearing borrowings raised	**18 685**		1 961
Interest-bearing borrowings repaid	**(15 462)**		(1 437)
Proceeds from issue of shares as a results of the rights offer, net of costs directly attributable to the rights offer	**8 770**		–
Finance cost paid	**(1 210)**		(453)
Dividends paid	**(765)**		(1 087)
Other	**(720)**		(661)
Net cash generated from/(utilised in) financing activities	**9 298**		(1 677)
Net increase/(decrease) in cash and cash equivalents	**1 137**		(618)
Cash and cash equivalents – beginning of the year	**(426)**		255
Effect of foreign exchange rate movements	**15**		(63)
Cash and cash equivalents – end of the year	**726**		(426)

[1] *The other investments include the additional shares acquired in Max Healthcare for R428 million (2016: R320 million), the acquisitions of Albaro for R104 million (net of cash acquired), and Life Radiopharma Group for R189 million. During the prior year the other investments included the acquisitions in Poland for R669 million.*

Annexure D: Audited summarised consolidated annual financial results continued

Segmental report

The hospital and complementary services segment comprises all the acute hospitals and complementary services in southern Africa. The healthcare services segment comprises of Life Esidimeni and Life Employee Health Solutions (Life Occupational Health and Careways) in southern Africa.

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

Inter-segment revenue that is eliminated relates to revenue with Careways Wellness Proprietary Limited of R5 million (2016: R3 million).

R'm	**Year ended 30 September 2017**	Year ended 30 September 2016
Revenue		
Southern Africa		
Hospitals and complementary services	**15 019**	14 381
Healthcare services	**871**	849
Poland		
Healthcare services	**1 095**	1 174
Alliance Medical		
Diagnostic services	**3 812**	–
Total	**20 797**	16 404
EBITDA		
Southern Africa		
Hospitals and complementary services	**3 420**	3 603
Healthcare services	**121**	120
Poland		
Healthcare services	**44**	120
Alliance Medical		
Diagnostic services	**908**	–
Corporate	**508**	471
Total	**5 001**	4 314
Depreciation	**(971)**	(530)
Southern Africa		
Hospitals and complementary services	**(475)**	(420)
Healthcare services	**(14)**	(13)
Poland		
Healthcare services	**(58)**	(62)
Alliance Medical		
Diagnostic services	**(390)**	–
Corporate	**(34)**	(35)
EBITA		
Southern Africa		
Hospitals and complementary services	**2 945**	3 183
Healthcare services	**107**	107
Poland		
Healthcare services	**(14)**	58
Alliance Medical		
Diagnostic services	**518**	–
Corporate	**474**	436
Total	**4 030**	3 784

R'm	**Year ended 30 September 2017**	Year ended 30 September 2016
Amortisation	**(439)**	(147)
Southern Africa		
Hospitals and complementary services	**(135)**	(124)
Healthcare services	**–**	–
Poland		
Healthcare services	**(20)**	(23)
Alliance Medical		
Diagnostic services	**(284)**	–
Corporate	**–**	–
Operating profit before items detailed below	**3 591**	3 637
Southern Africa		
Hospitals and complementary services	**2 810**	3 059
Healthcare services	**107**	107
Poland		
Healthcare services	**(34)**	35
Alliance Medical		
Diagnostic services	**234**	–
Corporate	**474**	436
Retirement benefit asset and post-employment medical aid income	**29**	23
Operating profit	**3 620**	3 660
Contingent consideration released	**43**	109
Transaction costs	**(267)**	(12)
Impairment of investment	**(167)**	(370)
Profit/(loss) on remeasuring previously held interest in associate to fair value	**6**	(23)
(Loss)/profit on disposal of property, plant and equipment	**(37)**	1
Fair value adjustment on derivative financial instruments	**(92)**	(2)
Other	**(20)**	(7)
Finance income	**162**	12
Finance cost	**(1 299)**	(512)
Share of associates' and joint ventures' net (loss)/profit after tax	**(15)**	8
Profit before tax	**1 934**	2 864

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

Segmental report continued

R'm	Year ended 30 September 2017	Year ended 30 September 2016
Total assets before items detailed below		
Southern Africa	**12 542**	11 433
Poland	**2 280**	2 602
Alliance Medical	**17 815**	–
India	**2 960**	2 547
	35 597	16 582
Employee benefit assets	**399**	433
Deferred tax assets	**608**	426
Derivative financial assets (included in other assets)	**2**	17
Income tax receivable	**33**	39
Total assets per the balance sheet	**36 639**	17 497
Net debt		
Southern Africa	**6 492**	6 121
Poland	**1 109**	1 086
Alliance Medical	**3 293**	–
Acquisition funding (Alliance Medical)	**2 467**	–
	13 361	7 207
Cash and cash equivalents		
Southern Africa	**49**	(533)
Poland	**87**	127
Alliance Medical	**590**	–
	726	(426)

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

Acquisitions and disposals of investments

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

The Group had increases and decreases in its shareholdings in a number of its subsidiary companies due to transactions with minority shareholders. The individual transactions are immaterial.

The Group acquired an additional 27.84% interest in Free State Oncology Trust (Free State Oncology), resulting in Free State Oncology becoming a subsidiary of the Group. The Group previously had an interest of 23.16% in Free State Oncology, which was accounted for as an associate. The investment in associate was derecognised, and an investment in subsidiary was recognised at a consideration of R6 million.

Increase in investment in Max Healthcare Institute Limited (Max Healthcare)

The Group acquired additional shares in Max Healthcare on 16 August 2017 for a total consideration of R428 million and now owns 49.70%.

Business combinations

The Group acquired the business of the Bohes Trust on 1 October 2016 for a total consideration of R9 million (including a contingent consideration of R1.8 million). The trust had no significant contingent liabilities at the acquisition date.

1. Acquisition of Alliance Medical Group Limited (Alliance Medical)

On 21 November 2016, the Group acquired 93.78% of the issued share capital of Alliance Medical, incorporated in the United Kingdom. This is accounted for as a 100% subsidiary in terms of International Financial Reporting Standards (IFRS). The exchange rate as at 21 November 2016 and 30 September 2017 was GBP1:R17.88 and GBP1:R18.18 respectively. The acquisition has been accounted for in terms of IFRS 3 “Business combinations”.

The following presents the impact on the consolidated information of the Group for the period 21 November 2016 to 30 September 2017, converted at an average rate of GBP1:R16.93:

	R’m
Revenue	3 812
EBITDA	908
Depreciation and amortisation	(674)
EBIT	234
Transaction and other related costs	(128)
Fair value loss on derivative financial instruments	(65)
Loss on disposal of property, plant and equipment	(36)
Finance costs	(103)
Fair value adjustment of contingent consideration	43
Share of associates’ and joint ventures’ net profit after tax	6
Taxation	23
Net loss	(26)

Annexure D:
Audited summarised consolidated annual financial results continued

Impact on consolidated information if the business combination took place 1 October 2016, converted at an average rate of GBP1:R16.93:

	R'm
Revenue	4 412
Net profit	11
Details of the net assets acquired and goodwill are as follows:	
Total purchase consideration	(10 832)
Cash portion	9 884
Contingent consideration[1]	358
B share liability assumed[2]	590
Fair value of net assets acquired	1 282
Fair value of net assets acquired	1 282
Goodwill arising on acquisition[3]	(9 550)

[1] *The sellers of Alliance Medical were entitled to an earn-out consideration of GBP4 for each GBP1 of the adjusted EBITDA results of Alliance Medical, calculated with reference to the 12 months ending 31 March 2017, in excess of GBP66 million subject to a maximum of GBP40 million. At acquisition, the fair value of the contingent consideration was estimated at GBP20 million (R358 million). The final contingent consideration paid was calculated as GBP17.45 million (R339 million).*

[2] *The Life UK Healthcare Limited B shares were issued to key management within Alliance Medical in exchange for a portion of their B shares held in Alliance Medical. The B share liability at the acquisition date amounted to GBP36.2 million (R647 million), of which GBP33 million (R590 million) is considered part of the business combination and GBP3.2 million (R57 million) is recognised as a post-acquisition expense in transaction costs in profit and loss. The B share liability was remeasured as GBP40.0 million (R727 million) as at 30 September 2017. The fair value adjustment from acquisition date to 30 September 2017 was GBP3.8 million (R65 million). This is recognised in profit and loss.*

[3] *The goodwill is attributable to the Group's future earnings potential related to diagnostic businesses.*

The fair values of the assets and liabilities arising from the acquisition are as follows:

	R'm
Inventories	7
Trade and other receivables	1 038
Trade and other payables	(1 549)
Cash and cash equivalents	655
Current tax liability	(132)
Interest-bearing borrowings	(3 815)
Property, plant and equipment	2 242
Investments in joint ventures and other	18
Retirement benefit liability	(73)
Brand	129
Customer relationship	3 247
Software	79
Deferred tax	(561)
Non-controlling interest	(3)
	1 282
Cash outflow to acquire Alliance Medical, net of cash acquired	
Cash consideration	9 884
Less: cash at acquisition	(655)
Contingent consideration paid	339
	9 568

The increase in intangible assets at 30 September 2017 mainly relates to the goodwill recognised of R9.6 billion and fair value uplift of intangible assets of R3.5 billion related to the Alliance Medical acquisition.

2. Additional material acquisitions

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

	Albaro Group and Direct Medical Imaging	Life Radiopharma Group
Acquirer	Alliance Medical	Alliance Medical
Country of incorporation	Italy and United Kingdom respectively	Germany, Poland and Austria
Acquisition date	30 December 2016 and 1 August 2017 respectively	1 May 2017
% voting equity interest acquired	100%	100%
Primary reasons for business combination	Growth	Growth
Qualitative factors that make up goodwill recognised	Attributable to future earnings potential	Attributable to future earnings potential
Contingent liabilities at acquisition	None	None

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

R'm	Albaro Group and Direct Medical Imaging	Life Radiopharma Group
Total purchase consideration	**(161)**	**(189)**
Cash portion	**(123)**	**(189)**
Contingent consideration	**(38)**	**–**
Fair value of net assets acquired	**12**	**95**
Inventories	**1**	**3**
Trade and other receivables	**13**	**28**
Trade and other payables	**(68)**	**(77)**
Cash and cash equivalents	**20**	**–**
Current tax liability	**(3)**	**–**
Interest-bearing borrowings	**(9)**	**(59)**
Property, plant and equipment	**47**	**155**
Investments in joint ventures and other	**3**	**–**
Customer relationship	**9**	**36**
Software	**–**	**1**
Deferred tax	**(1)**	**8**
Goodwill	**(149)**	**(94)**
Impact on consolidated information if each business combination took place on 1 October 2016		
Revenue	**79**	**118**
Net loss	**(18)**	**(2)**

Annexure D: Audited summarised consolidated annual financial results continued

3. Interest-bearing borrowings

	R'm
Total borrowings at 30 September 2016	**6 781**
Bridge facilities for Alliance Medical acquisition	**14 601**
Rights offer proceeds to reduce Alliance Medical acquisition debt	**(8 770)**
Net borrowings assumed on acquisition of Alliance Medical and its subsidiaries	**1 169**
Net other loan movements	**194**
Exchange difference	**112**
Total borrowings at 30 September 2017	**14 087**

Basis of presentation and accounting policies

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the 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 IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

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

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

Report of the independent auditors

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

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

Commentary

Overview

One of Life Healthcare's strategic objectives is to accelerate the transition from a South African focused acute care group to an international diversified healthcare provider. Life Healthcare's growth strategy has been focused on expanding its complementary services within the South African market while increasing its international exposure.

In line with this strategy, Life Healthcare completed the acquisition of Alliance Medical in November 2016. The Group acquired Alliance Medical for an enterprise value of around GBP780 million (R13.9 billion). The acquisition was initially funded through ZAR and GBP debt bridge facilities, which have subsequently been partially repaid through the successful completion of the rights offer and will be fully repaid by end of November 2017.

The Group results for the 12 months ended 30 September 2017 include the acquisition of Alliance Medical, with revenue up 26.8%, normalised EBITDA up 15.9% and headline earnings per share (HEPS) down 56.8%. The Group's earnings have been impacted by the one-off items related to the Alliance Medical acquisition and the further impairment of the investment in Poland.

Acquisition of Alliance Medical Group

Rationale

Life Healthcare views the entry into diagnostics as a natural part of the Group strategy of diversifying both internationally and into non-acute lines of business. Alliance Medical is one of western Europe's leading providers of complex molecular and diagnostic imaging services, with strong market positions in the United Kingdom (UK), Italy and Ireland and a platform for expansion more broadly with existing participation in 10 European markets. Alliance Medical is unique in western Europe in terms of its vertically integrated model providing services across the molecular imaging value chain ranging from radiopharmaceutical production to scanning services provision and results reporting.

Benefits of the acquisition

The acquisition of Alliance Medical accelerates both Life Healthcare's expansion of its complementary services business, adding diagnostics to mental health, acute rehabilitation, renal dialysis and oncology and geographic diversification, firmly positioning Life Healthcare in a strategically important high-growth business. Non-acute care revenue is now 27.6% of Group revenue (2016: 11.0%). International revenue as a percentage of Group revenue is now 23.6% (2016: 7.2%) and international normalised EBITDA as a percentage of Group normalised EBITDA is 19.0% (2016: 2.8%). Alliance Medical has a strong management team with broad healthcare experience to help support Life Healthcare's international growth.

Operational review

Southern Africa

Revenue from the southern African operations increased by 4.3% to R15 890 million (2016: 15 230 million). Revenue was negatively impacted by lower activity with paid patient days (PPDs) declining by 1.7% (2016: +4.0%). The H1 PPD volume decline of 1.0% as reported in H1 was impacted by Easter falling in H2 in 2017 as opposed to H1 in 2016. The decline in PPDs as at the end of February 2017 and end of April 2017 was 2.7% with the region impacted the most being KwaZulu-Natal. Post-Easter there has been an improvement in underlying activities, resulting in a full year decline of 1.7%. Overall lower activity volumes have been due to limited or no growth in the private healthcare market, macroeconomic factors and intensified case management efforts by medical healthcare funders. Within this difficult trading environment, the Group is still experiencing good growth in its complementary services division with revenue growing by 18.5%. The overall weighted occupancy for the year decreased to 70.0% (2016: 72.5%). EBITDA margins for the year declined to 25.5% (2016: 27.5%), primarily as a result of the decrease in activities and changes in case mix.

An additional 133 beds (2016: 176), 22 renal dialysis stations and a new oncology centre have been added to the business. The increase in beds in operation was primarily driven by the adding of 60 mental health beds at Life Carstenview in Gauteng. An additional oncology unit at Life Eugene Marais Hospital in Pretoria was completed and operationalised. The board, as part of our transformation strategy, approved the sale of a share of Life Occupational Health to The Life Healthcare Nursing Education Trust (the Trust). The Trust is now registered to provide nursing degree bursaries to previously disadvantaged individuals.

Annexure D: Audited summarised consolidated annual financial results continued

Commentary continued

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

Alliance Medical
The business has performed well against the comparative year with revenue increasing by 12.0% to R4 419 million and normalised EBITDA increasing by 11.3% to R1 168 million on a constant currency basis. In the UK, the business continues to benefit from the growth in PET-CT volumes but is experiencing increased competition on the mobile diagnostic business as more capacity is added to the market. The operations in Italy and Ireland performed according to expectations and northern Europe showed good growth on the back of the acquisition of the Life Radiopharma Group (previously Eckert and Ziegler) for R189 million (Eur13 million) in May 2017. This acquisition extends Alliance Medical's molecular imaging presence in northern Europe and supplements its PET-CT scanning services.

Poland
Scanmed S.A. (Scanmed) revenue for the period to 30 September 2017 was R1 095 million (2016: R1 174 million). Normalised EBITDA is significantly below last year with the EBITDA margin reducing to 4.0% (2016: 10.2%). This is primarily due to the impact of the reduction in cardiology tariffs as promulgated in Poland effective 1 July 2016 (-17%), further cardiology tariff reductions from 1 January 2017 (-11%) in a division that makes up 45% of the Scanmed's Narodowy Fundusz Zdrowia (NFZ) revenue, and debtor impairments related to prior years to the value of R50 million. Several turnaround activities are taking place in the business, including major cost savings (such as administrative headcount and third parties cost reduction), integration and improvement in operational efficiency. Completion of the system integration with Life Healthcare processes is planned for mid-2018. Scanmed has successfully secured new four-year NFZ contracts covering 85% of the business. We expect to complete contracts for the balance of the business in H1 2018.

The further tariff reductions in January 2017 have resulted in an additional impairment of R167 million of the Polish investment for the year.

India
Max Healthcare reported revenue growth of 8.0% and EBITDA growth of 7.0% for the 12 months ended 30 September 2017. Max Healthcare was impacted by the demonetisation of the currency towards the end of 2016 and the introduction of a number of regulatory changes such as stent and knee implant price caps. To mitigate the regulatory impact, a number of cost efficiency initiatives have been identified totalling Rs93 Cr of which Rs34 Cr was realised in the last six months. The Group, with Max India, each acquired an equal share of the IFC stake at Rs105 per share equating to R428 million. The Group's shareholding in Max Healthcare is now 49.7% and maintains the equal shareholding status with Max India, thus protecting our shareholder rights. The earnings of this business are impacted by the funding cost, costs of acquisition and development incurred in respect of the business acquisitions. Whilst these operations continue to ramp up, the earnings will be low.

Financial performance
Group revenue increased by 26.8% to R20 797 million (2016: R16 404 million) consisting mainly of a 4.3% increase in southern African revenue to R15 890 million (2016: R15 230 million); R3 812 million new revenue from Alliance Medical and R1 095 million (2016: R1 174 million) revenue contribution from Poland. The southern African hospital and complementary services division revenue increased by 4.4% to R15 019 million (2016: R14 381 million) driven by a higher revenue per PPD of 6.3%, made up of a 6.1% tariff increase and a 0.2% positive case mix impact, partially offset by a 1.7% decrease in PPDs. Healthcare services revenue increased marginally by 2.6% to R871 million (2016: 849 million) due to good growth in the employee health solutions division attributable to new contracts gained.

Normalised EBITDA[1] increased by 15.9% to R5 001 million (2016: R4 314 million). The EBITDA contributions from Alliance Medical and Scanmed were R908 million and R44 million (2016: R120 million) respectively.

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

R'm	30 September 2017	% Change	30 September 2016
Normalised EBITDA			
Operating profit	**3 620**		3 660
Depreciation on property, plant and equipment	**971**		530
Amortisation of intangible assets	**439**		147
Retirement benefit asset	**(29)**		(23)
Normalised EBITDA	**5 001**	15.9	4 314
Southern Africa	**4 049**	(3.5)	4 194
Alliance Medical	**908**		–
Poland	**44**		120

Cash flow

The Group produced good cash flows from operations and continues to anticipate positive free cash flow. The overall net cash inflow position of the Group is positive, as a result of the related bridge loan funding raised for the acquisition of Alliance Medical and due to the rights offer proceeds that occurred in April 2017.

Financial position

Net debt to normalised EBITDA as at 30 September 2017 was 2.55 times (30 September 2016: 1.67 times). The banks covenants for net debt to EBITDA is 3.5 times (2016: 2.75 times).

The increase in net debt is primarily due to the impact of the Alliance Medical Group that was partially funded via debt.

Capital expenditure and investments

During the current year, Life Healthcare invested R11 957 million (2016: R2 025 million), comprising mainly R9 568 million (net of cash acquired) for the acquisition of Alliance Medical, R428 million additional investment in Max Healthcare and R292 million (net of cash acquired) in new acquisitions by Alliance Medical. The Group invested in capital projects of R1 103 million in southern Africa and R553 million internationally.

Headline earnings per share and normalised earnings per share

Headline earnings per share decreased by 56.8% to 77.4 cps (2016: 179.1 cps). Earnings per share on a normalised basis, which excludes non trading related items listed below, decreased by 44.6% to 93.9 cps (2016: 169.4 cps).

The earnings per share and headline earnings per share for the year ended September 2016, have been amended as a result of a change to the weighted average number of shares, which has been increased due to the rights offer and the related bonus element within the rights offer, in accordance with IFRS.

R'm	30 September 2017	% Change	30 September 2016
Normalised earnings			
Profit attributable to ordinary equity holders	**814**		1 616
Retirement funds	**(21)**		(16)
Contingent consideration released	**(43)**		(109)
Transaction costs	**267**		12
Impairment of investment	**167**		370
(Profit)/loss on remeasuring previously held interest in associate to fair value	**(4)**		23
Loss/(profit) on disposal of property, plant and equipment	**37**		(1)
Fair value gain on foreign exchange hedge contract	**(7)**		–
Other	**20**		4
Normalised earnings	**1 230**	(35.2)	1 899
Normalised EPS (cents)	**93.9**	(44.6)	169.4
Southern Africa operations (cents)	**149.7**		193.4
International operations (cents)	**3.6**		(0.9)
Funding costs (international acquisitions) (cents)	**(59.4)**		(23.1)

Annexure D:
Audited summarised consolidated annual financial results continued

Commentary continued

Changes to board of directors

The board, together with A Meyer, decided that he would step down as Group Chief Executive Officer and as a member of the board with effect from 30 June 2017, and PP van der Westhuizen was appointed as acting Group Chief Executive Officer, while continuing in his role as Group Chief Financial Officer.

The board approved the appointment of Dr S Viranna to the position of Group Chief Executive Officer effective 1 February 2018.

LM Mojela resigned from the board with effect from 25 January 2017 at the annual general meeting. MEK Nkeli and PJ Golesworthy were respectively appointed as chairman and as member of the social, ethics and transformation committee with effect from 25 January 2017. Adv M Sello and AM Mothupi were appointed as non-executive directors on 3 July 2017.

Scrip Distribution and Cash Dividend Alternative

1. Introduction

The board has declared a final distribution for the year ended 30 September 2017, by way of the issue of fully paid Life Healthcare Group Holdings Limited ordinary shares of 0.0001 cent each (the Scrip Distribution) payable to ordinary shareholders (Shareholders) recorded in the register of the Company at the close of business on the Record Date, being Friday, 5 January 2018.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 45 cents per ordinary share in lieu of the Scrip Distribution, which will be paid only to those Shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on Friday, 5 January 2018 (the Cash Dividend). The Cash Dividend has been declared from income reserves. A dividend withholding tax of 20% (2016: 15%) will be applicable to all shareholders not exempt therefrom after deduction of which the net Cash Dividend is 36 cents per share.

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

The Company's total number of issued ordinary shares is 1 449 390 750 as at 10 November 2017. The Company's income tax reference number is 9387/307/15/1.

2. Terms of the Scrip Distribution

The Scrip Distribution will be done at a 2.5% discount to the 15-day volume weighted average price (VWAP). The number of Scrip Distribution shares to which each of the shareholders will become entitled pursuant to the Scrip Distribution (to the extent that such shareholders have not elected to receive the Cash Dividend) will be determined by reference to such shareholder's ordinary shareholding in Life Healthcare Group Holdings Limited (at the close of business on the Record Date, being Friday, 5 January 2018) in relation to the ratio that 45 cents multiplied by 1.025 bears to the VWAP of an ordinary Life Healthcare Group Holdings Limited share traded on the JSE during the 15-day trading period ending on Friday, 1 December 2017. Where the application of this ratio gives rise to a fraction of an ordinary share, the number of shares will be rounded up to the nearest whole number if the fraction is 0.5 or more and rounded down to the nearest whole number if the fraction is less than 0.5.

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

3. Circular and salient dates

A circular providing shareholders with full information on the Scrip Distribution and the Cash Dividend alternative, including a Form of Election to elect to receive the Cash Dividend alternative will be posted to shareholders on or about Friday, 8 December 2017 and announced on SENS. The salient dates of events thereafter are as follows:

Announcement released on SENS in respect of the ratio applicable to the Scrip Distribution, based on the 15-day volume weighted average price ending on Wednesday, 20 December 2017, by 11h00 on	Thursday, 21 December 2017
Announcement published in the press of the ratio applicable to the Scrip Distribution, based on the 15-day volume weighted average price ending on Wednesday, 20 December 2017 on	Friday, 22 December 2017
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Tuesday, 2 January 2018
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative on	Wednesday, 3 January 2018
Listing and trading of maximum possible number of ordinary shares on the JSE in terms of the Scrip distribution from the commencement of business on	Wednesday, 3 January 2018
Announcement released on SENS in respect of the cash payment for fractional entitlements, based on the VWAP traded on the JSE on Wednesday, 3 January 2018, discounted by 10%	Thursday, 4 January 2018
Last day to elect to receive the Cash Dividend alternative instead of the Scrip Distribution, Forms of Election to reach the transfer secretaries by 12h00 on	Friday, 5 January 2018
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative	Friday, 5 January 2018
Scrip Distribution certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	Monday, 8 January 2018
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	Monday, 8 January 2018
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press on	Tuesday, 9 January 2018
JSE listing of ordinary shares in respect of the Scrip Distribution adjusted to reflect the actual number of ordinary shares issued in terms of the Scrip Distribution at the commencement of business on or about	Wednesday, 10 January 2018

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

Share certificates may not be dematerialised or rematerialised between Wednesday, 3 January 2018 and Friday, 5 January 2018, both days inclusive.

Competition Commission Market Inquiry

A revised timetable for the Healthcare Market Inquiry was released in December 2016 with a provisional report on findings and recommendations due by 30 November 2017. Life Healthcare remains committed to participating in the Healthcare Market Inquiry and continues to engage extensively.

Outlook

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

Annexure D: Audited summarised consolidated annual financial results continued

Commentary continued

In southern Africa the Group will take a cautious approach with regard to bed expansion and expects to add 120 brownfield beds in 2018 and 145 mental health and acute rehabilitation beds in 2019 to facilitate the growing demand in these businesses. The Group expects PPD growth to return to positive growth in 2018 despite the continued market pressure.

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

Prospects for Poland have improved on the back of the four-year contracts signed with the NFZ adding stability and the business will continue to focus on driving efficiencies to improve margins.

Alliance Medical will continue to execute on its growth strategies in both existing territories and new potential markets. In the UK the PET-CT roll-out will be completed and good growth in PET-CT volumes is expected to continue. The business will continue to experience pricing pressure in the diagnostic mobile business and as a result will continue to focus on growing its CDC business with the first unit opening in Q2 2018. Ireland, Italy and northern Europe are all anticipated to show continued growth.

Max Healthcare will continue to focus on driving cost efficiencies to mitigate the regulatory impact and will continue to add capacity to its business as well as focusing on improving revenue and channel mix.

Trading statement for the six months ending 31 March 2018

Life Healthcare's results for the six months ending 31 March 2018 are expected to show an increase of more than 20% in EPS (minimum increase of 2.7 cps) and HEPS (minimum increase of 5.3 cps) from those reported for the six months ended 31 March 2017 (EPS: 13.7 cps and HEPS: 26.7 cps). This is primarily due to the non-recurring impact of the transaction costs as well as the funding costs related to the Alliance Medical acquisition and the impairment of Poland in 2017.

A detailed trading statement will be released in early April 2018.

Shareholders are advised that the investor presentation for the 12 months ended 30 September 2017 is published on Life Healthcare's website at www.lifehealthcare.co.za.

Thanks

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

Approved by the board of directors on 20 November 2017 and signed on its behalf:

Mustaq Brey
Chairman

Pieter van der Westhuizen
Acting Group Chief Executive Officer

Executive directors: PP van der Westhuizen (Acting Group Chief Executive Officer)

Non-executive directors: MA Brey (Chairman), PJ Golesworthy, ME Jacobs, AM Mothupi, MEK Nkeli, 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: 21 November 2017

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 have not been reviewed or reported on by the Company's external auditors. The auditors' report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors' engagement, they should obtain a copy of the auditors' report together with the accompanying financial information from the Company's registered office.

Annexure E: Board of directors

Board members

One non-executive director

MA (Mustaq) Brey (63)
Chairman
South African
BCompt (Hons), CA(SA)
Appointed to the board – 28 November 2003
Appointed Chairman – February 2013

Mustaq is a founder and chief executive officer of Brimstone Investment Corporation Limited. He is non-executive chairman of Oceana Group Limited. He serves as director of various companies, including Equites Property Fund Limited and Lion of Africa Insurance Company Limited. He is an independent director and chairman of the finance committee of Western Province Cricket Association.

Nine independent non-executive directors

PJ (Peter) Golesworthy (59)
Lead independent non-executive director
British
BA (Hons) (first class), Accountancy Studies, CA
Appointed to the board – 10 June 2010

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).

Other governing body and professional positions held: Peter is a fellow member of the IoDSA.

Prof ME (Marian) Jacobs (69)
South African
MBChB (UCT), diploma in community medicine (UCT), Fellowship of the College of South Africa (with paediatrics)
Appointed to the board – 1 January 2014

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

JK (Joel) Netshitenzhe (60)
South African
MSc (University of London, School of Oriental and African Studies), PGDip (economic principles), Dip (PolSci)
Appointed to the board – 30 November 2010

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.

Dr MP (Malefetsane) Ngatane (63)
South African
BSc, MBChB, FCOG
Appointed to the board – 25 July 2007

Malefetsane is a specialist obstetrician and gynaecologist. He has served as a consultant obstetrician and gynaecologist, and superintendent of the Chris Hani Baragwanath Hospital. He also served as the head of obstetrics and gynaecology at Natalspruit Hospital. He is currently in private practice. Malefetsane is the 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.

Annexure E: Board of directors continued

ME (Mpho) Nkeli (52)
South African
BSc (Environmental Science), MBA
Appointed to the board – 1 October 2015

Mpho previously served as executive director on various boards within the Alexander Forbes Group and Vodacom South Africa. Mpho was a member of the Commission of Employment Equity before being appointed chairman from 2009 to 2012. She has executive experience spanning 16 years in diverse functions. She trained as an environmental scientist, before moving into marketing, communications, social investment and enterprise development. Mpho later focused on human resources and transformation and was responsible for human resources at Alexander Forbes, whereafter she joined Vodacom in 2011 for three years as the chief human resources officer. She has also contributed to changes in legislation relating to B-BBEE. Mpho received the Laureate Award from the University of Pretoria in 2009. She currently serves on the boards of Impala Platinum and Sasol.

GC (Garth) Solomon (50)
South African
BCom, BCompt (Hons), CA(SA)
Appointed to the board – 23 March 2005

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.

RT (Royden) Vice (70)
South African
BCom, CA(SA)
Appointed to the board – 1 January 2014

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 Puregas 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).

Adv M (Mahlape) Sello (55)
South African
MA and LLM (Russia); LLB
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 re-appointed in August 2013. 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).

AM (Audrey) Mothupi (47)
South African
BA (Hons) (PolSci), Trent University, Canada
Appointed to the board – 3 July 2017

Audrey Mothupi is a business woman, entrepreneur and the chief executive officer of SystemicLogic Group, a global financial innovation and technology disruptor. She currently serves on the boards of 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 (Mathematics) 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, and marketing and communications strategy, integrated with strong skills in corporate relationship management.

One executive director
PP (Pieter) van der Westhuizen (46)
Acting Group Chief Executive Officer and Group Chief Financial Officer
South African
BCom (Acc), 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 subsequently became part of Afrox Healthcare Limited. Pieter performed various roles in the finance department of Afrox Healthcare and later Life Healthcare. He played a significant role in Afrox Healthcare's de-listing in 2005 and in the listing of Life Healthcare in 2010.

Board members who left the Group during the year

A (André) Meyer (51)
Former Group Chief Executive Officer
South African
Appointed Group Chief Executive Officer – 1 April 2014

André and the board mutually decided that he would step down as Group Chief Executive Officer effective 30 June 2017.

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

LM (Louisa) Mojela (61)
Former Independent non-executive director
South African
BCom (National University of Lesotho)
Appointed to the board –10 June 2010
Resigned effective 25 January 2017

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

Annexure F: Shareholder distribution

Shareholder distribution

1. Analysis of registered shareholders and Company schemes

Registered shareholder spread

In accordance with the JSE Listing Requirements, the following table confirms the spread of registered shareholders at 29 September 2017 was:

Registered shareholder spread

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	4 514	47.38	1 391 813	0.10
1 001 – 10 000 shares	3 094	32.48	10 210 482	0.70
10 001 – 100 000 shares	1 277	13.40	40 657 189	2.81
100 001 – 1 000 000 shares	476	5.00	150 938 671	10.41
1 000 001 shares and above	166	1.74	1 246 191 975	85.98
Total	**9 527**	**100.00**	**1 449 390 130**	**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**	**0.09**	**72 332 337**	**4.99**
Directors	4	0.04	1 017 820	0.07
Brimstone Investment Corporation Limited	3	0.03	60 925 266	4.20
Life Healthcare Employees Share Trust	1	0.01	9 951 921	0.69
Life Healthcare Long-term Incentive Scheme	1	0.01	437 330	0.03
Public shareholders	**9 518**	**99.91**	**1 377 057 793**	**95.01**
Total	**9 527**	**100.00**	**1 449 390 130**	**100.00**

2. Substantial investment management and beneficial interests

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 29 September 2017:

Investment management shareholdings

Investment manager	Total shareholding	%
Allan Gray Investment Council	285 607 114	19.71
Government Employees Pension Fund (PIC)	207 005 677	14.28
Lazard Asset Management LLC Group	132 182 368	9.13
Industrial Development Corporation (IDC)	69 867 972	4.82
Brimstone Investment Corporation Limited	61 739 632	4.26
BlackRock Inc.	55 414 592	3.82
The Vanguard Group Inc.	51 014 520	3.52
Total	**862 831 875**	**59.54**

Beneficial shareholdings

Beneficial shareholdings	Total shareholding	%
PIC	203 382 932	14.03
Allan Gray Balanced Fund	90 035 517	6.21
IDC	69 867 972	4.82
Brimstone Investment Corporation Limited	61 739 632	4.26
Lazard Emerging Market Fund	51 514 155	3.55
Total	**476 540 208**	**32.87**

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	–	–	–

Annexure F: Shareholder distribution continued

3. Geographic split of shareholders

Geographic split of investment managers and Company-related holdings

Region	Total shareholding	% of issued capital
South Africa	903 516 199	62.34
United States of America and Canada	340 802 567	23.51
United Kingdom	98 627 825	6.79
Rest of Europe	53 388 837	3.68
Rest of world[1]	53 054 702	3.66
Total	**1 449 390 130**	**100.00**

Geographic split of beneficial shareholders

Region	Total shareholding	% of issued capital
South Africa	879 638 419	60.69
United States of America and Canada	321 229 036	22.16
United Kingdom	38 022 225	2.62
Rest of Europe	123 757 578	8.54
Rest of world[1]	86 742 874	5.99
Total	**1 449 390 132**	**100.00**

[1] *Represents all shareholdings except those in the above regions.*

4. Shareholder categories

An analysis of beneficial shareholdings, supported by the Section 56 enquiry process, confirmed the following beneficial shareholder types:

Category	Total shareholding	% of issued capital
Unit trusts/mutual funds	542 019 326	37.40
Pension funds	407 197 696	28.09
Other managed funds	51 700 268	3.57
Government of SA	69 912 339	4.82
Sovereign wealth	69 448 003	4.79
Private investors	67 700 524	4.67
Black economic empowerment	62 706 169	4.33
Insurance companies	45 904 781	3.17
Trading position	43 853 243	3.03
Exchange-traded fund	34 258 736	2.36
Custodians	13 747 633	0.95
Employees	12 373 811	0.85
American depository receipts	8 740 443	0.60
Investment trust	5 188 227	0.36
University	4 355 278	0.30
Charity	3 315 936	0.23
Medical aid scheme	2 647 248	0.18
Local authority	1 958 400	0.14
Corporate holding	1 170 533	0.08
Foreign government	464 336	0.03
Hedge fund	398 244	0.03
Delivery by value	328 956	0.02
Total	**1 449 390 130**	**100.00**

Annexure G: Share capital

	2017 R'm	2016 R'm
Stated capital		
Stated capital comprises:		
Share capital	**10 057**	575
Share premium	**3 373**	3 373
Treasury shares	**(346)**	(282)
	13 084	3 666
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 (2016: R4 149)		
Issued and fully paid:		
Balance at 1 October	**1 057 800**	1 042 210
Shares issued as a result of scrip distributions	**24 243**	15 590
Shares issued as a result of the rights offer[1]	**367 347**	–
Balance at 30 September	**1 449 390**	1 057 800
Total value = R1 449 (2016: R1 058)		

[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 share capital in stated capital.

	Number of shares		Value of shares	
	2017 '000	2016 '000	2017 R'm	2016 R'm
Treasury shares				
Balance at 1 October	**7 365**	6 708	**(282)**	(262)
Granted	**2 728**	1 763	**(73)**	(61)
Granted as a result of the rights issue	**2 252**	–	**(55)**	–
Exercised	**(174)**	(40)	**6**	–
Vested	**(1 784)**	(1 066)	**58**	41
Balance at 30 September	**10 387**	7 365	**(346)**	(282)

Administration

Group company secretary
Fazila Patel

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Telephone 011 219 9000
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Registration
2003/002733/06

Place of incorporation
Illovo

JSE code
LHC

ISIN
ZAE000145892

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