UNAUDITED GROUP RESULTS
FOR THE PERIOD ENDED
31 MARCH 2016
AND DECLARATION OF SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

Paid patient days (PPDs)

+2.7%

Revenue

+10.9% to R7 860 million

Normalised EBITDA

+9% to R2 099 million

Interim dividend of 73 cents per share

+7.4%

Normalised earnings per share increased to 87.1 cents

+8.6%

Condensed consolidated statement of comprehensive income

for the period ended 31 March 2016

R'm	6 months 31 March 2016	% Change	6 months 31 March 2015	12 months 30 September 2015
Revenue	**7 860**	10.9	7 089	14 647
Other income	**73**		47	129
Operating expenses	**(6 162)**		(5 479)	(11 280)
Contingent consideration released	**66**		–	21
Transaction costs	**(11)**		(11)	(15)
Loss on disposal of assets	**–**		(1)	–
Operating profit	**1 826**	11.0	1 645	3 502
Fair value gain on derivative financial instruments	**12**		20	29
Finance income	**33**		11	12
Finance cost	**(279)**		(228)	(445)
Share of associates' and joint ventures' net profit after tax	**(1)**		2	14
Profit before tax	**1 591**		1 450	3 112
Tax expense	**(458)**		(447)	(884)
Profit after tax	**1 133**	13.0	1 003	2 228
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences	**124**		42	158
Items that will not be reclassified to profit or loss				
Retirement benefit asset	**(4)**		11	(6)
Post-retirement medical aid	**–**		–	1
Total comprehensive income for the period	**1 253**	18.7	1 056	2 381
Profit after tax attributable to:				
Ordinary equity holders of the parent	**965**	16.0	832	1 866
Non-controlling interest	**168**		171	362
	1 133	13.0	1 003	2 228
Total comprehensive income attributable to:				
Ordinary equity holders of the parent	**1 078**	21.9	884	2 010
Non-controlling interest	**175**		172	371
	1 253	18.7	1 056	2 381
Weighted average number of shares in issue (million)	**1 038**		1 037	1 037
Earnings per share (cents)	**93.0**	16.0	80.2	179.9
Headline earnings per share (cents)	**93.0**	15.8	80.3	179.9
Diluted earnings per share (cents)	**92.7**	15.9	80.0	179.2
Diluted headline earnings per share (cents)	**92.7**	15.7	80.1	179.2
Headline earnings (R'm)				
Profit attributable to ordinary equity holders	**965**		832	1 866
Headline earnings adjustable items				
Loss on disposal of assets	**–**		1	–
Headline earnings	**965**	15.8	833	1 866

Condensed consolidated statement of financial position

as at 31 March 2016

R'm	**31 March 2016**	31 March 2015	30 September 2015
ASSETS			
Non-current assets	**14 571**	12 218	13 164
Property, plant and equipment	**7 350**	6 389	7 101
Intangible assets	**3 673**	2 890	2 964
Other non-current assets	**3 548**	2 939	3 099
Current assets	**3 054**	2 344	2 771
Other current assets	**2 441**	1 979	1 959
Cash and cash equivalents	**613**	365	812
TOTAL ASSETS	**17 625**	14 562	15 935
EQUITY AND LIABILITIES			
Capital and reserves			
Capital and reserves	**5 577**	4 790	5 168
Non-controlling interest	**1 222**	1 104	1 280
TOTAL EQUITY	**6 799**	5 894	6 448
LIABILITIES			
Non-current liabilities	**6 708**	4 387	5 873
Interest-bearing borrowings	**5 962**	3 810	5 263
Other non-current liabilities	**746**	577	610
Current liabilities	**4 118**	4 281	3 614
Other current liabilities	**2 155**	1 961	2 133
Interest-bearing borrowings	**1 284**	1 754	924
Bank overdraft	**679**	566	557
TOTAL LIABILITIES	**10 826**	8 668	9 487
TOTAL EQUITY AND LIABILITIES	**17 625**	14 562	15 935

Condensed consolidated statement of changes in equity
for the period ended 31 March 2016

R'm	Total capital and reserves	Non-controlling interest	Total equity
Balance at 1 October 2015	5 168	1 280	6 448
Total comprehensive income for the period	1 078	175	1 253
Profit for the period	965	168	1 133
Other comprehensive income	113	7	120
Issue of new shares	230	–	230
Transactions with non-controlling interests	30	(30)	–
Increase in ownership interest in subsidiaries	(50)	–	(50)
Distributions to shareholders	(897)	(203)	(1 100)
Life Healthcare Employee Share Trust Charge	16	–	16
Long Term Incentive Scheme charge	13	–	13
Purchase of Treasury shares	(11)	–	(11)
Balance at 31 March 2016	**5 577**	**1 222**	**6 799**
Balance at 1 October 2014	4 792	1 108	5 900
Total comprehensive income for the period	884	172	1 056
Profit for the period	832	171	1 003
Other comprehensive income	52	1	53
Transactions with non-controlling interests	(1)	1	–
Increase in ownership interest in subsidiaries	(27)	–	(27)
Distributions to shareholders	(814)	(177)	(991)
Life Healthcare Employee Share Trust charge	(71)	–	(71)
Long Term Incentive Scheme charge	1	–	1
Purchase of Treasury shares	12	–	12
Profit on disposal of Treasury shares	14	–	14
Balance at 31 March 2015	**4 790**	**1 104**	**5 894**
Balance at 1 October 2014	4 792	1 108	5 900
Total comprehensive income for the year	2 010	371	2 381
Profit for the year	1 866	362	2 228
Other comprehensive income	144	9	153
Transactions with non-controlling interests	7	(7)	–
Increase in ownership interest in subsidiaries	(36)	–	(36)
Distributions to shareholders	(1 522)	(192)	(1 714)
Life Healthcare Employee Share Trust charge	28	–	28
Long Term Incentive Scheme charge	8	–	8
Purchase of Treasury shares	(120)	–	(120)
Profit on disposal of Treasury shares	1	–	1
Balance at 30 September 2015	**5 168**	**1 280**	**6 448**

Condensed consolidated statement of cash flows

for the period ended 31 March 2016

R'm	**6 months 31 March 2016**	% Change	6 months 31 March 2015	12 months 30 September 2015
Cash generated from operations	**1 625**	7.2	1 516	3 842
Tax paid	**(398)**		(401)	(903)
Net cash generated from operating activities	**1 227**	10	1 115	2 939
Capital expenditure	**(345)**		(368)	(1 181)
Investments	**(989)**		(1 867)	(1 933)
Other	**(9)**		(49)	(104)
Net cash utilised in investing activities[1]	**(1 343)**		(2 284)	(3 218)
Interest-bearing borrowings raised	**1 655**		2 510	4 268
Interest-bearing borrowings repaid	**(767)**		(619)	(1 860)
Distributions to shareholders	**(666)**		(814)	(1 520)
Other	**(435)**		(400)	(654)
Net cash utilised in financing activities	**(213)**		677	234
Decrease in cash and cash equivalents	**(329)**		(492)	(45)
Cash and cash equivalents – beginning of the period	**255**		267	267
Cash balances acquired through business combinations	**54**		19	20
Effect of foreign currency movement	**(46)**		5	13
Cash and cash equivalents – end of the period	**(66)**		(201)	255

[1] *The cash utilised in investing activities includes the acquisitions in Poland (R669 million), and the additional investment in Max Healthcare Institute Limited, India for R320 million.*

Segmental report

The Hospital segment comprises all the private hospitals in southern Africa, the Healthcare Services segment comprises of Life Esidimeni, Life Occupational Health and Careways Wellness, while the Other segment comprises Corporate.

R'm	**6 months 31 March 2016**	6 months 31 March 2015	12 months 30 September 2015
Operating segments			
Revenue			
Southern Africa			
Hospitals	**6 842**	6 317	13 133
Healthcare Services	**446**	417	866
Poland			
Hospitals	**572**	355	648
Total	**7 860**	7 089	14 647
Profit before items detailed below			
Southern Africa			
Hospitals	**1 635**	1 542	3 201
Healthcare Services	**70**	76	157
Other	**77**	67	191
Poland			
Hospitals	**47**	18	54
Operating profit before items detailed below	**1 829**	1 703	3 603
Amortisation of intangible assets	**(65)**	(57)	(127)
Contingent consideration released	**66**	–	21
Other	**(4)**	(1)	5
Operating profit	**1 826**	1 645	3 502
Fair value gain on derivative financial instruments	**12**	20	29
Finance income	**33**	11	12
Finance cost	**(279)**	(228)	(445)
Share of associates' and joint ventures' net profit after tax	**(1)**	2	14
Profit before tax	**1 591**	1 450	3 112

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

Segmental report continued

R'm	**6 months 31 March 2016**	6 months 31 March 2015	12 months 30 September 2015
Total assets before items below			
Southern Africa	**13 239**	9 640	10 710
Poland	**3 481**	4 201	4 419
Total assets before items detailed below	**16 720**	13 841	15 129
Deferred tax assets	**453**	260	341
Current income tax asset	**–**	27	36
Retirement benefit asset	**403**	400	389
Post-retirement medical aid	**17**	18	17
Derivative financial instruments	**32**	16	23
Total assets per the balance sheet	**17 625**	14 562	15 935
Net debt			
Southern Africa	**6 342**	5 423	5 625
Poland	**1 038**	342	307
	7 380	5 765	5 932

Liabilities are reviewed on a net-debt basis, which comprises all interest-bearing borrowings and overdraft balances (net 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 marginal increases and decreases in its shareholdings in some of its subsidiary companies due to transactions with minority shareholders.

Increase in investment in Max Healthcare Institute Limited

The Group invested R320 million in Max Healthcare Institute Limited (Max Healthcare) in November 2015, as its contribution to Max Healthcare's acquisition of Saket City, renamed Max Smart Super Speciality Hospital (Max Smart).

Business combinations

Scanmed S.A. (Scanmed) acquired 100% of both Gastromed REM and Multimedycyna in October 2015 and November 2015 respectively, for a total consideration of R31 million. These companies are incorporated in Poland and had no significant contingent liabilities at the acquisition date.

On 31 October 2015, Scanmed acquired 100% of the Polska Grupa Medyczna Group (PGM), incorporated in Poland. The Company had no significant contingent liabilities at the acquisition date.

The following presents the impact of the PGM acquisition on the consolidated information of the Group for the period:	R'm
Revenue	173
Net profit	37
Details of the net assets acquired and goodwill are as follows:	
Total purchase consideration	(685)
Cash portion	(614)
Contingent consideration	(71)
Fair value of net assets acquired	223
Goodwill arising on acquisition	(462)

The contingent consideration is dependent on the business gaining additional contracts in the next 12 – 36 months. The contingent consideration is calculated by applying the same EBITDA multiple used on the acquisition date.

The fair value of the assets and liabilities arising from the acquisition were as follows:	**Acquiree fair value R'm**
Inventories	**12**
Trade and other receivables	**56**
Trade and other payables	**(44)**
Cash and cash equivalents	**54**
Interest-bearing borrowings	**(47)**
Property, plant and equipment	**96**
Intangible assets	**134**
Deferred tax	**(28)**
Non-controlling interest	**(10)**
	223
Since the initial acquisition, PGM increased its shareholding in one of its subsidiaries, PGM RCM, from 75% to 100%.	
Increase in ownership interest as follows:	
Total purchase consideration	**(24)**
Cash portion	**(24)**
Fair value of non-controlling interest recognised	**11**
Increase in ownership interest in subsidiaries	**(13)**

Basis of presentation and accounting policies

The condensed consolidated interim financial statements contained in the interim report are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summary financial statements, and are consistent with those applied in the previous consolidated annual financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the South African Institute of Chartered Accountants (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*.

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

Unaudited results

The results for the period ended 31 March 2016 have not been reviewed or audited by the Group's auditors.

The directors take full responsibility for the preparation of the interim report.

Life Healthcare Group

Commentary

OVERVIEW

The Group performed well in the six months ended 31 March 2016 with revenue up 10.9%, normalised EBITDA up 9.0% and headline earnings up 15.8%. The headline earnings increase of 15.8% above the 8.6% level is impacted by the contingent consideration released in respect of Polish acquisitions which will no longer be payable. The southern African operations experienced good activity growth with an overall paid patient day (PPD) growth of 2.7% (2015: 3.5%). This PPD growth was adversely impacted by the public holidays in March as compared to the same period last year. In line with the Group's Polish strategy it has invested R740 million in Poland, including the acquisition of PGM. Life Healthcare has also invested a further R320 million in India to fund the Max Healthcare acquisition of Max Smart. The Group's earnings continue to be impacted by the dilutive effect of the interest cost on the funding of the international investments.

OPERATIONAL REVIEW

Southern Africa

An additional 91 beds (2015: 90) and 17 renal dialysis stations have been added to the business. In the second half of the year the Group expects to add over 100 beds, of which most will be mental health beds, six renal dialysis stations and one oncology centre. Activities, as measured by PPDs, increased by 2.7% in the acute business driven largely by the increased capacity due to the additional beds and an increased length of stay resulting from higher acuity cases. This activity growth was adversely impacted by the public holidays in March with year to date PPD growth to April 2016 greater than 3.5%.

Occupancies continue to remain high and the overall weighted occupancy for the period was 69.9% (2015: 70.7%). Margins for the period declined slightly to 27.7% (2015: 28.0%), resulting primarily from Healthcare Services where government contracts have not been extended and the resulting impact of retrenchment costs. However, the margins in the acute facilities have remained stable, despite pressures from the weaker rand, salaries and overheads.

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.

Poland

Executing on the strategy of establishing a comprehensive countrywide network of facilities resulted in the purchase of PGM for R685 million, which was funded in-country, bringing the total investment in Poland to R2.1 billion (30 September 2015: R1.4 billion).

The Scanmed Group now consists of 619 beds, 12 inpatient cardiology centres and 43 medical centres.

The Polish operation's performance is slightly below expectations with EBITDA margins improving to 13.5% (2015: 11.8%). EBITDA margins were negatively impacted by:

- slow revenue growth in the first quarter due to low overquota work;
- the impact of the Easter holidays; and
- initial integration costs of new business.

India

Max Healthcare continues to grow its hospitals in line with the business plan. The total investment from South Africa into Max Healthcare is R2.5 billion (30 September 2015: R2.2 billion), including the additional R320 million invested in this period to fund the Max Smart acquisition. Max Healthcare added 263 operational beds, of which 236 beds were from the acquisition of Max Smart. Max Healthcare has 2 320 operational beds as at 31 March 2016.

For the period, Max Healthcare grew net revenue by 27.7% and EBITDA increased by 38.7%. The overall EBITDA margin improved to 10.6% (2015: 9.8%).

The Indian operations continue to grow but the earnings of this business are impacted by both the funding cost and costs of acquisition and development incurred in respect of the business acquisitions. As these operations continue to ramp up the earnings will be low.

FINANCIAL PERFORMANCE

Group revenue increased by 10.9% to R7 860 million (2015: R7 089 million) consisting mainly of an 8.2% increase in southern African revenue to R7 288 million (2015: R6 734 million) and R572 million (2015: R355 million) revenue contribution from Poland. The southern African Hospital division revenue increased by 8.3% to R6 842 million (2015: R6 317 million) driven by a 2.7% increase in PPDs and a higher revenue per PPD of 5.6%, made up of an average 5.9% tariff increase and a 0.3% negative case mix impact. Healthcare Services revenue increased by 7.0% to R446 million (2015: R417 million), largely driven by the acquisition of Careways Wellness in the prior period.

Normalised EBITDA[1] increased by 9.0% to R 2 099 million (2015: R1 926 million). The EBITDA contribution from Scanmed was R77 million (2015: R42 million).

[1] *Life Healthcare defines normalised EBITDA as operating profit plus depreciation, amortisation of intangible assets, impairment of property, plant and equipment as well as excluding profit/loss and fair value adjustments on disposal of businesses, fair value adjustments, transaction costs and surpluses/deficits on retirement benefits.*

R'm	**6 months 31 March 2016**	% Change	6 months 31 March 2015	12 months 30 September 2015
Normalised EBITDA				
Operating profit	**1 826**		1 645	3 502
Contingent consideration released	**(66)**		–	(21)
Depreciation on property, plant and equipment	**270**		223	445
Amortisation of intangible assets	**65**		57	127
Other	**4**		1	(5)
Normalised EBITDA	**2 099**	9.0	1 926	4 048
Normalised EBITDA	**2 099**	9.0	1 926	4 048
Southern Africa	**2 022**	7.3	1 884	3 957
Poland	**77**		42	91

CASH FLOW

The Group produced strong cash flows from operations and continues to generate positive free cash flow. The overall net cash flow position of the Group is negative, as a result of the increasing investing activities, primarily associated with the continuing international investments. This net cash outflow was funded through raising of debt in South Africa and Poland.

FINANCIAL POSITION

The Group maintains its strong financial position despite the impact of the current economic environment. Net debt to normalised EBITDA as at 31 March 2016 was 1.73 times (30 September 2015: 1.49 times). The increase in debt is primarily due to the acquisitions in Poland and funding for the Group's 2016 capital expenditure programme. The bank covenant for net debt to EBITDA is 2.75 times.

The additional Max Healthcare investment of R320 million was funded by available cash resources. Poland funded its acquisitions through the raising of debt in-country.

The Scrip Distribution, with the election to receive the Cash Dividend, allows the Group to utilise the cash saved through the programme to support continued growth, affords shareholders the opportunity to increase their shareholding in the Group, and provides flexibility for those shareholders who would prefer to receive a Cash Dividend.

Commentary continued

HEADLINE EARNINGS PER SHARE (HEPS) AND NORMALISED EARNINGS PER SHARE

HEPS increased by 15.8% to 93.0 cps (2015: 80.3 cps), impacted by the contingent consideration released in respect of Polish acquisitions which will no longer be payable. Earnings per share on a normalised basis, which excludes non-trading related items listed below and the effect of disposed/closed businesses, where applicable, increased by 8.6% to 87.1 cps (2015: 80.2 cps).

R'm	**31 March 2016**	% Change	31 March 2015	30 September 2015
Normalised earnings				
Profit attributable to ordinary equity holders	**965**		832	1 866
Contingent consideration released	**(66)**		–	(21)
Other	**5**		–	(5)
Normalised earnings	**904**	8.7	832	1 840
Normalised EPS (cents)	**87.1**	8.6	80.2	177.4
Southern Africa Operations (cents)	**97.3**		89.2	194.1
International Operations (cents)	**1.3**		(0.3)	1.8
Funding costs (international acquisitions) (cents)	**(11.5)**		(8.7)	(18.5)

CAPITAL EXPENDITURE

During the current financial period, Life Healthcare invested R1 343 million (2015: R2 284 million), comprising capital projects of R345 million (2015: R368 million), R320 million for the additional investment in Max Healthcare and R669 million (excluding the contingent consideration for PGM of R71 million) in new acquisitions by Scanmed. The Group has approved R1 billion of its 2016 capital expenditure programme to date.

CHANGES TO BOARD OF DIRECTORS

There have been no changes to the board of directors for the period ended 31 March 2016.

SCRIP DISTRIBUTION AND CASH DIVIDEND ALTERNATIVE

1. Introduction

The board has declared an interim distribution for the period ended 31 March 2016, 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, 17 June 2016.

Shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 73 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, 17 June 2016 (the Cash Dividend). The Cash Dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders not exempt, therefrom after deduction of which the net Cash Dividend is 62.05 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 1 048 461 433 as at 10 May 2016. 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, 17 June 2016) in relation to the ratio that 73 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 Wednesday, 1 June 2016. Where the application of this ratio gives rise to a fraction of a new ordinary share, such fraction will be rounded down to the nearest whole number, resulting in allocation of whole ordinary shares and a cash payment of a fraction.

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

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 Monday, 16 May 2016. 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, 1 June 2016 by 11:00 on	Thursday, 2 June 2016
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, 1 June 2016 on	Friday, 3 June 2016
Last day to trade in order to be eligible for the Scrip Distribution and the Cash Dividend alternative	Thursday, 9 June 2016
Ordinary shares trade "ex" the Scrip Distribution and the Cash Dividend alternative on	Friday, 10 June 2016
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	Friday, 10 June 2016
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, 17 June 2016
Record Date in respect of the Scrip Distribution and the Cash Dividend alternative	Friday, 17 June 2016
Scrip Distribution certificates posted and Cash Dividend payments made, CSDP/broker accounts credited/updated, as applicable, on	Monday, 20 June 2016
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative released on SENS on	Monday, 20 June 2016
Announcement relating to the results of the Scrip Distribution and the Cash Dividend alternative published in the press on	Tuesday, 21 June 2016
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, 22 June 2016

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 Friday, 10 June 2016 and Friday, 17 June 2016, both days inclusive.

COMPETITION COMMISSION MARKET INQUIRY

Life Healthcare has made detailed submissions on the subject matter of the Market Inquiry. Public hearings commenced in February 2016 and Life Healthcare has participated in these hearings. We are yet to receive a revised timetable for the subsequent sets of hearings. This is a large and complex inquiry and Life Healthcare remains committed to participating in the Healthcare Market Inquiry.

OUTLOOK

In southern Africa the Group will continue to focus on its growth objectives. The Group aims to add over 20 acute hospital brownfield beds in the next six months. The complementary services business will grow through the addition of 95 mental health beds, which will only be operational towards the end of the financial year, six renal stations and the addition of an oncology unit, while a further oncology unit is under construction and will become operational in the 2017 financial year. There will be increased pressure on costs as a result of the historical weaker exchange rate, wage expectations and other overhead costs. The Group has implemented measures to mitigate the impact of these pressures and will continue to focus on driving efficiency programmes.

In Poland, the Group will continue to execute on its strategy of establishing a comprehensive network of facilities and will explore further acquisition opportunities, while maximising on growth opportunities at existing facilities. The Group will also continue to focus on improving margins through the driving of further efficiencies, the integration of newly acquired businesses and alignment to the Group's best operating practices.

The Max Healthcare business will continue to focus on driving revenue through increasing the number of operational beds, bedding down the Vaishali and Max Smart acquisitions and improving operational efficiencies.

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 10 May 2016 and signed on its behalf:

Mustaq Brey
Chairman

André Meyer
Chief Executive Officer

Executive directors
A Meyer (Chief Executive Officer), PP van der Westhuizen (Chief Financial Officer)

Non-executive directors
MA Brey (Chairman), PJ Golesworthy, ME Jacobs, LM Mojela, MEK Nkeli, JK Netshitenzhe, MP Ngatane, GC Solomon, RT Vice

Company secretary
F Patel

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Sponsors
Rand Merchant Bank, a division of FirstRand Bank Limited.

Date
11 May 2016

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

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