

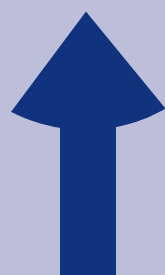
# Netcare Limited

Unaudited Group interim results for the six months ended  
31 March 2010

committed to our values

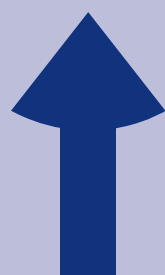


# Highlights



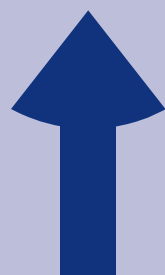
## 14%

constant currency  
operating profit  
2010: R2 072 million  
2009: R1 822 million



## 28%

adjusted\* basic headline  
earnings per share  
2010: 42.9 cents  
2009: 33.4 cents



## 19%

capital reduction per share  
2010: 19.0 cents  
2009: 16.0 cents

\* Adjusted to exclude the effects of the ineffective portion of the interest rate swaps.



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General Healthcare Group



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# Commentary

## Group financial review

The Group is pleased to announce a 28.4% increase in adjusted basic headline earnings per share (HEPS) to 42.9 cents for the six months under review. If the currency impact is excluded, adjusted basic HEPS increased 32.3% to 44.2 cents.

Currency conversion had a major impact on both the half-year results and financial position of the Group. This was due to the prevailing strength of the Rand relative to the British Pound during the period. The average exchange rate used for converting income and expenditure was R12.00 to the Pound, compared to R14.73 in the comparative prior period, a change of 18.5%. The closing exchange rate used to convert assets and liabilities at 31 March 2010 was R11.03 to the Pound, compared to R13.64 at 31 March 2009, a change of 19.1%.

Despite revenue growth in both the South African and United Kingdom (UK) operations, Group revenue was down 5.0% to R11 038 million (2009: R11 619 million) due to Rand appreciation. However, the Group's operating margin improved from 15.7% to 16.7% reflecting underlying efficiency improvements and sound financial management.

Net financial expenses decreased by R247 million to R1 005 million, a 19.7% reduction over last year. This was driven by reduced interest rates in South Africa (SA), lower average levels of debt compared to the prior period and the lower average exchange rate applicable to UK borrowing costs. The interest rate swaps are hedge accounted and fair value adjustments are recognised directly in equity to the extent that such hedging proves to be effective. Financial expenses were negatively affected by a £3.0 million non-cash charge, representing the ineffective portion of the fair value adjustment for the period.

An interim capital reduction of 19.0 cents per share (2009: 16.0 cents) has been declared, representing an 18.8% increase over the prior year.

Net debt at R24 862 million reduced from R26 454 million at 30 September 2009. This reduction was impacted by fluctuations in the closing exchange rate, which reduced debt by R1 723 million, and scheduled debt repayments in the UK, but offset by higher borrowings in SA required to fund ongoing capital and seasonal working capital requirements.

Equity decreased by R136 million from 30 September 2009. This was mainly due to a decrease in the foreign currency translation reserve, and unfavourable non-cash mark-to-market fair value adjustments on the UK interest rate swaps recognised in the cash flow hedge accounting reserve.

Cash generated by operations rose 5.9% to R1 894 million from R1 788 million in the prior comparative period primarily as a result of better cash conversion. The Group converted 78.9% (2009: 72.3%) of its EBITDA into cash.

Capital expenditure of R423 million was incurred compared to R592 million in the prior period, mainly due to the timing of capital expenditure in SA and the UK.

## Divisional review

### South Africa

Revenue grew 7.1% to R6 014 million from R5 616 million, while operating profit rose 12.3% to R849 million (2009: R756 million). The operating profit margin improved from 13.5% to 14.1%. The South African operations contributed 86.5% (2009: 89.5%) to basic HEPS.

Cash generated by the SA operations of R738 million remained strong but was slightly lower than a year earlier. This was mainly due to higher working capital requirements, following an increase in The Commissioner for Occupational Injury and Disease (COID) debtors and stock levels required for the Easter holidays. Total capital expenditure was R270 million (2009: R293 million) of which R161 million was spent on replacements and R109 million on expansionary expenditure.

The construction of the 425-bed Lesotho Hospital PPP remains on track and is scheduled for completion in 2011. The first of three off-site primary care clinics was opened this month, while the other two will be opened before month-end.

This year, Netcare Education celebrates 21 years of training nursing staff. Currently over 3 500 students are being trained at its five campuses.

Netcare maintained its position as the most empowered company in the JSE's healthcare sector and was ranked thirteenth most empowered listed company overall in the Financial Mail's Top Empowerment Companies survey.

Netcare expresses its deepest regret at the passing away of Dr Molefi Sefularo, honourable Deputy Minister of Health.

We congratulate Malebona Precious Matsoso on her appointment as Director General for the Department of Health.

## Hospitals and Emergency services

Revenue from Hospitals and Emergency services was up 9.5% to R5 336 million (2009: R4 873 million), while EBITDA rose 9.1% to R1 029 million (2009: R943 million).

The Hospital division maintained patient days off a high base with a 10.2% increase in revenue per patient day.

The number of registered beds increased from 8 766 to 8 843 during the six months under review and Netcare continued to improve its infrastructure, including the addition of a 17-bed neo-natal intensive care unit at Netcare Garden City, commissioning of a new cardiac catheterisation laboratory at Netcare Linksfield, renovating a 30-bed paediatric unit at Netcare Park Lane and the refurbishment of five theatres at Netcare Milpark. A fully integrated oncology centre was opened at Netcare Clinton, specialising in intensity modulated and image guided radiation therapy. In addition, the first neuro-interventional MRI (magnetic resonance imaging) and CT (computed tomography) theatre in Africa was opened at Netcare N1 City.

Emergency services division, Netcare 911, recorded 5.3% growth in total lives under management to 7.9 million lives. The division continued to focus on improving operational efficiencies, which supported the results. Netcare 911 became SA's first aeromedical emergency evacuation specialist to become accredited by the European Air Medical Institute (EURAMI) reflecting the high level of service excellence provided to patients.

## Primary care

The division achieved a significant turnaround, following a strategic review of the managed care business and resultant termination of loss making contracts. Revenue decreased 8.7% to R678 million (2009: R743 million) primarily due to a contraction in managed care lives in Prime Cure, which reduced 28.4% to 172 000 lives. Medicross is rolling out a new practice management system which should enhance its overall efficiencies.

Operating loss decreased significantly to R5 million compared to R25 million in the prior period. The performance was bolstered by improved operational efficiencies and internal controls.

## United Kingdom

Netcare owns a 50.1% stake in General Healthcare Group (GHG), which operates a national network of private hospitals across the UK under the BMI brand name.

GHG delivered a solid performance underpinned by continued demand for private healthcare facilities despite the recessionary environment, record unemployment rates and little to no inflation. The business continues to benefit from ongoing investment in extending its breadth of services and its geographic presence.

Overall caseload in the UK grew 5.6% year-on-year, reflecting both organic growth and the integration of the prior year acquisitions of Fitzroy Square, Woodlands Hospital and City Medical consulting suites, as well as the addition of the Kingston private patient unit in the period.

Private Medical Insurance (PMI) patient volumes remained stable on a same site basis, excluding a decline resulting from the exceptionally severe weather conditions experienced in January. The shift in business mix emanating from 2009 continued, with strong growth in NHS patients offsetting lower numbers of self-pay patients. Pleasingly, the self-pay market is showing early signs of recovery. The NHS Choose and Book (C&B) programme, which allows the public, through their GPs, to select private facilities directly for their treatment has been well received and uptake has been encouraging. Future demand under this initiative should entrench the private healthcare sector as a key partner to the NHS in ensuring the delivery of the UK's national healthcare needs.

Revenue from UK operations for the six months rose 2.8% to £418.7 million (2009: £407.4 million).

EBITDA was up 4.7% to £110.9 million (2009: £105.9 million) and operating profit 9.4% higher at £79.2 million (2009: £72.4 million). The performance reflected the benefits of ongoing efficiency improvements and standardisation, coupled with stringent cost control, which underpinned margins.

The results were boosted by a non-recurring capital benefit of £3.7 million relating to a gain on the bargain purchase of assets under a business combination. Non-recurring expenses, comprising mostly restructuring and retrenchment costs, of £2.1 million were incurred (2009: £3.5 million). Profit after tax amounted to £15.3 million, an increase of 188.7% over the prior period.

Capital expenditure including intangible assets amounted to £14.3 million compared to £25.3 million in 2009. GHG continued to invest in its hospital infrastructure to ensure that its patients and consultants have access to leading-edge medical equipment and facilities.

Net debt reduced by £14 million to £1 873 million (September 2009: £1 887 million). Working capital increased by £13 million since the 2009 year-end due to underlying business growth and the increased NHS caseload at longer payment cycles. Cash collection remains a key focus to manage the impact on resources of this industry-wide shift in business mix. GHG continued to meet its financial covenants and has sufficient headroom for the remaining debt term. The debt relating to the UK is without recourse to the SA operations.

As per the SENS announcement on 8 December 2009, Netcare's partners in GHG, in accordance with the terms of the Partnership Agreement, informed Netcare of their desire to pursue an Initial Public Offering (IPO) of the GHG Operating Company (OpCo) on the London Stock Exchange (LSE). Whilst preparation for the IPO has progressed well, given prevailing market conditions, a final decision as to the IPO and its timing has yet to be made. Shareholders will be updated as and when the position changes.

## Outlook

Barring any unforeseen circumstances, and particularly given the general financial soundness of medical aid funds and the strong underlying demand for private healthcare, the outlook for SA remains stable and positive. The prospects of healthcare reform facilitating greater healthcare access and care for all South Africans is seen as an imperative and viewed positively in terms of the Group's wide range of healthcare services on offer.

Over and above the capital expenditure planned for the year of R800 million in SA, the Board has approved an additional R670 million to be invested over the next three years on capital projects. These include the new Waterfall Hospital in Midrand, Gauteng, 12 large projects that will add 295 new beds, a refurbishment of 238 beds, three new theatres, 30 doctors consulting rooms and 21 smaller projects.

Recessionary pressures in the UK economy are expected to limit the growth of PMI and self-pay spending on private healthcare in the short term. However, the growth in NHS activity should provide sufficient offset. The demographics of an ageing population and increasing incidence of lifestyle diseases are expected to support growth in private caseload over the longer term. The underlying fundamentals of the UK private healthcare sector remain sound, with NHS budgetary pressures likely to increase demand for private facilities further. The scale and quality of GHG's facilities, infrastructure, consultant network and management team position the company well to succeed in the current market and to benefit from the compelling prospects for private healthcare in the UK.

## Board changes

Andile Ngcaba resigned as a non-executive director effective 7 April 2010. The Board expresses its gratitude and appreciation to Andile for his significant contribution to Netcare over his term of office.

## Declaration of capital reduction number 22

In accordance with the authority given to the directors by way of an ordinary resolution passed on 29 January 2010, the Board of Directors declared on Thursday, 13 May 2010 an interim capital reduction (number 22) out of share premium of 19.0 cents per ordinary share, payable on Monday, 26 July 2010, to shareholders recorded in the register of the Company as at Friday, 23 July 2010. In terms of Article 54.12 of the Company's Articles of Association, all capital reductions with a value of R5,00 or less will be donated to a registered charity approved by the directors of the Company.

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

Last day to trade cum the capital reduction (LDT)	Friday, 16 July 2010
Trading ex capital reduction commences	Monday, 19 July 2010
Record date	Friday, 23 July 2010
Date of payment	Monday, 26 July 2010

Share certificates may not be dematerialised nor rematerialised between Monday, 19 July 2010 and Friday, 23 July 2010, both days inclusive.

On behalf of the Board

<b>Jerry Vilakazi</b>	Chairman
<b>Richard Friedland</b>	Chief Executive Officer
<b>Vaughan Firman</b>	Chief Financial Officer

Sandton  
13 May 2010

## Group statement of financial position

Rm	Note	Unaudited 31 March 2010	Unaudited 31 March 2009	Audited 30 September 2009
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		23 538	27 818	25 097
Goodwill		13 235	16 271	14 303
Intangible assets		337	397	366
Associated companies, investments and loans	4	182	90	130
Deferred taxation		1 040	638	1 147
<b>Total non-current assets</b>		<b>38 332</b>	<b>45 214</b>	<b>41 043</b>
<b>Current assets</b>				
Loans and receivables	4	52	67	54
Inventories		677	643	621
Trade and other receivables		3 661	3 963	3 416
Cash and cash equivalents		1 094	618	803
		5 484	5 291	4 894
Assets held for sale	5	6	4	4
<b>Total current assets</b>		<b>5 490</b>	<b>5 295</b>	<b>4 898</b>
<b>Total assets</b>		<b>43 822</b>	<b>50 509</b>	<b>45 941</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Ordinary share capital and premium		819	1 240	1 065
Treasury shares		(767)	(767)	(767)
Option premium on convertible bond		169	175	169
Other reserves		(11)	(98)	231
Retained earnings		3 966	2 982	3 446
Equity attributable to owners of the parent		4 176	3 532	4 144
Preference share capital and premium		644	644	644
Non-controlling interest		2 177	2 070	2 345
<b>Total shareholders' equity</b>		<b>6 997</b>	<b>6 246</b>	<b>7 133</b>
<b>Non-current liabilities</b>				
Long-term debt		23 613	29 056	25 423
Financial liability - Derivative financial instruments		2 739	3 914	2 797
Post-retirement benefit obligations		288	132	297
Deferred lease liability		119	98	114
Deferred taxation		4 617	5 866	5 041
Provisions		39	48	48
<b>Total non-current liabilities</b>		<b>31 415</b>	<b>39 114</b>	<b>33 720</b>
<b>Current liabilities</b>				
Trade and other payables		2 841	2 934	2 924
Short-term debt		1 920	1 871	1 745
Taxation payable		226	292	330
Bank overdrafts		423	52	89
<b>Total current liabilities</b>		<b>5 410</b>	<b>5 149</b>	<b>5 088</b>
<b>Total equity and liabilities</b>		<b>43 822</b>	<b>50 509</b>	<b>45 941</b>

## Group income statement

Rm	Note	Unaudited six months ended		% change	Audited
		31 March 2010	31 March 2009		year ended 30 September 2009
<b>CONTINUING OPERATIONS</b>					
Revenue		11 038	11 619	(5.0)	23 232
Cost of sales		(6 404)	(6 833)		(13 701)
<b>Gross profit</b>		<b>4 634</b>	<b>4 786</b>	<b>(3.2)</b>	<b>9 531</b>
Other income		118	111		232
Administrative and other expenses		(2 909)	(3 075)		(6 063)
<b>Operating profit</b>	6	<b>1 843</b>	<b>1 822</b>	<b>1.2</b>	<b>3 700</b>
Financial income	7	24	66		171
Financial expenses	8	(1 029)	(1 318)	21.9	(2 431)
Attributable earnings of associates		16	10		27
<b>Profit before taxation</b>		<b>854</b>	<b>580</b>	<b>47.2</b>	<b>1 467</b>
Taxation		(185)	(142)		(350)
<b>Profit for the period from continuing operations</b>		<b>669</b>	<b>438</b>	<b>52.7</b>	<b>1 117</b>
<b>DISCONTINUED OPERATION</b>					
Profit for the period from discontinued operation	5		634		634
<b>Profit for the period</b>		<b>669</b>	<b>1 072</b>	<b>(37.6)</b>	<b>1 751</b>
Attributable to:					
Owners of the parent		551	1 002		1 564
Preference shareholders		28	37		73
Profit attributable to shareholders		579	1 039		1 637
Non-controlling interest		90	33		114
		669	1 072		1 751
<b>Earnings per share (cents)</b>					
<b>Basic</b>					
Continuing operations		43.4	79.4	(45.3)	123.8
Discontinued operation			50.2		50.2
<b>Diluted</b>		<b>41.8</b>	<b>79.3</b>	<b>(47.3)</b>	<b>122.6</b>
Continuing operations		41.8	29.1	43.6	72.9
Discontinued operation			50.2		49.7
<b>Capital reduction per share (cents)</b>		<b>19.0</b>	<b>16.0</b>	<b>18.8</b>	<b>38.0</b>

## Group statement of comprehensive income

Rm	Unaudited six months ended		Audited year ended
	31 March 2010	31 March 2009	30 September 2009
<b>Profit for the period</b>	<b>669</b>	1 072	1 751
<b>Other comprehensive loss, net of tax</b>	<b>(540)</b>	(3 499)	(3 086)
Actuarial losses on defined benefit plans			(130)
Effect of cash flow hedge accounting	<b>(134)</b>	(3 274)	(2 086)
Effect of translation of foreign entities	<b>(406)</b>	(225)	(870)
<b>Total comprehensive income/(loss) for the period</b>	<b>129</b>	(2 427)	(1 335)
Attributable to:			
Owners of the parent	<b>268</b>	(820)	(48)
Preference shareholders	<b>28</b>	37	73
Non-controlling interest	<b>(167)</b>	(1 644)	(1 360)
	<b>129</b>	(2 427)	(1 335)

## Group statement of cash flows

Rm	Unaudited six months ended 31 March 2010	31 March 2009	Audited year ended 30 September 2009
<b>Cash flows from operating activities</b>			
Cash received from customers	10 664	10 976	22 921
Cash paid to suppliers and employees	(8 770)	(9 188)	(18 281)
<b>Cash generated from operations</b>	<b>1 894</b>	1 788	4 640
Interest paid	(993)	(1 321)	(2 430)
Continuing operations	(993)	(1 316)	(2 425)
Discontinued operation		(5)	(5)
Taxation paid	(302)	(247)	(526)
Continuing operations	(302)	(241)	(520)
Discontinued operation		(6)	(6)
Ordinary dividends paid by subsidiaries	(1)	(3)	(3)
Preference dividends paid	(28)	(37)	(73)
Capital reductions paid	(279)	(227)	(430)
<b>Net cash from operating activities</b>	<b>291</b>	(47)	1 178
Continuing operations	291	(46)	1 179
Discontinued operation		(1)	(1)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(423)	(592)	(1 283)
Continuing operations	(423)	(581)	(1 272)
Discontinued operation		(11)	(11)
Proceeds on disposal of property, plant and equipment	46	5	60
Additions to intangible assets	(26)	(53)	(144)
(Increase)/decrease in investments and loans	(34)	30	40
Proceeds from disposal of businesses		852	852
Interest received	18	65	150
Dividends received	1	1	1
Acquisition of subsidiaries and businesses, net of cash acquired	(19)	(9)	(9)
<b>Net cash from investing activities</b>	<b>(437)</b>	299	(333)
Continuing operations	(437)	310	(322)
Discontinued operation		(11)	(11)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	33	3	31
Repurchase of shares		(3)	(11)
Settlement of derivatives			(19)
Long-term liabilities raised/(repaid)	2	(532)	(840)
Short-term liabilities raised/(repaid)	128	(95)	(139)
<b>Net cash from financing activities</b>	<b>163</b>	(627)	(978)
Continuing operations	163	(623)	(974)
Discontinued operation		(4)	(4)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17</b>	(375)	(133)
Translation effects on cash and cash equivalents of foreign entities	(60)	(21)	(115)
Cash and cash equivalents at beginning of the period	714	962	962
<b>Cash and cash equivalents at end of the period</b>	<b>671</b>	566	714

## Group condensed statement of changes in equity

Rm	Unaudited six months ended		Audited year ended
	31 March 2010	31 March 2009	30 September 2009
Balance at beginning of period	7 133	8 851	8 851
Ordinary shares issued	33	3	31
Capital reduction paid	(279)	(227)	(430)
Repurchase of shares		68	68
Repurchase of convertible bond			4
Share-based payment reserve movements	12	15	32
Capital gains tax on capital reductions attributable to treasury shares			(7)
Preference dividends paid	(28)	(37)	(73)
Other movements	(3)		(8)
Total comprehensive income/(loss) for the period	129	(2 427)	(1 335)
<b>Balance at the end of the period</b>	<b>6 997</b>	<b>6 246</b>	<b>7 133</b>
Comprising:			
Ordinary share capital and premium	819	1 240	1 065
Treasury shares	(767)	(767)	(767)
Option premium on convertible bond	169	175	169
Foreign currency translation reserve	759	1 306	976
Cash flow hedge accounting reserve	(1 282)	(1 827)	(1 216)
Other reserves	512	423	471
Retained earnings	3 966	2 982	3 446
<b>Equity attributable to owners of the parent</b>	<b>4 176</b>	<b>3 532</b>	<b>4 144</b>
Preference shareholders	644	644	644
Non-controlling interest	2 177	2 070	2 345
<b>Total shareholders' equity</b>	<b>6 997</b>	<b>6 246</b>	<b>7 133</b>

## Headline earnings

Rm	Unaudited six months ended		% change	Audited
	31 March 2010	31 March 2009		year ended 30 September 2009
<b>Reconciliation of headline earnings</b>				
Profit for the period from continuing operations	669	438	52.7	1 117
Less:				
Preference shareholders	(28)	(37)		(73)
Non-controlling interest	(90)	(33)		(114)
<b>Earnings used in the calculation of basic earnings per share from continuing operations</b>	<b>551</b>	<b>368</b>	<b>49.7</b>	<b>930</b>
Adjusted for:				
Gain on bargain purchase	(44)			
Impairment of investments				2
Impairment of land and buildings		10		13
Reversal of impairment of land and buildings	(1)			
Profit on disposal of property, plant and equipment	(1)	(4)		(5)
Tax effect of headline adjusting items		1		2
Non-controlling share of headline adjusting items	22			
<b>Headline earnings from continuing operations</b>	<b>527</b>	<b>375</b>		<b>942</b>
<b>Earnings from discontinued operation</b>		<b>634</b>		<b>634</b>
Adjusted for:				
Profit on disposal of discontinued operation		(678)		(678)
Tax effect of headline adjusting item		90		90
<b>Headline earnings from discontinued operation</b>		<b>46</b>		<b>46</b>
<b>Headline earnings</b>	<b>527</b>	<b>421</b>	<b>25.2</b>	<b>988</b>
Adjusted for:				
Ineffectiveness arising from interest rate swaps	36	2		5
Non-controlling share of headline adjusting item	(18)	(1)		1
<b>Adjusted headline earnings</b>	<b>545</b>	<b>422</b>	<b>29.1</b>	<b>994</b>
<b>Headline earnings per share (cents)</b>				
Basic	41.5	33.3	24.6	78.2
Continuing operations	41.5	29.7	39.7	74.6
Discontinued operation		3.6		3.6
Diluted	40.0	33.3	20.1	77.5
Continuing operations	40.0	29.7	34.7	73.9
Discontinued operation		3.6		3.6
Adjusted basic headline earnings per share	42.9	33.4	28.4	78.7
Continuing operations	42.9	29.8	44.0	75.1
Discontinued operation		3.6		3.6

## Notes

### 1. Basis of preparation and accounting policies

The interim financial information for the six months ended 31 March 2010 has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (IFRS) and complies with IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied for the year ended 30 September 2009, except for the following:

- IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (amended)
- IFRS 7 Financial Instruments: Disclosures (amended)
- IFRS 8 Operating Segments
- Improvements to International Financial Reporting Standards 2008 and 2009 (certain improvements have been adopted earlier than required)

The implementation of these standards had no impact on the financial position or performance of the Group and has mainly been of a presentation and disclosure nature.

### 2. Acquisition of businesses

The following business combinations took effect during the year:

**2.1** Effective 1 October 2009, the Group acquired an additional 25% in Netcare Parklands Linac Joint Venture (Proprietary) Limited (Parklands Linac) and 15% in Netcare St Anne's Linac Joint Venture (Proprietary) Limited (St Anne's Linac), changing the Group's effective holding to 75% and 65% respectively. Both were previously accounted for as joint ventures.

**2.2** With effect from 1 January 2010, the Group acquired 100% of the shares in Sterilplus Limited in the United Kingdom. Subsequent to acquisition, the company was renamed to BMI Hospital Decontamination Limited.

From the dates of acquisition to 31 March 2010, the following amounts have been included in the Group's income statement:

Rm	Parklands Linac	St Anne's Linac	Steriplus Limited	Total
Revenue	9	3	10	22
Operating profit	3	1	(1)	3

The following table reflects the fair values at acquisition:

Rm	Parklands Linac	St Anne's Linac	SterilPlus Limited
Property, plant and equipment	16	1	58
Loans and receivables	2	1	
Trade and other receivables	3	1	7
Cash and cash equivalents			1
Long-term debt	(7)		
Short-term debt	(4)		
Trade and other payables	(9)	(3)	(5)
Taxation payable	(1)		
<b>Fair value of net assets acquired</b>			61
Investment in joint venture	(1)		
	(1)		61
Goodwill/(gain on bargain purchase)	3	1	(44)
<b>Purchase consideration</b>	2	1	17
Cash and cash equivalents in acquiree			(1)
<b>Cash outflow on acquisition</b>	2	1	16

The fair values reflected above are equal to the carrying values at acquisition.

## Notes (continued)

### 3. Reclassification of comparative information

#### Statement of financial position

Long-term provisions in the March 2009 statement of financial position have been reclassified from trade and other payables, included in current liabilities, to provisions which are classified as non-current liabilities. This adjustment is in line with the disclosure at 30 September 2009.

Rm	Unaudited six months ended 31 March 2010	Unaudited six months ended 31 March 2009	Audited year ended 30 September 2009
<b>4. Associated companies, investments and loans</b>			
<b>Non-current</b>			
Associated companies*	149	70	122
Available-for-sale investments	22		
Other loans	11	20	8
	<b>182</b>	<b>90</b>	<b>130</b>
<b>Current</b>			
Loans	52	67	54
	<b>234</b>	<b>157</b>	<b>184</b>
* Directors' valuation of associated companies	<b>304</b>	<b>292</b>	<b>395</b>
<b>5. Assets held for sale</b>			
<b>5.1 Land and buildings held for sale</b>			
Certain land and buildings were classified as held for sale. A reversal of impairment amounting to R1 million was recognised in the current year.	<b>6</b>	4	4
<b>5.2 Discontinued operation – Ampath Holdings Trust</b>			
Sale of our interest in Ampath Holdings Trust was completed in February 2009, following Competition Commission approval. The sale of our units and claims amounted to R1,027 million.			
Our 50% share of the discontinued operation was as follows:			
<b>Revenue</b>		267	267
Administrative and other expenses		(198)	(198)
<b>Operating profit</b>		69	69
Financial expenses		(5)	(5)
<b>Profit before taxation</b>		64	64
Taxation		(18)	(18)
<b>Profit for the period before profit on disposal</b>		46	46
Profit on disposal of discontinued operation, net of tax		588	588
<b>Profit for the period from discontinued operations</b>		634	634
The cash flows are as follows:			
Net cash from operating activities		(1)	(1)
Net cash from investing activities		(11)	(11)
Net cash from financing activities		(4)	(4)

## Notes (continued)

### 5. Assets held for sale (continued)

#### 5.2 Discontinued operation – Ampath Holdings Trust (continued)

The profit on the sale of Ampath Holdings Trust can be reconciled as follows:

	Rm
Sale of units and claims	1 027
Less: Carrying value	(349)
Claims settled	(174)
Net asset value	(175)
<b>Profit on disposal</b>	<b>678</b>
Less: Capital gains tax	(90)
<b>Profit on disposal of discontinued operation, net of tax</b>	<b>588</b>

Rm	Unaudited six months ended 31 March 2010	Unaudited six months ended 31 March 2009	Audited year ended 30 September 2009
<b>6. Operating profit</b>			
After charging:			
Depreciation and amortisation	557	652	1 227
Operating lease charges	199	197	410
<b>7. Financial income</b>			
Dividends received	1	1	1
Recycling of cash flow hedge reserve	5		20
Interest received	18	65	150
	<b>24</b>	<b>66</b>	<b>171</b>
<b>8. Financial expenses</b>			
Foreign exchange losses (net)			1
Ineffectiveness recognised in the income statement arising from cash flow hedges (net)	36	2	5
Interest paid	993	1 316	2 425
	<b>1 029</b>	<b>1 318</b>	<b>2 431</b>
<b>9. Commitments</b>			
Capital commitments	745	951	869
South Africa	461	401	441
United Kingdom	284	550	428
Operating lease commitments	3 090	3 345	3 215
South Africa	1 312	1 115	1 369
United Kingdom	1 778	2 230	1 846
<b>10. Contingent liabilities (guarantees and suretyships)</b>			
South Africa	656	601	632
United Kingdom		109	
	<b>656</b>	<b>710</b>	<b>632</b>

## Condensed segment report

Rm	Unaudited six months ended		% change	Audited
	31 March 2010	31 March 2009		year ended 30 September 2009
<b>INCOME STATEMENT</b>				
<b>Revenue</b>	<b>11 038</b>	11 619	(5.0)	23 232
South Africa	<b>6 014</b>	5 616	7.1	11 832
Hospitals and Emergency services	<b>5 336</b>	4 873		10 319
Primary care	<b>678</b>	743		1 513
United Kingdom	<b>5 024</b>	6 003	(16.3)	11 400
<b>EBITDA</b>	<b>2 400</b>	2 474	(3.0)	4 927
South Africa	<b>1 035</b>	927	11.7	2 018
Hospitals and Emergency services	<b>1 029</b>	943		2 042
Primary care	<b>6</b>	(16)		(24)
United Kingdom	<b>1 319</b>	1 549	(14.8)	2 919
Capital items	<b>46</b>	(2)		(10)
South Africa	<b>1</b>	(1)		(9)
United Kingdom	<b>45</b>	(1)		(1)
<b>Operating profit</b>	<b>1 843</b>	1 822	1.2	3 700
South Africa	<b>849</b>	756	12.3	1 662
Hospitals and Emergency services	<b>854</b>	781		1 703
Primary care	<b>(5)</b>	(25)		(41)
United Kingdom	<b>948</b>	1 068	(11.2)	2 048
Capital items	<b>46</b>	(2)		(10)
South Africa	<b>1</b>	(1)		(9)
United Kingdom	<b>45</b>	(1)		(1)
<b>Net interest paid</b>	<b>975</b>	1 251	22.1	2 275
South Africa	<b>200</b>	272	26.5	463
United Kingdom	<b>775</b>	979	20.8	1 812
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>Total assets</b>	<b>43 816</b>	50 505	(13.2)	45 937
South Africa	<b>9 096</b>	8 447	7.7	8 611
United Kingdom	<b>34 720</b>	42 058	(17.4)	37 326
<b>Debt net of cash</b>	<b>24 862</b>	30 361	18.1	26 454
South Africa	<b>4 212</b>	4 255	1.0	3 903
United Kingdom	<b>20 650</b>	26 106	20.9	22 551

The segment report excludes the disposal group and assets held for sale.

## Foreign exchange impact

Rm	Reported 31 March 2010	Adjusted* 31 March 2010	Reported 31 March 2009	% change
<b>INCOME STATEMENT</b>				
<b>Revenue</b>	11 038	12 184	11 619	4.9
South Africa	6 014	6 014	5 616	7.1
United Kingdom	5 024	6 170	6 003	2.8
<b>EBITDA</b>	2 400	2 713	2 474	9.7
South Africa	1 035	1 035	927	11.7
United Kingdom	1 319	1 632	1 549	5.4
Capital items	46	46	(2)	
South Africa	1	1	(1)	
United Kingdom	45	45	(1)	
<b>Operating profit</b>	1 843	2 072	1 822	13.7
South Africa	849	849	756	12.3
United Kingdom	948	1 177	1 068	10.2
Capital items	46	46	(2)	
South Africa	1	1	(1)	
United Kingdom	45	45	(1)	
<b>Net interest paid</b>	975	1 152	1 251	7.9
South Africa	200	200	272	26.5
United Kingdom	775	952	979	2.8
<b>Basic headline earnings per share (cents)</b>	41.5	42.8	33.3	28.5
South Africa	35.9	35.9	29.8	20.5
United Kingdom	5.6	6.9	3.5	97.1
<b>Adjusted basic headline earnings per share (cents)^</b>	42.9	44.2	33.4	32.3
South Africa	35.9	35.9	29.8	20.5
United Kingdom	7.0	8.3	3.6	130.6
<b>STATEMENT OF FINANCIAL POSITION</b>				
<b>Total assets</b>	43 816	52 037	50 505	3.0
South Africa	9 096	9 096	8 447	7.7
United Kingdom	34 720	42 941	42 058	2.1
<b>Debt net of cash</b>	24 862	29 751	30 361	2.0
South Africa	4 212	4 212	4 255	1.0
United Kingdom	20 650	25 539	26 106	2.2

\* The United Kingdom numbers have been recalculated at constant exchange rates to remove the impact of foreign currency fluctuations.

^ Adjusted to exclude the ineffectiveness on the interest rate swaps.

## Salient features

	Unaudited 31 March 2010	Unaudited 31 March 2009	Audited 30 September 2009
<b>Share statistics</b>			
<i>Ordinary shares</i>			
Total shares in issue (million)	1 271	1 263	1 266
Weighted average number of shares (million)	1 269	1 262	1 263
Diluted weighted average number of shares (million)	1 318	1 264	1 275
Market price per share (cents)	1 320	799	1 037
<b>Currency conversion guide (R:£)</b>			
Closing exchange rate	11.03	13.64	11.95
Average exchange rate for the period	12.00	14.73	13.73

<b>Netcare Limited</b>	("Netcare", "the Company" or "the Group")
<b>Registration number:</b>	1996/008242/06 (Incorporated in the Republic of South Africa)
<b>JSE share code:</b>	NTC
<b>ISIN code:</b>	ZAE000011953
<b>Registered office:</b>	76 Maude Street (corner West Street), Sandton 2196, Private Bag X34, Benmore 2010
<b>Executive directors:</b>	RH Friedland (Chief Executive Officer), VE Firman (Chief Financial Officer), VLJ Litlhakanyane
<b>Non-executive directors:</b>	SJ Vilakazi (Chairman), APH Jammie, JM Kahn, MJ Kuscus, HR Levin, KD Moroka, MI Sacks, N Weltman
<b>Company Secretary:</b>	L Kok
<b>Sponsor:</b>	Nedbank Capital, a division of Nedbank Group Limited.
<b>Transfer secretaries:</b>	Link Market Services (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001
<b>Investor relations:</b>	+27 11 301 0212; ir@netcare.co.za



**You're in safe hands**

**Investor Relations**

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[www.netcareinvestor.co.za](http://www.netcareinvestor.co.za)

[www.netcare.co.za](http://www.netcare.co.za)

# Netcare Limited

Unaudited Group interim results for the six months ended  
31 March 2010

committed to our values



You're in safe hands



Unaudited Group interim results for the six months ended 31 March 2010

Richard Friedland | Group CEO

Vaughan Firman | Group CFO



You're in safe hands



## Notes

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## Presentation outline



CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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## Group highlights

Results significantly impacted by appreciation of the Rand	Improved overall performance in both SA and UK	Basic EPS from continuing operations up 49%
Continued expansion of UK network	Maintained top position as most empowered company in healthcare sector*	19% increase in capital reduction of 19 cents per share

\* Source: Top Empowerment Companies 2010 Survey - Financial Mail, 30 April 2010

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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Group financial highlights

Rm	31 Mar 2009	31 Mar 2010	%	Constant currency %*
Revenue	11 619	<b>11 038</b>	(5,0)	4,9
EBITDA	2 474	<b>2 400</b>	(3,0)	9,7
Operating profit	1 822	<b>1 843</b>	1,2	13,7
Operating profit margin (%)	15,7	<b>16,7</b>		
Net debt	30 361	<b>24 862</b>	18,1	2,0
Adjusted basic HEPS (cents) <sup>#</sup>	33,4	<b>42,9</b>	24,6	28,4
Capital reduction (cents)	16	<b>19</b>	18,8	

Impact of currency conversion:

↓

Negative swing of:

- 9,9% on revenue
- 12,7% on EBITDA
- 12,5% on operating profit

↓

Positive impact of 16,1% reduction of net debt

\* Average R:£ exchange rate 31 Mar 2009: R14,73 vs 31 Mar 2010: R12,00 (for income and expenditure)  
Closing R:£ exchange rate 31 Mar 2009: R13,64 vs 31 Mar 2010: R11,03 (for assets and liabilities)

# Adjusted to exclude the effects of the ineffective portion of the interest rate swaps

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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## SA – financial highlights

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	5 616	6 014	7,1
EBITDA	927	1 035	11,7
Operating profit	756	849	12,3
Capital expenditure	293	270	(7,8)
Net debt	4 255	4 212	1,0
EBITDA margin (%)	16,5	17,2	
Operating profit margin (%)	13,5	14,1	

Revenue growth in Hospitals and Emergency services offset by reduction in Primary care revenue

EBITDA growth due to:

- Operating efficiencies in Hospital division
- Improved performance at Netcare 911
- Turnaround in Primary care division

Solid operational leverage resulting in improved margins

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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## SA Hospitals and Emergency services

77 new beds commissioned and several new facilities opened within existing hospitals

First neuro-interventional MRI and CT theatre in Africa

Rollout of third stage of SAP IT system commenced

5,3% growth in Netcare 911 managed lives to 7,9 million South Africans

Netcare 911's aeromedical division achieves international accreditation,\* a first in SA

Hospitals and Netcare 911 fully prepared and trained for the 2010 FIFA World Cup™

\* European Air Medical Institute (EURAMI) for emergency evacuation specialist services

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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## SA Hospitals and Emergency services – financial highlights

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	4 873	<b>5 336</b>	9,5
EBITDA	943	<b>1 029</b>	9,1
Operating profit	781	<b>854</b>	9,3
EBITDA margin (%)	19,4	<b>19,3</b>	
Operating margin (%)	16,0	<b>16,0</b>	

Hospitals maintained patient days off a high base with a 10,2% increase in revenue per patient day

Operational efficiencies in Hospital division partially offset by higher nurses training costs, SAP rollout expenses and CSI spend on indigent patients\*

\* Patients without medical aid, who are either treated and transported from road accidents and other emergencies and/or admitted to Netcare hospitals

CARE | **DIGNITY** | TRUTH | PARTICIPATION | PASSION



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## Primary care

Prime Cure	Improvement of operating platform and risk management	Managed care lives reduced to 172 000 – decrease of 28,4%	Reduction in risk profile with full risk now contributing 36% (from 59%)
Medicross	Significant improvement in operating efficiencies and working capital	Refurbishment programme initiated across network	Rollout of new practice management IT system

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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## Primary care – financial highlights

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	743	678	(8.7)
EBITDA	(16)	6	
Operating profit	(25)	(5)	

Decrease in revenue due to reduction in managed care lives and cancellation of loss-making contracts

EBITDA increased due to:

- Improved operational efficiencies
- Benefit of improved risk management

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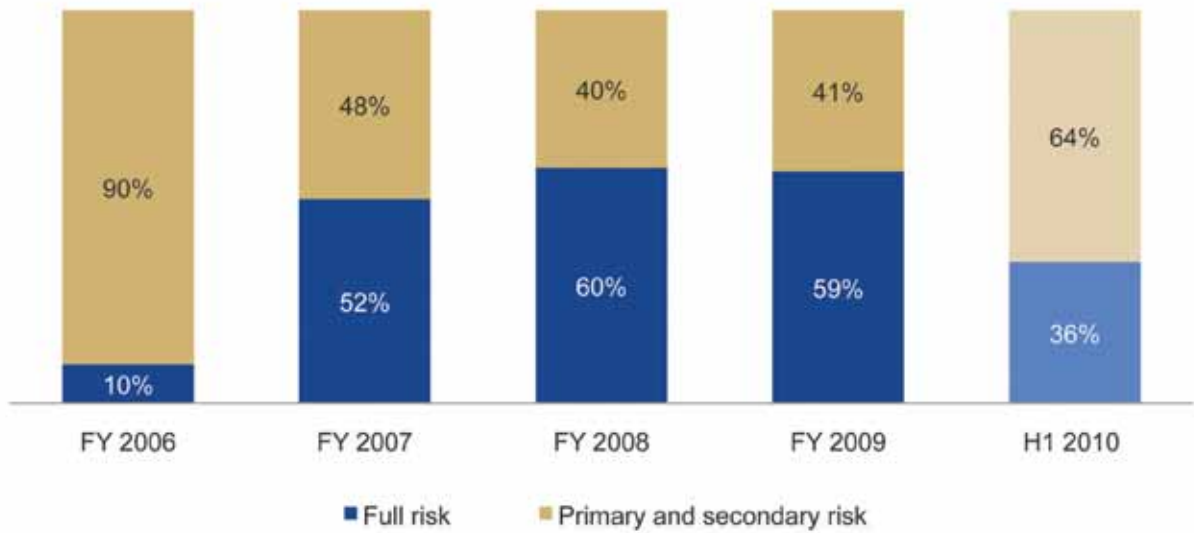
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## Primary care operating environment 2010

Change in risk profile



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## Looking forward – a strong vote of confidence in South Africa!

Over and above planned capital expenditure, an additional R670m to be invested in expansion projects over the next 3 years

- New Waterfall Hospital
  - › 132 beds, 8 theatres
- 12 large projects
  - › 295 new beds
  - › 238 refurbished beds
- 21 smaller projects
- 3 theatres
- 30 consulting rooms

As a result, capex for 2010 will increase from R800m to R950m

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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Likotsi Clinic, Lesotho PPP - after

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Waterfall Hospital, Midrand



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United Kingdom (UK)  
Financial and operating review

**BMI Healthcare**

THE CONSULTANTS' CHOICE



General Healthcare Group

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## Business overview

Challenging market conditions of higher unemployment and little to no inflation

Revenue growth of 2,8% and reported EBITDA growth of 8,3%

Efficiency programmes remain on track, margin improved by 0,1ppt

NHS volumes growing strongly and Self pay showing early signs of recovery

All debt covenants met with sufficient headroom

Given volatile market conditions, potential IPO of OpCo delayed

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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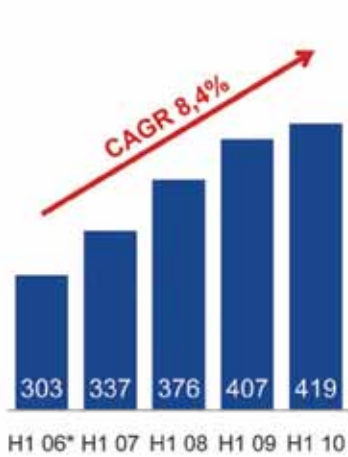
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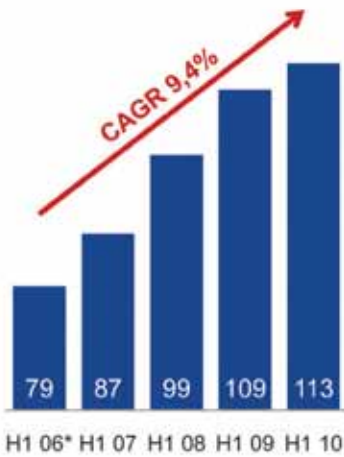


### Growth trajectory – GHG (WholeCo)

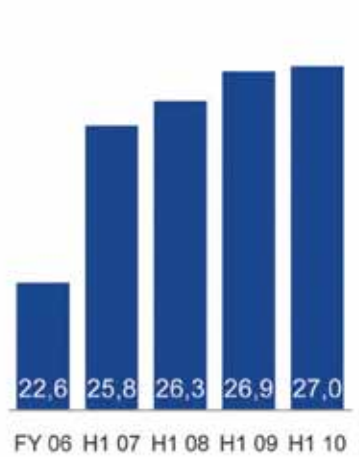
Revenue (£m)



EBITDA (£m)



EBITDA margin (%)



\* Pro-forma numbers prior to Netcare acquisition of GHG in May 2006

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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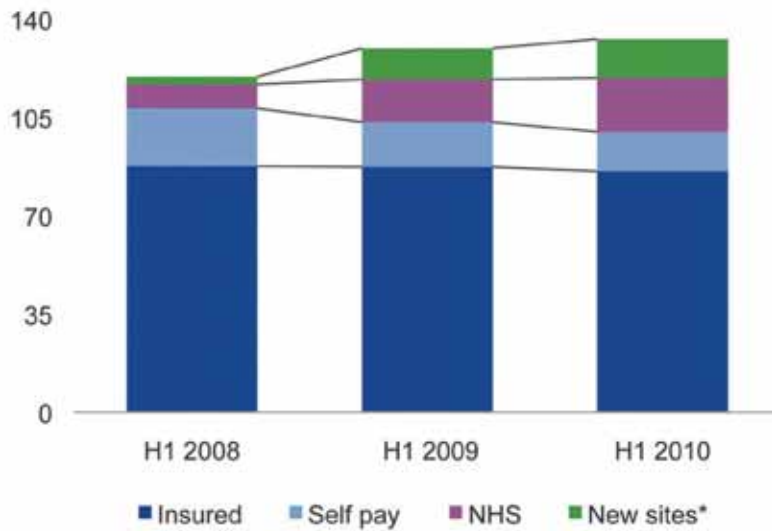
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## Caseload continues to grow organically and from acquisitions

Caseload by payor (inpatients and day cases)



**Overall increase of 2,6%**

- 1,5% organic growth in the period
- Insured volumes marginally down due to snow effect
- Self pay volumes down versus last year, but showing signs of recovery
- Continued strong growth in NHS volumes
- Choose & Book growing steadily

\* Cumulative acquisitions since 2007

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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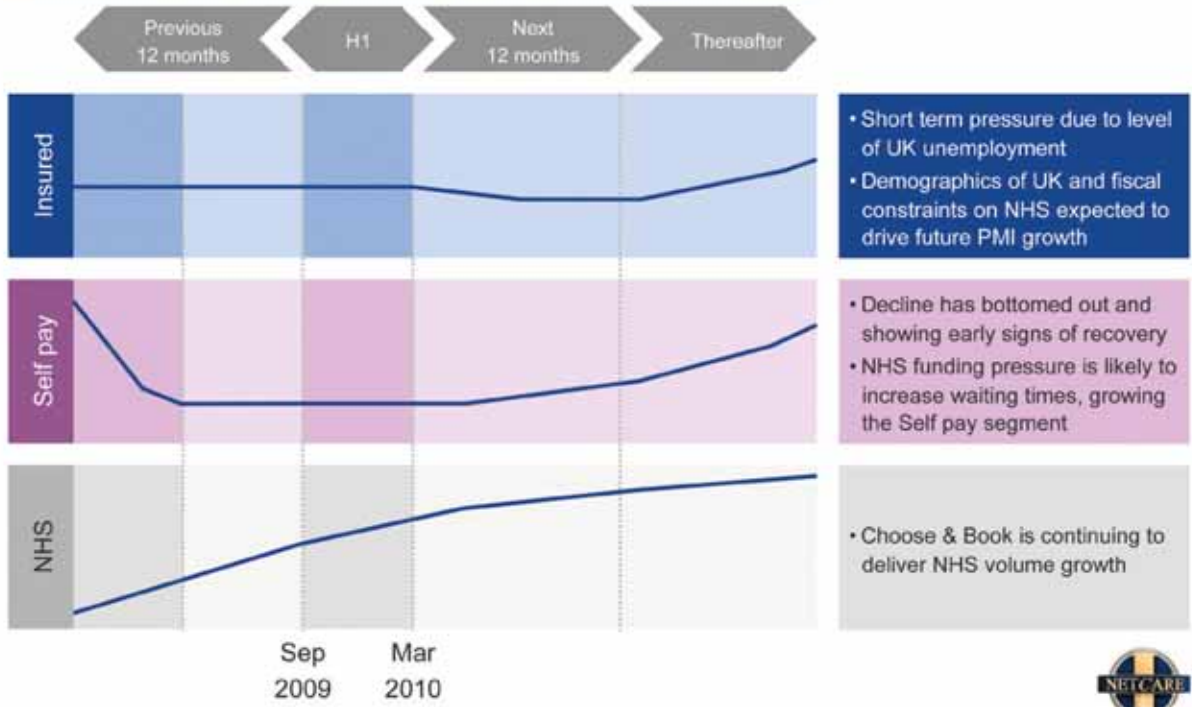
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### Outlook for caseload

Caseload by payor grouping is tracking in line with expectations



CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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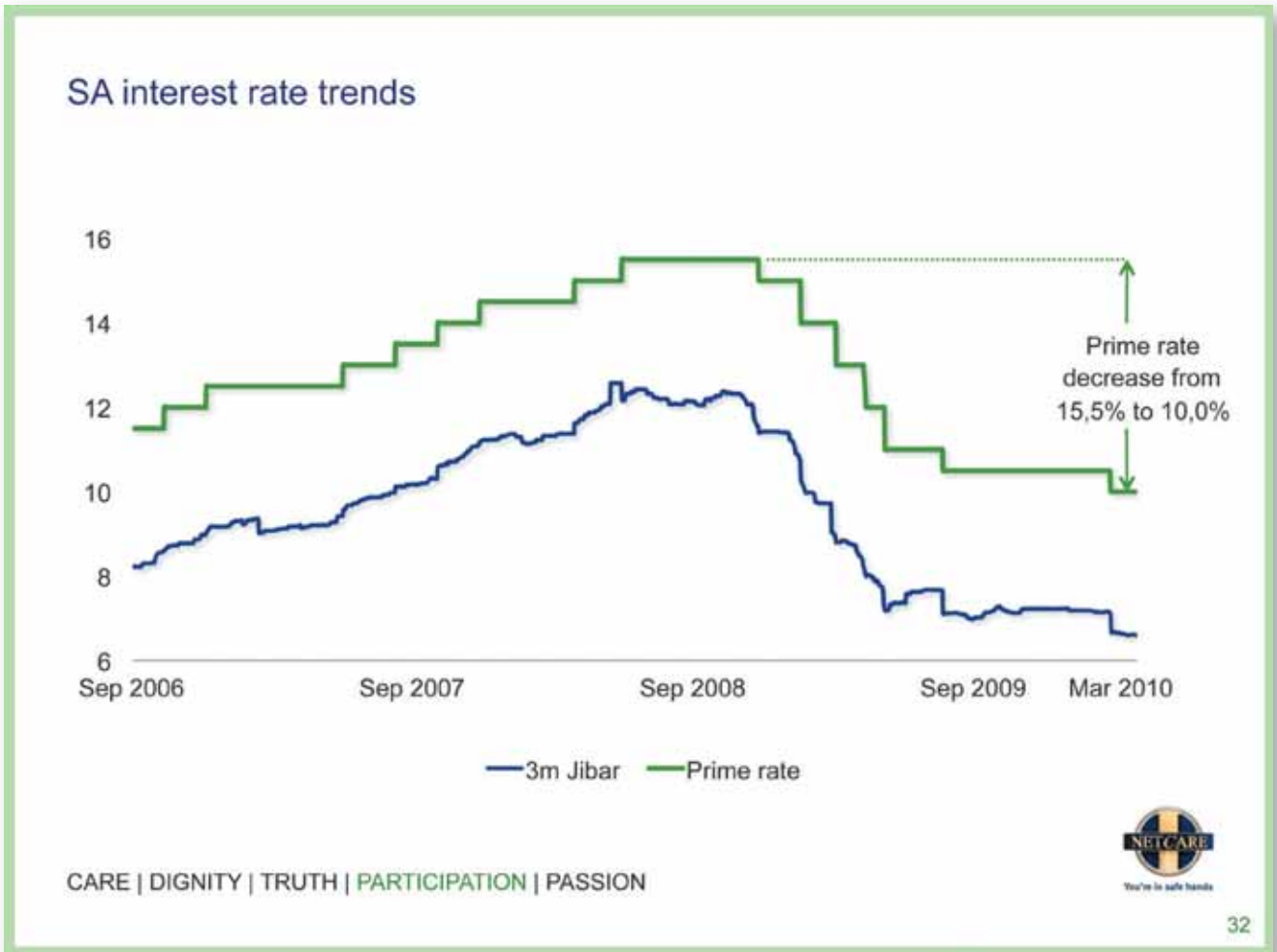
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### Operating profit analysis

Actual rates (Rm)

Constant rates (Rm)



CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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## Summarised Group income statement

Rm	31 Mar 2009	31 Mar 2010	%
Revenue	11 619	11 038	(5,0)
<b>Operating profit</b>	1 822	1 843	1,2
Net financial expenses	(1 252)	(1 005)	19,7
Attributable earnings of associates	10	16	60,0
<b>Profit before taxation</b>	580	854	47,2
Taxation	(142)	(185)	(30,3)
<b>Profit from continuing operations</b>	438	669	52,7
Discontinued operation (Ampath)	634		
<b>Profit for the period</b>	1 072	669	(37,6)

- Both geographies delivered improved margins
- 13,7% increase in constant currency

- Including R36m (£3m) charge resulting from ineffective portion of swap reserve
- Decrease due to lower interest rates in SA and exchange rate impact

CARE | DIGNITY | TRUTH | PARTICIPATION | PASSION



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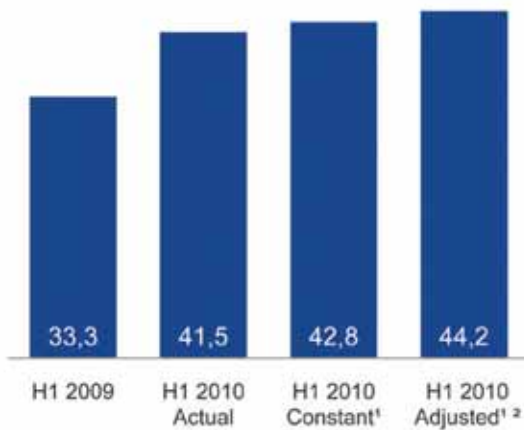
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Headline earnings per share

Basic HEPS (Cents)



Cents	31 Mar 2009	31 Mar 2010	%
SA	29,8	35,9	20,5
UK	3,6	8,3	130,6
<b>Adjusted HEPS<sup>1 2</sup></b>	33,4	<b>44,2</b>	<b>32,3</b>

1. Calculated at constant exchange rates  
 2. Adjusted to exclude effects of ineffective portion of interest rate swaps

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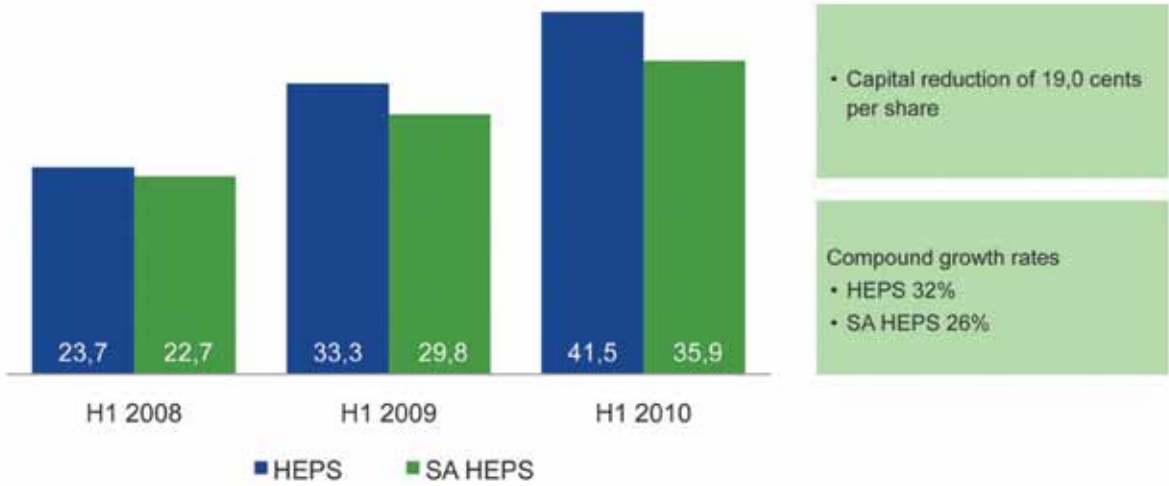
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### Headline earnings trend and capital reduction per share

Cents



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## Summarised statement of financial position | equity and liabilities

Rm	30 Sep 2009	31 Mar 2010	Forex effect	Other movement	
<b>Total shareholders' equity</b>	7 133	6 997	(400)	264	Increase due to profit for the period of R669m, offset by capital reduction of R279m
<b>Non-current liabilities</b>	33 720	31 415	(2 347)	42	
Long-term debt	25 423	23 613	(1 730)	(80)	
Financial liability	2 797	2 739	(226)	168	Increase of £14m in UK swap liability
Other provisions	459	446	(14)	1	
Deferred taxation	5 041	4 617	(377)	(47)	
<b>Current liabilities</b>	5 088	5 410	(154)	476	Increase in short-term debt and bank overdraft of R444m in SA
<b>Total equity and liabilities</b>	45 941	43 822	(2 901)	782	
<b>Net debt</b>	26 454	24 862	(1 723)	131	

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## Group debt

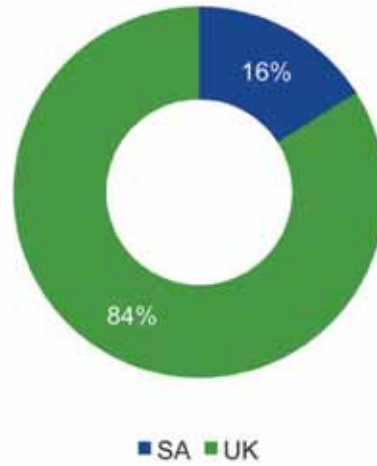
### Gross debt at 31 Mar 2010

	Facilities	Utilised
UK debt (£m)	1 988	1 937
UK debt (Rm)	21 921	21 370
SA debt (Rm)	5 803	4 164
Group net debt (Rm)	27 724	25 534

### Cost of debt (%)

	31 Mar 2009	31 Mar 2010
UK debt	6,5	6,4
SA debt	9,5	8,0
Gross debt	6,9	6,7

### Geographic split of gross debt at 31 Mar 2010



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## SA debt position

### Gross debt

Rm	Mar 2009	Mar 2010	Cost %
Convertible bonds <sup>1</sup>	1 568	1 510	6,0
DMTN	1 969	2 210	9,1
Preference shares	471	258	8,7
Other debt	548	186	11,2
<b>Gross debt</b>	<b>4 556</b>	<b>4 164</b>	<b>8,0</b>

55% of debt hedged at Mar 2010  
(30 Sep 2009: 56%)

Cost of debt decreased from 8,1% at 30 Sep 2009 to 8,0% due to decrease in interest rates

GCR rating in Feb 2010:  
 • A- long-term  
 • A1- short-term  
 No change from Feb 2009

1. Convertible bonds – cash interest paid at 6,0%; income statement IFRS interest charged at 10,05%

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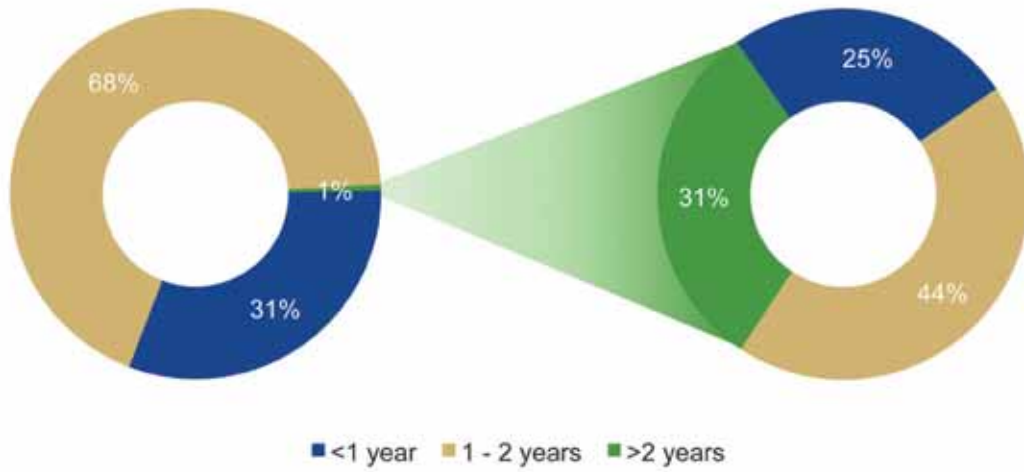
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### Strengthening Netcare balance sheet by lengthening tenor of SA debt

31 Mar 2010

Planned post Mar 2010



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## Repayment of UK debt

UK (£m)



Thereafter consists of:

• PropCo 1 - Oct 2013	£1
535m	
• PropCo 2 - Feb 2015	£73m
• OpCo facility A - Oct 2013	£7m
• OpCo facility B - Oct 2014	£80m
• OpCo facility C - Oct 2015	£80m
• Capex facility - Oct 2013	£20m

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## Working capital

	31 Mar 2009	31 Mar 2010	Movement	
<b>SA (Rm)</b>				
Inventories	356	437	81	Increased stock for Easter period
Trade and other receivables	1 931	2 024	93	Hospital debtors' days increased to 38.4 from 37.1 days due to COID,* offset by improvements in 911 and Primary care
Trade and other payables	(1 418)	(1 663)	(245)	
Taxation	(262)	(203)	59	
	607	595	(12)	Increase in creditor financing due to higher stock levels
<b>UK (£)</b>				
Net working capital	57	63	6	Impact of business mix change arising from increased NHS activity

\* The Commissioner for Occupational Injury and Disease

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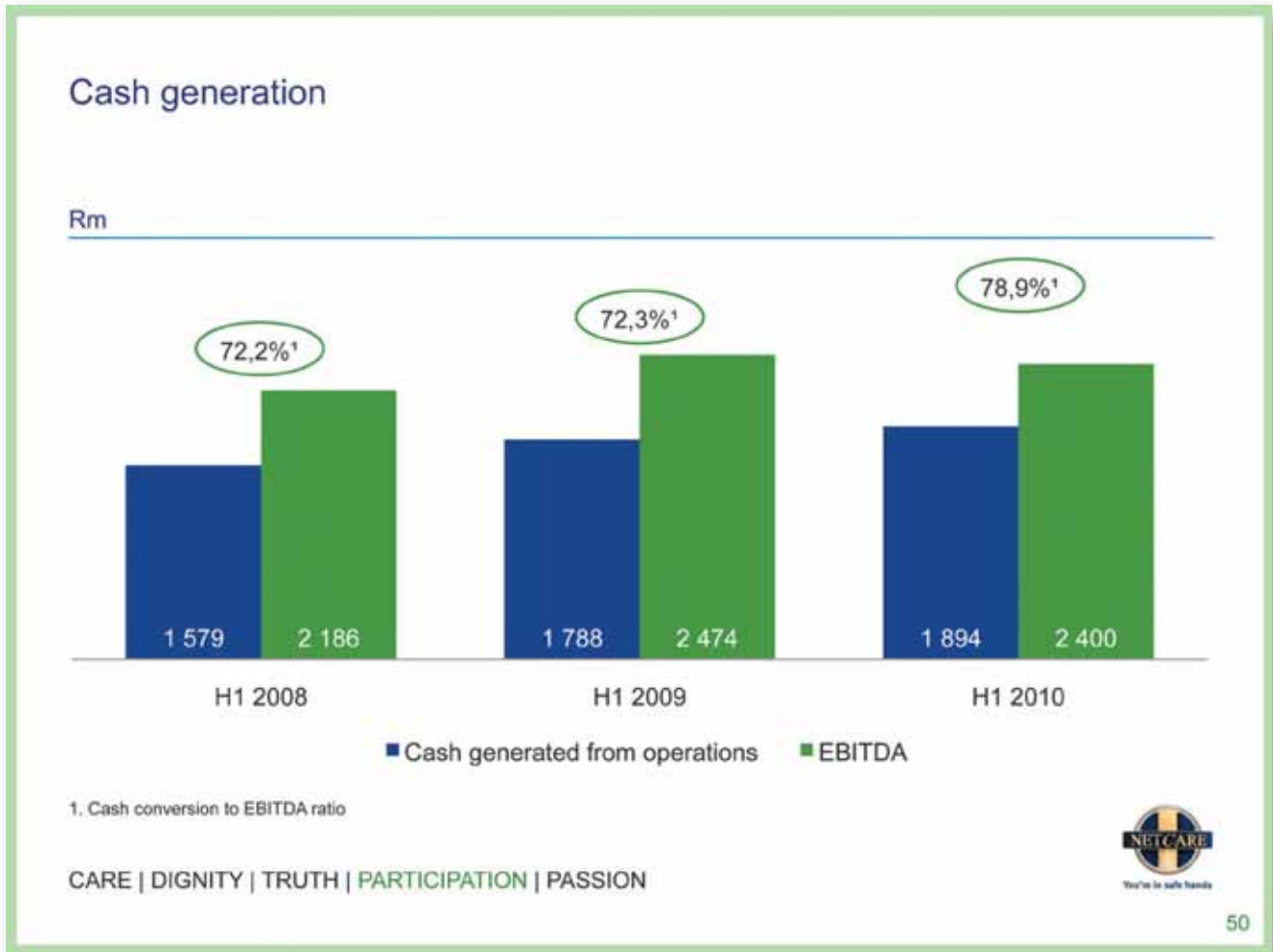
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### Guidance 2010

	SA	UK
<b>Revenue growth</b>	Estimating revenue growth between 7% and 10%	Estimating flat revenue growth
<b>Operating efficiencies</b>	Expecting improvement in EBITDA margins 17% to 18%	Expecting to maintain EBITDA margins
<b>Capital expenditure</b>	Estimating R950m	Estimating £50m

■ Unchanged ■ Revised

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<b>Netcare Limited</b>	("Netcare", "the Company" or "the Group")
<b>Registration number:</b>	1996/008242/06 (Incorporated in the Republic of South Africa)
<b>JSE share code:</b>	NTC
<b>ISIN code:</b>	ZAE000011953
<b>Registered office:</b>	76 Maude Street (corner West Street), Sandton 2196, Private Bag X34, Benmore 2010
<b>Executive directors:</b>	RH Friedland (Chief Executive Officer), VE Firman (Chief Financial Officer), VLJ Litlhakanyane
<b>Non-executive directors:</b>	SJ Vilakazi (Chairman), APH Jammie, JM Kahn, MJ Kuscus, HR Levin, KD Moroka, MI Sacks, N Weltman
<b>Company Secretary:</b>	L Kok
<b>Sponsor:</b>	Nedbank Capital, a division of Nedbank Group Limited.
<b>Transfer secretaries:</b>	Link Market Services (Proprietary) Limited, 11 Diagonal Street, Johannesburg, 2001
<b>Investor relations:</b>	+27 11 301 0212; ir@netcare.co.za



**You're in safe hands**

**Investor Relations**

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