

South African operating review

Principal operations

Private hospital services through 44 owned hospitals with 7 604 registered beds and 44 pharmacies.

Trauma services through Netcare 911, the largest private emergency service in South Africa with over 7,5 million members and a fleet of 246 response vehicles and ambulances, three helicopters and two fixed-wing air ambulances.

Primary care and managed care services through Medicross and Prime Cure's 100 centres including 42 retail pharmacies and a national compliant network of 3 300 participating doctors.

Other services include diagnostic services through an interest in Ampath, a nationwide administration and logistical services infrastructure servicing 290 high-tech pathology depots and laboratories.

Highlights

- Opened two new hospitals, Alberlito and Blaauwberg
- Acquired the remaining interest in Community Hospital Group
- Awarded PPP concession agreement for Port Alfred and Settlers hospitals in the Eastern Cape
- Opened five new Medicross facilities
- Successfully integrated Prime Cure into the primary care division
- 3 700 nurses and paramedics trained
- SAP financial and logistics platform implemented and billing platform rollout commenced

Performance

Netcare's South African business contributed 47,7% and 46,1% to revenue and operating profit, respectively from continuing operations for the year ended 30 September 2007. The South African operations employed 18 877 employees – an increase of 6,5% on the prior year as facilities were expanded and vacancy positions were reduced.

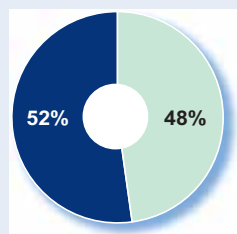
The South African business delivered strong results with revenue from continuing operations up 14,9% to R8 869 million boosted by a particularly strong last quarter, the increased contribution from Prime Cure and the inclusion of the two new hospitals. Excluding the contribution of the new hospitals and Prime Cure, the South African business delivered organic revenue growth of 11,6%.

Operating profit from continuing operations increased by 13,6% to R1 406 million whilst the operating profit margin remained relatively flat at 15,9% compared to 16,0% in 2006. The operating leverage gained was offset by the start-up operating losses of R16 million from the two new hospitals opened during the year, an increase in training expenditure, as well as an increase in nursing salaries and staffing levels. Excluding the start-up losses of the new hospitals, operating profit increased by 14,9% and the operating profit margin was 16,0%.

Capital expenditure for the year ended 30 September 2007 decreased 5,8% to R800 million and includes the commissioning of the two new hospitals, the upgrade and expansion to existing facilities and further investment in medical equipment.

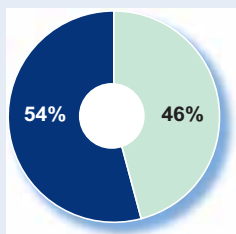
Share of revenue

30 September 2007



Share of operating profit

30 September 2007



■ United Kingdom ■ South Africa

30 September	2007 Rm	2006 Rm	% change
Revenue	8 869	7 720	14,9
EBITDA	1 685	1 494	12,8
Operating profit	1 406	1 238	13,6
EBITDA margin (%)	19,0	19,4	(2,1)
Operating profit margin (%)	15,9	16,0	(0,6)
Capital expenditure	800	849	(5,8)
Employees	18 877	17 718	6,5



Sister Nicki Haydn, Netcare Park Lane Neonatal ICU



Sister Jemina Seshiba and Dr Radebe, Netcare Park Lane Neonatal ICU

The growth in the number of mothers choosing to have their babies in Netcare hospitals is testimony to the high standards of care offered by leading gynaecologists, obstetricians and nursing staff at more than 35 of our hospitals. These specialists are supported by a wide range of maternity services, including 23 Stork's Nest wellness clinics for mothers and babies which offer milestone assessment as well as professional advice and referral. Other ancillary services include stem-cell processing and storage, together with neonatal care. In 2007, we opened a new 35 bed neonatal ICU unit at Park Lane.

Healthcare sector overview

South Africa has a dual system in which both public and private healthcare provision exists. The private healthcare sector services medical scheme members, as well as those who pay out of their own pockets.

South Africa has a population¹ estimated at 47,4 million in 2006 with an unemployment rate of 25,5%. In 2006, the population covered by medical aid² was 7,1 million representing 15,0% of the population. However, the total population accessing private healthcare providers³ is estimated at 40,1% of the population of which 55,4% of the consultations were for patients not on medical aid. The population covered by medical aid remained relatively flat over the 10 year period to 2004 until 2005 and 2006 where the medical aid population grew by 2,6% and 4,3%, respectively. The growth in the medical aid population can be attributed to growing employment and the increase in disposable income, new tax incentives, the Government Employee Medical Scheme (GEMS) initiative and lower medical inflation. Medical aid inflation⁴ in the 12-month period ended 30 September 2007 averaged 5,7%, the lowest level in 28 years.

According to the World Health Report 2006, total expenditure on health as a percentage of gross domestic product was 8,4% with government spend comprising 40,0% of the total expenditure. In 2006 it is estimated⁵ that government health expenditure was R59 billion and the private sector was R75 billion of which R59 billion is spent through medical schemes. The public sector operates 342 hospitals with 100 147 beds and the private sector operates 216 hospitals with 27 612 beds⁶. The private sector comprises three large groups, Netcare, Life Healthcare and Medi-Clinic with 29%, 25% and 24% share of private beds respectively⁷, and the remaining beds are in a number of independent hospitals.

For South Africa, the key strategic challenges lie in addressing the growing misalignment of distribution of financial, human and other resources between the public and private healthcare sectors, relative to the populations they serve, as well as the differing healthcare resources that are available to different socio-economic groups within the population.

Regulatory overview⁸

National Health Act

The National Health Act (NHA) (Act 61 of 2003) governs the public and private healthcare sectors. The NHA provides in Chapter 6 for certificates of need (licences) to be obtained by health establishments under certain circumstances. Certificates of need are viewed by the Department of Health (DOH) as a mechanism to redistribute services equitably, including distribution to under-served and rural areas to assist the government in fulfilling its constitutional obligation, namely to provide access to healthcare services to everyone. Chapter 6 relating to certificates of need has not been implemented to date.

The Nursing Act

Regulations have been published under the Nursing Act 33 of 2005 that require community service from 2008 of one year for persons completing the four year nursing diploma as well as South African citizens who have obtained their qualifications outside South Africa and who are registering for the first time as professional nurses with the South African Nursing Council. As community service is performed in the public sector this requirement will also impose pressure on private hospitals affected by the severe shortage in nursing staff.

Medical Schemes Act

The introduction of the Medical Schemes Act of 1998 prohibited the use of risk rating and discrimination on the basis of health, age, race, gender or medical history. In addition, it introduced regulations relating to the cover of Prescribed Minimum Benefits (PMBs), a compulsory package of minimum benefits covering 270 emergency hospital conditions and 27 chronic diseases. The current focus of the PMBs favouring tertiary over primary treatment may change in the future where an increasing portion of primary care benefits are classified as PMBs.

The implementation of the PMBs and the proposals to introduce the Risk Equalisation Fund (REF) are both measures intended to achieve a uniform risk pool across medical schemes. As a measure to increase access by enabling the growth of the risk pool, the REF will also ensure more uniformity across benefits, improve price competition among schemes and reward the most efficient service providers. Medical schemes will be required to set a single contribution rate across all their options for treatment in terms of the PMBs.

¹Statistics South Africa – Mid year population estimates, South Africa 2006

²Council for Medical Schemes Annual Report 2006-07

³Statistics South Africa – General Household Survey, July 2005

⁴Statistics South Africa, Consumer Price Index release, September 2007

⁵Health Systems Trust, Health Care Financing, Mark Bletcher and Stephen Harrison

⁶Health Care in South Africa 2007, Liz Still and HASA Annals 2006

⁷Hospital Association of South Africa, 2006

⁸The regulatory overview section was based on commentary from "Health Care in South Africa 2007", Liz Still

Further reform of the medical schemes industry to be tabled in parliament in 2007/2008 in the form of the Medical Schemes Amendment Bill will see the introduction of the REF, restructuring of the benefit design, strengthening of the governance framework, and the introduction of the general framework for low income products.

Social health insurance

The DOH is pursuing steps to move the South African system to a national social health insurance system (SHI), with the aim of providing equitable access to quality, affordable health care. SHI has the potential to more than double the number of people covered by medical schemes, leaving the public sector to continue to provide health services to the poor and unemployed. In order to achieve the community risk pool needed for SHI, the limited risk pools of individual medical schemes will need to be merged into one large risk pool, a REF, where the schemes with lower risk profiles cross-subsidise those with higher risk profiles.

Low Income Medical Schemes

The present structure of PMBs is found to be a major cause of medical scheme premiums becoming unaffordable and their mandatory inclusion in all schemes could impede the growth of medical scheme membership, unless these are changed, or concessions to schemes made that address the needs of low income earners granted. It is anticipated that government will consider regulations to facilitate the introduction of Low Income Medical Schemes (LIMS), particularly as these relate to PMBs.

Government Employee Medical Scheme

The Government Employee Medical Scheme (GEMS), which caters for the provision of healthcare services to public sector employees, was launched at the beginning of 2006 with the aim of increasing the number of insured people from those employed by the government. GEMS membership currently stands at around 190 000 principal members and 500 000 lives.

Health Sector Charter

The release of the first draft of the Health Sector Charter in July 2005 highlighted the inequitable and inefficient application of health resources in South Africa and drew attention to the current shortages of healthcare personnel. Included in the Health Sector Charter is the concept of a 'basic benefit package' as the minimum health services to which every

South African can have access irrespective of their ability to pay. The Health Sector Charter is currently being aligned to the Department of Trade and Industry's Broad-based Black Economic Empowerment (DTI B-BBEE) Codes and is scheduled to be finalised in 2008.

Pricing

Medicine pricing is regulated by the single exit price (SEP) in terms of regulation 8(1) of the Regulations Relating to a Transparent Pricing System For Medicines and Scheduled Substances published in November 2005. In 2007, the DOH allowed increases in the single exit price up to a maximum amount of 5,2% of the ex-manufacturer price that prevailed at 1 October 2006.

The final dispensing fees that will introduce maximum fees that pharmacists could charge on top of the SEP in respect of medicines sold to the public are expected to be published shortly.

In December 2006 the Minister of Health published a methodology for international benchmarking of the prices of medicines and scheduled substances and requested comment from interested parties in April 2007. The final regulation is yet to be published.

The Competition Commission banned centralised bargaining between medical schemes and healthcare providers in 2003. In the absence of collective bargaining, previously the Council for Medical Schemes published the National Health Reference Price List (NHRPL), responsibility for which the Department of Health took over last year and in July 2007 a new NHRPL regulation was published. The private hospital sector has engaged a consultant to determine an appropriate model for the hospital providers and is expected to table such a model for consideration by the DOH in 2008.

Quality assessment

While private hospitals rank well on quality measures in comparison to state facilities and benchmarked to international best practice, in the absence of robust health quality assurance systems it is difficult to evaluate quality objectively. The Ministry of Health is therefore aiming to establish an Inspectorate of Health Establishments as well as an Office of Standards Compliance.

Hospitals and trauma



Our primary focus is to provide the highest quality medical care to all patients and to support a committed doctor network which has selected Netcare facilities.

Cardiothoracic surgery at Kuilsriver Hospital



Description of business

The Netcare hospital division owns and manages 56 private hospitals across South Africa comprising a mix of full-service, acute-care, high-tech hospitals and same-day surgical units. 44 of the hospitals are controlled by Netcare and 12 hospitals are associate company investments, including the Community hospitals. In October 2007, Netcare acquired the remaining 56,3% of Community Hospital Group from its empowerment partners, adding five new hospitals and 682 beds. Many of the hospitals are equipped with accident and emergency units and 44 retail pharmacies are located at the hospitals. The hospital division includes the contribution from a 50% joint venture with Adcock Ingram in National Renal Care (NRC), a private dialysis therapy provider that has a national network of 54 units treating over 2 000 chronic dialysis patients during 2007.

Netcare 911 is a wholly owned subsidiary of Netcare providing pre-hospital risk management emergency medical services (EMS) to a wide base of the South African and African population through its 68 operational bases across the country. Netcare 911 is staffed with six full time medical doctors and 1 325 experienced and qualified paramedical and administrative personnel. Netcare 911 owns and operates two fixed wing aircraft and operates an additional aircraft on a leased basis. These are used for long-range flights. For shorter critical emergency calls and inter-facility transfers, the Company utilises three EMS helicopters. On average, the 24-hour, 100-seat call centre answers over 90 000 calls a month. There are 246 emergency vehicles which get dispatched and directed by the control room based in Midrand, Gauteng. The Netcare 911's emergency vehicles are equipped with satellite vehicle tracking and ruggedised laptop devices which ensure the most efficient resource utilisation and a paperless work environment. Medical staffing solutions are provided to remote sites in approximately 13 countries around the world for large mining, construction and oil companies.

Performance

Netcare's hospital and trauma business contributed 87,7% and 94,5% to South Africa's segment revenue and operating profit, respectively. During the year ended 30 September 2007, revenue from the hospital and trauma business increased by 12,7% to R7 782 million and operating profit increased by 13,4% to R1 328 million with the operating profit margin relatively flat at 17,1% compared to 17,0% in the prior year. Excluding the contribution from the new hospitals, revenue and operating profit increased by 11,9% and 14,7%, respectively and the operating profit margin expanded to 17,4%. The growth in operating profit is largely due to the increased occupancies offset by an increase in headcount and training expenditure coupled with pressures from the skills shortage.

30 September	2007 Rm	2006 Rm	% change
Revenue	7 782	6 907	12,7
EBITDA	1 584	1 403	12,9
Operating profit	1 328	1 171	13,4
EBITDA margin (%)	20,4	20,3	0,5
Operating profit margin (%)	17,1	17,0	0,6

Demand for private healthcare in South Africa remains strong, fuelled by new growth in the medically insured population. This growth is being supported by the GEMS initiative, and a growing self-pay market. Demand is also driven by increased utilisation from an ageing population, increased lifestyle diseases and the impact of technology enabling the diagnosis of diseases earlier and the treatment of previously inoperable diseases.

Strong market growth was evidenced by a 5,9% increase in the number of patients admitted into hospital or treated in the casualty units during the year to over 1 million. Netcare supported the growth through further investment increasing registered beds by 4,7% to 7 604 and adding 162 new physicians. Patient days increased by 4,5% to 1,7 million with maternity cases up 6,4% and theatre cases up 1,3%. Average length of stay increased marginally to 3,32 days. The 13,0% growth in self-pay hospital revenue alongside strong growth in casualty and maternity admissions, demonstrates the willingness of the medically uninsured to purchase healthcare. The scripts dispensed from the 44 hospital pharmacies increased by 12,2% to 1,3 million due in part from the contribution of the two new hospital pharmacies and strong organic growth.

Netcare is meeting the growing market demand through continued capital investment and this year we opened two new hospitals in South Africa, Alberlito Hospital in KwaZulu-Natal and Blaauwberg Hospital in the Western Cape, adding 219 beds. During the period we made significant investments in new facilities including the ICU units at Parklane, Linksfield and Akasia, trauma units at Pretoria East and Sunward Park, a neuro vascular unit at Unitas, cardiac catheterisation laboratories at St Augustine's and St Anne's and upgrades to several of our facilities, adding a further 120 beds. During the year a Public Private Partnership (PPP) agreement was concluded with the Eastern Cape Department of Health for the refurbishment of Settlers Hospital in Grahamstown and the building of a new hospital in Port Alfred scheduled to be commissioned in 2008/2009. Netcare in conjunction with its black empowerment partners has a concession to operate private wards in each hospital, adding 62 beds.

The average effective price increase in the hospital business was 5,7% for the year, in line with consumer and medical inflation over the same period. Netcare is currently restructuring its pricing model to bill surgical devices and consumables on a net acquisition pricing model and intends to convert a substantial portion of the fee-for-service pricing model into alternative reimbursement and risk sharing models with funders. Netcare is also currently working with the sector and government to formulate the NHRPL for hospital providers.

Netcare continued its investment in customer services and rolled out several initiatives during the year such as internet pre-admissions, the electronic on-line patient information library and patient information brochures. The dedicated customer services call centre on 0860-NETCARE received over 4 000 service reports. Sophisticated systems and processes have been developed to ensure patient complaints are adequately dealt with by the business. Netcare's customer satisfaction score was 89,2% for the period January 2007 to September 2007 since using the new "Voice of the Customer" telephonic customer satisfaction survey. During the year, Netcare conducted detailed market segmentation studies using an urban demographic consultant group to better understand patients and the reasons for selecting a particular hospital.

Hospitals and trauma *continued*

During the year a Practice Development Consultant programme was launched to market specialists to the general practitioner (GP) networks. Currently there are over 100 specialists enrolled on the programme and there has been a direct benefit of the marketing on their practices.

Netcare is intent on delivering quality care and measuring such quality compared to international best practice. Netcare's hospital acquired infection rate is 0,3% and the mortality rate within Netcare hospitals as a percentage of hospital admissions is 1,1%. Netcare has continued to invest in its clinical governance programmes and during the year implemented an American system called Trauma Bank to measure its trauma patient outcomes compared to international best practice. The Oxford Vermont Neonatal database has also been rolled out to measure the outcomes of the neonatal units.

Netcare 911 experienced similar growth with a 5,1% increase in patients transported to 175 600. The number of principal members covered under capitation agreements increasing 15,2% to 1 485 000 principal members. Call volume activity within the call centre increased by 11,9% with 1 089 895 calls received over the period, maintaining service levels in excess of 95% on the 082 911 emergency number. The drive to achieve operational efficiencies continued over the past year, with the rollout of the electronic patient report form system creating a fully integrated patient and administration system. The Group's investment in fixed wing aircraft and expansion into greater Africa, resulted in air ambulance hours flown increasing by 42,7% and the helicopter hours flown increasing by 21,7%.

Netcare 911's presence in the global market continues to strengthen, with the appointment of its Medical Director to the Chair of the International Assistance Group, a global alliance of 35 assistance companies specialising in medical and travel assistance. A significant milestone was achieved when Netcare 911 was awarded the tender to provide remote site emergency medical standby services to WesternGeco, a leading geophysical company servicing the oil and gas industry. The contract extends to 10 sites predominantly in Africa and the Middle East over a three-year period.

National Renal Care (NRC) experienced strong growth during the year with a 20,0% increase in patients seen and a 24,1% increase in sessions. Chronic sessions increased by 24,5% to over 130,000 and acute sessions increased by 15,5% to over 4 000. The facilities expanded from 50 in 2006 to 54 at 30 September 2007.

NRC expanded its Healthy Start programme nationally by employing a further six practitioners, resulting in 500 new patients joining the programme and over 2 000 patients screened.

In 2007, NRC signed an agreement with the KwaZulu-Natal Department of Health as a dialysis service provider at NRC Ladysmith for public patients travelling from Ladysmith and Newcastle to the state's Greys Hospital.



Sister Brenda Thlalogong, Netcare Garden City Paediatric Intensive Care Unit

Under the aegis of Paediatric Intensivist Dr Miles Bartlett, Netcare Garden City Hospital's dedicated Intensive Care Unit (PICU) has carved a niche for itself in the field of specialist paediatric medicine. In recent years it has become renowned for its treatment of paediatric drowning cases. The hospital's PICU has seen many successes in the treatment of conditions such as severe pneumonia, traumatic brain injury, burns, near drowning, post-operative general paediatric surgery, respiratory failure, septic shock and renal failure.

Primary care



Jacques du Plessis *CEO Primary Care*

Netcare is committed to developing affordable healthcare services through its primary care network and managed care capability.



Description of business

Netcare's primary care business includes primary care and managed care services. The primary care services are offered through the 100 national multi-disciplinary facilities branded Medicross and Prime Cure supported by 643 doctors and dentist professionals. The facilities are complemented by 42 retail pharmacies, Pharmacross, and 13 day theatres. Services provided by the primary care division include general practitioner, dental, pathology, radiology, optometry, physiotherapy services, complemented by pharmacies and day theatres and specialist clinics such as well-baby, asthma and diabetic. The clinics are managed on a decentralised basis with a practice manager and benefit from centralised group services such as human resources, finance and central credit control.

Through the primary care division, Netcare operates as an accredited managed care organisation, providing risk taking capitated services to 24 medical schemes with 35 options covering 177 400 capitated lives, including 54 500 GEMs members. The managed care business is expanding its risk taking options to include secondary and tertiary risk. Prime Cure has demonstrated its ability to deliver cost effective medical care according to evidenced-based medicine formularies and protocols with lower admissions per thousand of 138 per thousand compared to the estimate of the fee-for-service market of 255 per thousand.

Revenue is derived from practice management administration fees, retail pharmacy sales and scripts dispensed and capitated annuity income for managed care services. The primary care network services medical aid, managed care and self-pay patients. Prime Cure and Medicross' revenue consists of 49% and 21%, respectively from self-paying patients.



Sister Rona Joubert, Medicross Gezina

Medicross is a primary healthcare provider within the Netcare group with 75 centres throughout South Africa. Sister Rona Joubert, a nurse at Medicross Gezina, demonstrated Netcare's core value of caring when a mother with a sick child arrived at the clinic after having been turned away from a state hospital. The child was diagnosed with meningitis, so Sister Joubert phoned the state ambulance service and arranged to take the child to Pretoria Academic Hospital. Hearing that the ambulance would take five hours to arrive, she drove the mother and child to the hospital herself and saw to it that the child received the appropriate care. Many other people would have thrown up their hands, but Sister Joubert went above and beyond the call of duty.

Primary care *continued*

Performance

Netcare's primary care business contributed 12,3% and 5,5% to South Africa's segment revenue and operating profit, respectively. During the year ended 30 September 2007 revenue from the primary care business increased by 33,7% to R1 087 million due to the strong organic growth and the increased contribution from Prime Cure included for the full year compared to the eight-month period in the prior year.

Operating profit increased by 16,4% to R78 million with an operating profit margin of 7,2%. Operating profit was negatively impacted by the below inflation effective price increases and costs relating to the closure of Prime Cure centres. Excluding the closure costs of R8 million, operating profit increased by 28,4% and the operating profit margin was 7,9%. The operating profit was positively impacted by the integration savings and the resultant 2,4% reduction in headcount.

30 September	2007 Rm	2006 Rm	% change
Revenue	1 087	813	33,7
EBITDA	101	91	11,0
Operating profit	78	67	16,4
EBITDA margin (%)	9,3	11,2	(17,0)
Operating profit margin (%)	7,2	8,2	(12,2)

Progress has been made in building the primary care network in South Africa adding five new Medicross facilities. The network was rationalised by closing 12 non-viable Prime Cure facilities during the year. A 9,4% growth in GP and dentist visits to 3,6 million was experienced across the 100 Medicross and Prime Cure facilities and the number of scripts dispensed from the retail pharmacies increased by 0,7% to 1,8 million with a generic ratio of 48%. The average effective price increase for primary care visits was 2,6%, well below medical inflation.

Managed care lives increased by 36,5% to 177 400 as Prime Cure secured several new contracts and continued to experience good growth in GEMS membership to 54 500 lives. The primary care network expanded by 33,2% to 3 300 participating Prime Cure doctors.

Discontinued operation

Netcare offers diagnostics services through a 50% interest in Ampath, a nationwide administration and logistical services infrastructure servicing 290 high-tech laboratories and depots. Netcare's 50% investment in Ampath has been treated as a discontinued operation in terms of IFRS 5: *Non current Assets Held for Sale and Discontinued Operations* as it is anticipated that it will be sold.

Ampath results (50% interest)

30 September	2007 Rm	2006 Rm	% change
Revenue	507	465	9,0
Operating profit	127	104	22,1
Profit before taxation	120	93	29,0
Profit for the year	109	87	25,3

Netcare's share of Ampath's revenue increased by 9,0% to R507 million due to a 3,4% increase in requisitions to 4,8 million and a 6,7% increase in lab procedures to 21,2 million.



General practitioner and professional staff at Prime Cure, Queenswood

Netcare has built a primary care network with 100 centres across the country, including 25 Prime Cure clinics, supported by a further 3 300 participating general practitioners and associated professionals. The Prime Cure model works on the principle that the GP should be the first line of treatment and is underpinned by a specialist referral system and strict managed care principles. Doctors within the Prime Cure division are monitored by a practice audit and peer review system to ensure that patients get the same levels of consistently high medical care throughout the Group.

Associate company investments

Netcare has several interests in associate companies including 12 hospitals. Earnings from associate investments increased by 14,3% to R32 million.

Attributable earnings from associates

	2007 Rm	2006 Rm	% change
Community Hospital Group	14	10	40,0
Healthshare Health Solutions	14	12	16,7
Community Hospital Management	(4)	(5)	20,0
Netpartner		6	
Other SA associates	3	2	50,0
Other UK associates	5	3	66,7
	32	28	14,3

Community Hospital Group

At 30 September 2007, Netcare owned 43,75% of Community Hospital Group, operating five hospitals with 682 beds. In October 2007, Netcare acquired the remaining 56,25% of CHG from its empowerment partners. CHG owns N17, Montana and Bougainville hospitals in Gauteng and Kuils River and UCT Private hospitals in the Western Cape.

Healthshare Health Solutions

Netcare has a 45% interest and participation in Healthshare, a healthcare services outsourcing business to the mining sector. The contract terminates in December 2007.

Netpartner Investments Limited

On 26 September 2006, Netcare acquired the remaining 53,7% of Netpartner, making it a wholly owned subsidiary of Netcare. The only material assets in Netpartner at 30 September 2007 are the 16,4% interest in Medicross and the 340 million shares in Netcare, which are treated as treasury shares.

Community Hospital Management

Netcare has a consortium with a black empowerment company, Community Healthcare Holdings, operating a co-location PPP agreement with the Free State Department of Health that allows Community Hospital Management to utilise spare capacity within Bloemfontein's Universitas and Pelonomi public hospitals. The facilities operated by the consortium include approximately 270 private beds as well as six operating theatres.

Other associates

Other associate investments include Kokstad Private Hospital, KOPM Investment Holdings (the holding company for Lesedi Hospital), Optimed and Carenet. UK associate investments include Chaucer Diagnostics and Three Shires Hospital.