Network Healthcare Holdings Limited

(Registration number: 1996/008242/06) (Incorporated in the Republic of South Africa)
(JSE share code: NTC) (ISIN code: ZAE000011953) ("Netcare", "the Company" or "the Group")




Unaudited group interim results

for the six months ended 31 March 2007

You're in safe hands

Group financial highlights

- 14% revenue growth in South African operations
- 13% growth in South African stand-alone adjusted HEPS to 32,4 cents
- 26% EBITDA margin in GHG
- 8% growth in interim distributions per share to 13 cents

Group business highlights

- Commissioned two new hospitals in South Africa
- 40% increase in SA nurses and paramedics trained
- GHG integration on track
- Two new facilities opened for the NHS

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. Factors that may affect the Group's operations are described under "Risk Factors" on the investor relations website www.netcareinvestor.co.za

Commentary

Sandton, South Africa – 14 May 2007, Network Healthcare Holdings Limited ("Netcare"), an investment holding company listed on the JSE Limited, South Africa, operating through its subsidiaries, the largest private hospital networks in South Africa and the United Kingdom ("UK"), announces interim group results for the six months ended 31 March 2007. The results have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Overview

Group operating revenue increased 128,9% to R9 176 million, driven by the acquisitive growth of R4 582 million from General Healthcare Group ("GHG"), our 50,1% owned UK subsidiary, and solid revenue growth of 14,1% in South Africa. Operating profit increased by 165,8% to R1 519 million with the operating profit margin expanding from 14,2% to 16,5%. The South African business continued to deliver strong results increasing basic headline earnings per share before GHG related financing costs by 31,2%, from 24,7 to 32,4 cents per share. As expected, the GHG acquisition diluted earnings by 8,7 cents per share in the period, resulting in a decrease of 7,4% in basic headline earnings per share from 25,6 cents to 23,7 cents. The dilution resulted from financing costs for the GHG investment and the GHG net loss for the period of R23 million (£1,7 million).

The following table reconciles our South African basic adjusted headline earnings per share to the Group reported basic headline earnings per share.

Cents per share	31 March 2007	31 March 2006	%	30 September 2006
South African basic adjusted[1] headline earnings per share	32,4	28,7	13	70,5
Abnormal items – HPFL BEE share expense		(4,0)		(4,5)
South African basic[2] headline earnings per share	32,4	24,7	31	66,0
GHG dilution impact on headline earnings	(8,7)	0,9		(9,8)
Basic headline earnings per share	23,7	25,6	(7)	56,2

[1] Before abnormal item (HPFL BEE share expense) and GHG financing related costs

[2] Before GHG financing related costs

Group CEO Richard Friedland said: “Netcare has moved forward to consolidate its position as a leading provider of high quality, affordable healthcare in South Africa and the United Kingdom. We have delivered strong operational performances and have made significant gains in positioning the Group for long-term sustainable growth in both our core markets. In the six months ended 31 March 2007, we continued to systematically tackle the complex and distinct healthcare challenges in South Africa and the United Kingdom with commitment and innovation. We are on track to meet our stated operational and financial targets for the full year.”

Business update

South Africa

Demand for private healthcare in South Africa remains strong, fuelled by new growth in the medically insured population, which is being supported by government initiatives and a growing self-pay market. This demand is being further underpinned by an ageing population, new technology and treatment options, as well as the increasing incidence of lifestyle diseases. We are meeting this demand through continued investment and this year we opened two greenfield hospitals in South Africa, Alberlito Hospital in KwaZulu-Natal and Blaauwberg Hospital in the Western Cape, adding 204 beds to our portfolio. 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 Augustines and St Annes and upgrades to several of our facilities.

Netcare has made significant progress in building its primary care network in South Africa and developing effective lower income healthcare models, anchored by the recently acquired and now successfully integrated Prime Cure. Fully accounted for in the six-months under review, Prime Cure added 2,9% growth to the South African revenue, albeit at a lower operating margin. Viewed in the context of our strategy to extend the reach of affordable quality healthcare to all South Africans through innovative, low cost provisioning models, the shift to higher-volume lower-margin business is a clear indicator of Netcare’s commitment in this regard. We recently concluded a Public Private Partnership (“PPP”) agreement with the Eastern Cape Department of Health for a refurbishment of Settlers hospital in Grahamstown and the building of a new hospital in Port Alfred. Netcare, in conjunction with its partners, has a concession to operate private wards in each hospital.

We have continued to proactively address the chronic skills shortage in nursing, a key business risk. Our investments in training nurses and retaining our high calibre nursing staff, as well as introducing a new model of care to better utilise our nursing skills, pushed expenditure higher and impacted operating margins in the period. This year, Netcare's Training Academy will train some 3 410 nurses and paramedics, an increase of 1 000 from 2006.

Netcare South Africa reported strong results with revenue up 14,1% and operating profit, before the Health Partners for Life ("HPFL") Black Economic Empowerment ("BEE") share expense, increased by 9,5%. Headline earnings per share ("HEPS') adjusted for the HPFL BEE share expense and GHG financing related costs increased by 12,9%, to 32,4 cents per share (2006: 28,7 cents). The Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") margin, before the HPFL BEE share expense, declined from 19,1% to 18,7%.

Hospital and trauma services

Revenue from the hospital and trauma division increased 11,7% to R3 480 million in the six months ending 31 March 2007 due to strong market dynamics in South Africa and an increase in the number of doctors using our facilities in the period, resulting in 4,1% growth in patient days. Total admissions increased by 7,5%. Maternity cases increased by 6,4% and theatre cases by 1,5%. The revenue contribution from Netcare 911 increased as a result of the strong growth in aero-medical services, industrial contracts and road-side emergency services. The number of patients attended to by Netcare 911 increased by 22,1% to 96 460.

Operating profit from this division increased by 9,3% to R553 million and the operating margin declined from 16,2% to 15,9% due to increased nurse training and retention costs as well as costs incurred in commissioning the two new hospitals.

Ancillary healthcare services

Revenue from the ancillary healthcare services increased by 24,0% to R947 million due to the 10,3% growth in GP and dentist visits of 1,6 million in the six month period to 31 March 2007, largely attributable to the acquisition of Prime Cure. Managed care lives increased from 130 000 at 30 September 2006 to 155 000 as Prime Cure secured several new contracts and continued to experience good momentum in the Government Employee Medical Scheme (GEMS) membership.

Operating profit from this division increased by 130,2% to R123 million. Excluding the HPFL BEE share expense of R52 million in the comparative six month period, operating profit increased by 16,9% and the operating profit margin decreased from 13,8% to 13,0%. The decrease was largely due to the increased contribution from Prime Cure at lower margins.

United Kingdom

Over the past six months, GHG has undergone significant restructuring. Management has made good progress in transforming a largely unaligned group of hospitals into a far more efficient, compliant network benefiting from economies of scale and standardised processes as well as the introduction of new products and services. The integration of GHG has gained traction and produced excellent results as we moved aggressively to fix its operating base.

Although results for Netcare UK, the National Health Service ("NHS") division of GHG, were impacted by new project mobilisation costs, its strong NHS project pipeline augurs well for the future. Despite delays in concluding several of our NHS contracts, we expect most of these to be finalised in due course.

The results from our UK business reflect GHG including Netcare UK for the full six month period. The figures for the comparative period reflect Netcare UK only as GHG was purchased on 12 May 2006. Revenue for the period under review was R4 749 million and operating profit was R843 million for the six month period. Excluding Netcare UK's mobilisation and bid costs of R19 million the operating profit was R862 million and the margin was 18,1%. On the same basis, the EBITDA was R1 240 million and the EBITDA margin was 26,1%, an improvement from the 24,0% reported to 30 September 2006.

Private hospital services (BMI)

Our primary focus within the BMI hospitals (the private hospital division of GHG) has been to implement several of the operating efficiencies employed in South Africa. For example, new nursing models similar to those used in South Africa have been introduced, which have resulted in an improved allocation of nursing resources based on capacity utilisation and a 5% reduction in headcount. The improved control of nursing hours and the management of unproductive time, coupled with efficient centralised procurement and other initiatives are expected to save around £10 million this year. Further efficiencies in several areas of the operations will be targeted including operating theatres, outpatients and administration.

Revenue from our UK private hospital network was R4 582 million for the six month period ended 31 March 2007. During the period, private patient day growth was steady as reflected in private medical insurance and self pay case volume growth. NHS patient day growth was lower than the prior period as a result of once-off short-term contracts in 2006 not being renewed. Operating profit was R843 million and the operating profit margin was 18,4%. The EBITDA margin expanded to 26,5% from the 24,4% reported to 30 September 2006.

Public services (Netcare UK)

In January 2007 Netcare UK opened a unit in Stracathro, the first Independent Sector Treatment Centre ("ISTC") in Scotland. In February 2007 our first Commuter Walk-in-Centre ("CWIC") was opened in Leeds. During the period we were also awarded preferred bidder status on the North and East Yorkshire and North Lincolnshire ("NEYNL") scheme. A significant amount of effort and resources were focused on these new projects and several others that we expect to mobilise in the next 12 months.

Revenue from Netcare UK increased by 29,3% to R168 million for the six month period ended 31 March 2007. Netcare UK reported an operating loss for the period of R1 million compared to a profit in the comparative six month period of R12 million due to an increase in employee costs and other costs incurred to mobilise the new projects. Mobilisation and NHS bidding costs in the period were R10 million and R9 million. Excluding such costs, Netcare UK's EBITDA and operating profit would be R25 million and R18 million respectively, and EBITDA and operating profit margins at 15,1% and 10,7%.

Group financial review

Netcare's results for the six month period ended 31 March 2007 reflect the benefits of the GHG and Prime Cure acquisitions and recent investments aimed at improving capacity, efficiencies and the quality of our healthcare offering. Group operating revenue increased by 128,9% to R9 176 million and EBITDA was R2 047 million, with the EBITDA margin for the period at 22,3% compared to 17,4% in the comparative six month period.

Following the acquisitions mentioned above, the consolidated net financial expenses increased from R67 million to R1 122 million in the period. The Group was efficiently hedged so as to avoid costs relating to increased interest rates in the UK.

As expected, the GHG acquisition was dilutive in the period, contributing to a decrease of 7,4% in basic headline earnings per share from 25,6 cents to 23,7 cents. The South African business increased basic headline earnings before the HPFL BEE charge and GHG related financing costs by 12,9%, from 28,7 to 32,4 cents per share.

The change in the UK company tax rate from 30% to 28% is expected to result in a decrease in net deferred tax liabilities of approximately R399 million (£27 million). This amount will only be recognised in income once the rate reduction has been substantively enacted. We expect the legislation to be tabled before the House of Commons in July 2007.

Cash generated from operating activities increased to R1 522 million from R483 million which funded a capital distribution of R185 million and capital expenditure of R607 million in the period. A significant portion of the South African capital expenditure of R368 million relates to the commissioning of the two new hospitals, Alberlito and Blaauwberg, and investments in medical equipment. The GHG capital expenditure of R239 million is largely sustaining capital for the hospitals and includes the purchase of the Harbour Hospital previously leased from the NHS.

The balance sheet was impacted by the appreciation of the Rand against the Pound Sterling over the period with total assets reduced by R858 million as a result of the currency movement. Total debt net of cash decreased by 1,9% from 30 September 2006 to R30,565 million. R25,448 million of the debt net of cash is in the GHG group and, as previously indicated is without recourse to the South African business and secured against the assets in the United Kingdom. In October 2006 we refinanced the short-term UK acquisition debt with long-term Propco debt of £1 650 million and Opco debt of £214 million. In South Africa, we continued our programme to refinance debt and issued R1,7 billion guaranteed convertible bonds listed on the Singapore Bond Exchange with a 6% coupon rate and a conversion premium of 25,4% on a reference price of R12,20. The Netpartner debt and related zero cost collar derivatives were settled through the issue of 47,4 million shares, raising R638 million and thereby reducing cost, complexity and the level of gearing and leverage in the South African business.

Net financial liabilities decreased from R1 318 million at 30 September 2006 to R116 million over the period, largely as a result of favourable movements in the mark-to-market value of the UK long-term floating-to-fixed interest rate swaps in line with the increase in long-term interest rates in the UK, as well as the settlement of the zero cost collars relating to Netpartner in South Africa.

The fair value of assets and liabilities of GHG at acquisition date has been reviewed as required by IFRS 3 – Business Combinations and where necessary, these values have been amended and the balance sheet as at 30 September 2006 restated. The most significant of the changes was to provide for deferred tax assets at acquisition of £14 million. This adjustment recognises that the assessed losses in GHG at acquisition date (12 May 2006) have value, which is likely to be realised and accordingly needs to be brought to account.

Declaration of capital distribution number 16

In accordance with the authority given by the Board of Directors by way of an ordinary resolution passed on 26 January 2007, the Board of Directors declared an interim capital distribution (number 16), out of share premium amounting to 13 cents per ordinary share, which represents an 8,3% increase compared to the previous year interim dividend of 12 cents per share.

In compliance with the requirements of STRATE the following dates are applicable:

Last date to trade "CUM" the capital distribution ("LDT"):	Friday, 6 July 2007
Trading commences "Ex" the capital distribution:	Monday, 9 July 2007
Record date:	Friday, 13 July 2007
Day of payment:	Monday, 16 July 2007

Share certificates may not be dematerialised nor rematerialised between Monday, 9 July 2007 and Friday, 13 July 2007, both dates inclusive.

Outlook

It is the Board's view that the combined South African and United Kingdom operations are well positioned to benefit from the scale and the potential efficiencies of growing demand in the expanding private healthcare markets on both continents.

Notwithstanding the present dilutive impact of GHG on the Group's earnings, the Board is satisfied with the company's operating profit growth trends and remains cautiously confident that GHG will make a positive contribution to the Group's earnings in advance of our initial expectations. Furthermore, in the absence of any unforeseen adverse change in regulatory and economic circumstances in South Africa, the business should continue to improve its earnings performance.

A tribute to our nurses

As 12 May is International Nurses Day, we pay tribute to members of the nursing profession. We salute our nurses as members of a noble profession and commend them for their dedication to caring for others and unselfishly helping to preserve the sanctity of life. Their devotion, caring and dedication help us maintain our standards of excellent patient care and provide invaluable support to the doctors and medical professionals. Our patients place their lives in the hands of our nurses, feeling safe in the knowledge that they will give them the best care and attention possible. Our nurses are a lifeline to those in need and make us proud and we thank them.

On behalf of the Board

Michael I Sacks
Chairman

Dr Richard Friedland
Chief Executive Officer

Peter Nelson
Chief Financial Officer

Sandton

10 May 2007

Group balance sheet

At

	Note	Unaudited 31 March 2007 Rm	Restated Unaudited 31 March 2006 Rm	Restated Audited 30 September 2006 Rm
ASSETS				
Non-current assets				
Property, plant and equipment		**26 837,3**	3 222,4	27 246,3
Goodwill	3	**16 409,1**	445,6	16 734,6
Intangible assets		**291,5**	61,1	270,9
Associated companies, investments and loans	5	**264,2**	818,4	255,3
Financial asset – Derivative financial instruments		**1 386,1**		834,3
Deferred taxation	3	**368,0**	28,9	405,7
Total non-current assets		**45 556,2**	4 576,4	45 747,1
Current assets				
Investments and loans	5	**60,6**	104,6	51,5
Inventories		**597,3**	285,7	570,6
Accounts receivable	3	**2 915,2**	1 588,4	2 706,1
Cash and cash equivalents		**1 175,5**	489,1	1 462,7
Total current assets		**4 748,6**	2 467,8	4 790,9
Total assets		**50 304,8**	7 044,2	50 538,0
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital and premium		**1 949,4**	1 067,8	1 496,8
Treasury shares		**(5 555,0)**	(1 588,9)	(5 555,0)
Other reserves		**2 033,1**	299,0	1 356,9
Retained income		**5 203,2**	3 765,9	4 938,1
Ordinary shareholders' equity		**3 630,7**	3 543,8	2 236,8
Preference share capital and premium		**643,9**		643,9
Minority interest		**3 794,7**	79,8	3 355,4
Total shareholders' equity		**8 069,3**	3 623,6	6 236,1
Non-current liabilities				
Long-term debt		**30 177,0**	800,2	29 224,0
Financial liability – Derivative financial instruments		**1 502,3**		2 152,0
Post-retirement benefit obligations		**183,1**	71,4	293,7
Deferred lease liability		**60,4**	158,3	64,4
Deferred taxation		**6 274,7**	93,9	6 399,1
Total non-current liabilities		**38 197,5**	1 123,8	38 133,2
Current liabilities				
Accounts payable	3	**2 255,7**	1 167,1	2 624,2
Short-term debt		**1 453,1**	1 125,9	2 952,6
Taxation payable		**219,3**	3,8	137,8
Bank overdrafts		**109,9**		454,1
Total current liabilities		**4 038,0**	2 296,8	6 168,7
Total equity and liabilities		**50 304,8**	7 044,2	50 538,0

Group income statement

For the period ended

	Note	Unaudited 31 March 2007 Rm	Restated Unaudited 31 March 2006 Rm	% change	Restated Audited 30 September 2006 Rm
Revenue		**9 175,9**	4 009,2	128,9	11 615,9
Cost of sales		**(5 270,7)**	(2 063,0)		(6 375,9)
Gross profit		**3 905,2**	1 946,2		5 240,0
Other income		**141,1**	89,3		214,5
Administrative and other expenses		**(2 527,8)**	(1 464,3)		(3 886,5)
Operating profit	6	**1 518,5**	571,2	165,8	1 568,0
Financial income	7	**196,2**	51,0		699,4
Financial expenses	3,8	**(1 318,0)**	(118,1)		(1 531,4)
Attributable earnings of associated companies		**15,0**	20,4		28,0
Profit before taxation		**411,7**	524,5	(21,5)	764,0
Taxation	3	**(110,2)**	(152,7)		(226,7)
Profit for the period		**301,5**	371,8	(18,9)	537,3
Attributable to:					
Ordinary shareholders		**278,9**	367,8		729,3
Preference shareholders		**29,9**			12,2
Minority interest		**(7,3)**	4,0		(204,2)
		301,5	371,8		537,3
Earnings per share (cents)					
Basic earnings per share		**22,9**	25,4	(9,8)	50,4
Fully diluted basic earnings per share		**24,9**	24,8	0,4	48,3
Capital distribution per share (cents)		**13,0**	12,0	8,3	27,0

Headline earnings

For the period ended

	Note	Unaudited 31 March 2007 Rm	Unaudited 31 March 2006 Rm	% change	Audited 30 September 2006 Rm
Reconciliation of headline earnings					
Profit attributable to ordinary shareholders		**278,9**	367,8	(24,2)	729,3
Adjusted for:					
Impairment of goodwill		**12,2**			2,1
Impairment of investments			2,7		20,6
Impairment of land and buildings					14,6
Profit on disposal of property, plant and equipment			(8,4)		(4,2)
(Profit)/loss on disposal of subsidiaries/investments		**(2,1)**	8,0		(120,4)
Capital restructuring costs					171,8
Headline earnings		**289,0**	370,1	(21,9)	813,8
Headline earnings per share (cents)					
Basic		**23,7**	25,6	(7,4)	56,2
Fully diluted		**25,6**	25,0	2,4	53,9

Statement of recognised income and expense

For the period ended

	Unaudited 31 March 2007 Rm	Unaudited 31 March 2006 Rm	Audited 30 September 2006 Rm
Effect of translation of foreign entities	**(115,6)**	(2,3)	1 426,9
Fair value (loss)/gain on investments	**(23,5)**	(0,8)	4,5
Effect of cash flow hedge accounting	**1 055,4**		(298,6)
Net investment hedges – fair value losses			(98,1)
Movement in contingency reserve	**5,9**		1,9
Negative goodwill derecognised			819,8
Other reserve movements			1,1
Actuarial losses taken directly to equity			(12,0)
Net income/(loss) recognised directly in equity	**922,2**	(3,1)	1 845,5
Profit for the period	**301,5**	371,8	537,3
Total recognised income for the period	**1 223,7**	368,7	2 382,8
Attributable to:			
Ordinary shareholders	**755,2**	364,7	2 574,8
Preference shareholders	**29,9**		12,2
Minority interest	**438,6**	4,0	(204,2)
	1 223,7	368,7	2 382,8

Condensed reconciliation of movements in equity

For the period ended	**Unaudited 31 March 2007 Rm**	Unaudited 31 March 2006 Rm	Audited 30 September 2006 Rm
Balance at the beginning of the period	**6 236,1**	3 418,1	3 418,1
Net income/(loss) recognised directly in equity	**922,2**	(3,1)	1 845,5
Profit for the period	**301,5**	371,8	537,3
Ordinary shares issued	**637,6**	687,8	1 677,9
Repurchase of ordinary shares			(387,7)
Purchase of treasury shares		(691,4)	(4 657,5)
Share-based payment reserve movements	**13,7**	57,6	77,6
Issue of convertible bond	**172,4**		
Capital distributions	**(185,0)**	(217,2)	(390,6)
Preference dividends paid	**(29,9)**		(12,2)
Other equity movements	**0,7**		
Minorities' share in acquisitions			3 483,8
Issue of preference share capital (net of issue expenses)			643,9
Balance at the end of the period	**8 069,3**	3 623,6	6 236,1
Comprising:			
Share capital and premium	**1 949,4**	1 067,8	1 496,8
Treasury shares	**(5 555,0)**	(1 588,9)	(5 555,0)
Foreign currency translation reserve	**1 352,4**	(15,3)	1 413,9
Investment fair value reserve	**206,7**	224,9	230,2
Cash flow hedge accounting reserve	**256,8**		(298,6)
Net investment hedging reserve	**(98,1)**		(98,1)
Capital redemption reserve	**38,5**	27,5	24,7
Contingency reserve	**7,3**	(0,5)	1,4
Share-based payment reserve	**97,1**	62,4	83,4
Option premium on convertible bond	**172,4**		
Retained income	**5 203,2**	3 765,9	4 938,1
Ordinary shareholders' equity	**3 630,7**	3 543,8	2 236,8
Preference shareholders	**643,9**		643,9
Minority interest	**3 794,7**	79,8	3 355,4
Total shareholders' equity	**8 069,3**	3 623,6	6 236,1

Group cash flow statement

For the period ended	Unaudited 31 March 2007 Rm	Unaudited 31 March 2006 Rm	Audited 30 September 2006 Rm
Cash flows from operating activities			
Cash received from customers	**8 941,3**	3 787,9	11 432,6
Cash paid to suppliers and employees	**(7 419,6)**	(3 305,4)	(9 315,7)
Cash generated from operating activities	**1 521,7**	482,5	2 116,9
Interest paid	**(946,2)**	(93,3)	(837,7)
Taxation paid	**(77,9)**	(133,4)	(234,3)
Preference dividends paid	**(12,2)**		
Capital distributions paid	**(185,0)**	(217,2)	(390,6)
Net cash from operating activities	**300,4**	38,6	654,3
Cash flows from investing activities			
Purchase of property, plant and equipment	**(606,8)**	(244,4)	(1 013,6)
Proceeds on disposal of property, plant and equipment	**3,7**	8,4	49,7
Additions to intangible assets	**(40,4)**	(34,8)	(111,2)
(Increase)/decrease in investments and loans	**(22,9)**	22,2	171,1
Proceeds from disposal of investments and subsidiaries	**5,5**		9,3
Interest received	**103,0**	34,7	150,7
Dividends received	**0,7**		1,2
Acquisition of businesses		(123,2)	(16 392,6)
Share buy-backs		(682,7)	(682,7)
Net cash from investing activities	**(557,2)**	(1 019,8)	(17 818,1)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	**637,6**	687,8	1 677,9
Proceeds from issue of preference shares			643,9
Repurchase of shares			(134,0)
Other equity movements		(11,8)	
Settlement of post-retirement obligations	**(110,6)**		
Long-term liabilities raised	**1 248,2**	288,9	25 021,3
Short-term liabilities (repaid)/raised	**(1 443,8)**	212,5	(7 936,6)
Net cash from financing activities	**331,4**	1 177,4	19 272,5
Translation effects on cash and cash equivalents of foreign entities	**(17,6)**		(1 393,0)
Increase in cash and cash equivalents	**57,0**	196,2	715,7
Cash and cash equivalents at beginning of period	**1 008,6**	292,9	292,9
Cash and cash equivalents at end of period	**1 065,6**	489,1	1 008,6

Segment report

For the period ended

	Unaudited 31 March 2007 Rm	Unaudited 31 March 2006 Rm	% change	Audited 30 September 2006 Rm
INCOME STATEMENT				
Revenue	**9 175,9**	4 009,2	128,9	11 615,9
South Africa	**4 426,5**	3 879,6		8 184,3
Hospitals and Trauma	**3 480,0**	3 116,0	11,7	6 526,4
Ancillary healthcare and Corporate office	**946,5**	763,6	24,0	1 657,9
United Kingdom	**4 749,4**	129,6		3 431,6
Private services	**4 581,8**			3 158,8
Public services	**167,6**	129,6	29,3	272,8
EBITDA	**2 047,1**	699,2	192,8	2 121,6
South Africa	**826,5**	682,4		1 617,1
Hospitals and Trauma	**652,2**	581,5	12,2	1 361,8
Ancillary healthcare and Corporate office	**174,3**	100,9	72,7	255,3
United Kingdom	**1 220,6**	16,8		504,5
Private services	**1 214,2**			490,5
Public services	**6,4**	16,8	(61,9)	14,0
Operating profit	**1 518,5**	571,2	165,8	1 568,0
South Africa	**676,0**	559,6		1 350,1
Hospitals and Trauma	**553,3**	506,3	9,3	1 146,8
Ancillary healthcare and Corporate office	**122,7**	53,3	130,2	203,3
United Kingdom	**842,5**	11,6		217,9
Private services	**843,4**			215,3
Public services	**(0,9)**	11,6		2,6
Interest paid	**1 211,3**	93,3		962,0
South Africa	**293,1**	93,3	214,1	257,1
United Kingdom	**918,2**			704,9
BALANCE SHEET				
Total assets	**50 304,8**	7 044,2		50 538,0*
South Africa	**9 807,5**	6 949,3		7 155,0
Hospitals and Trauma	**7 826,9**	5 210,4	50,2	5 519,9
Ancillary healthcare and Corporate office	**1 980,6**	1 738,9	13,9	1 635,1
United Kingdom	**40 497,3**	94,9		43 383,0
Private services	**40 299,6**			43 204,1
Public services	**197,7**	94,9	108,3	178,9
Debt net of cash	**30 564,5**	1 437,0		31 168,0
South Africa	**5 116,4**	1 467,0		5 443,9
United Kingdom	**25 448,1**	(30,0)		25 724,1

**This figure has been restated as a result of adjustments to the provisional accounting for business combinations. Refer to note 3.*

Notes

1. Basis of preparation

The interim financial information for the six months ended 31 March 2007 has been prepared in compliance with International Financial Reporting Standards (IFRS) (in particular IAS 34, Interim Financial Reporting), the Listings Requirements of the JSE Limited and the South African Companies Act, 1973, as amended.

2. Accounting policies

The accounting policies applied in the presentation of the interim financial information are consistent with those of the annual financial statements for the year ended 30 September 2006.

This interim financial information has been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value.

3. Restatement of comparative information

In accordance with IFRS 3, Business Combinations, adjustments to the provisional accounting for business combinations have been made. This has resulted in retrospective adjustments as follows:

	As previously reported Rm	Adjustments Rm	As restated Rm
Balance sheet			
31 March 2006			
Goodwill	455,8	(10,2)	445,6
Deferred taxation – asset	18,7	10,2	28,9
30 September 2006			
Goodwill	16 906,7	(172,1)	16 734,6
Deferred taxation – asset	195,9	209,8	405,7
Accounts receivable	2 706,7	(0,6)	2 706,1
Accounts payable	(2 587,1)	(37,1)	(2 624,2)
Income statement			
31 March 2006			
Financial expenses†	110,6	7,5	118,1
Taxation	160,2	(7,5)	152,7
30 September 2006			
Financial expenses†	1 523,9	7,5	1 531,4
Taxation	234,2	(7,5)	226,7

The above restatements had no effect on profit and equity.

4. Reclassification of comparative information

The following reclassifications to the 31 March 2006 balance sheet have been made:

Joint venture loans

Loans to and from joint ventures previously included in associated companies, investments and loans have been reclassified to accounts receivable and accounts payable.

Post-retirement benefit obligations

The post-retirement benefit obligations previously shown as provisions under current liabilities on the face of the balance sheet, have been reclassified to non-current liabilities.

	Unaudited 31 March 2007 Rm	Unaudited 31 March 2006 Rm	Audited 30 September 2006 Rm
5. Associated companies, investments and loans			
Non-current			
Investments and loans to associated companies	**251,2**	759,9	242,4
Loans	**13,0**	58,5	12,9
	264,2	818,4	255,3
Current			
Held-for-trading investments		66,1	4,7
Loans	**60,6**	38,5	46,8
	60,6	104,6	51,5
	324,8	923,0	306,8
Directors' valuation of investments and loans to associated companies	**459,7**	1 198,4	423,4
6. Operating profit			
After charging:			
Depreciation and amortisation	**528,6**	128,0	553,6
Operating lease charges	**153,9**	67,0	225,0
7. Financial income			
Dividends received	**0,7**	0,3	1,2
Fair value adjustments on investments	**2,0**	16,0	16,1
Fair value gain on cross-currency swap contracts			442,1
Fair value gain on interest rate swaps	**14,0**		
Foreign exchange gains (net)	**71,0**		
Interest received	**103,0**	34,7	119,6
Profit on disposal of investments	**3,1**		9,3
Profit on disposal of subsidiaries	**2,4**		111,1
	196,2	51,0	699,4
8. Financial expenses			
Fair value loss on cross-currency swap contracts	**83,3**		
Fair value loss on interest rate swaps			85,4
Foreign exchange losses (net)		1,6	453,8
Impairment of goodwill	**19,6**	7,5#	9,6#
Impairment of investments and loans	**3,8**	7,7	20,6
Interest paid	**1 211,3**	93,3	962,0
Loss on disposal of subsidiaries		8,0	
	1 318,0	118,1	1 531,4
9. Abnormal items			
Share-based payment expense – HPFL		57,6	64,5
10. Commitments			
Capital commitments	**732,3**	365,7	1 054,3
Operating lease commitments	**3 366,9**	747,9	3 351,7
11. Contingent liabilities (guarantees and suretyships)			
South Africa	**235,7**	627,9	263,3
United Kingdom	**186,6**		146,7
	422,3	627,9	410,0

†*Adjustments have been made to impairment of goodwill.*
#*This figure has been restated as a result of adjustments to the provisional accounting for business combinations. Refer to note 3.*

Salient features

For the period ended

	Unaudited 31 March 2007	Unaudited 31 March 2006	Audited 30 September 2006
Selected ratios			
Operating profit margin (%)	**16,5**	14,2	13,5
Operating profit return on net assets (%)	**8,1**	25,0	7,7
Return on shareholders' equity (%)	**19,7**	21,5	29,2
Debt/equity ratio (%)	**378,8**	39,7	499,8
Interest cover (times)	**1,4**	9,6	1,9
Effective taxation rate (%)	**27,1**	30,2	27,6
Share statistics			
Ordinary shares			
Total shares in issue (million)	**1 236,8**	1 450,0	1 182,4
Weighted average number of shares (million)	**1 218,8**	1 448,3	1 447,7
Diluted weighted average number of shares (million)	**1 385,8**	1 482,9	1 509,7
Market price per share (cents)	**1 385,0**	905,0	1 240,0
Currency conversion guide (R:£)			
Closing exchange rate	**14,24**	10,88	14,53
Average exchange rate for the period	**14,07**	11,10	11,90
Average exchange rate from GHG acquisition date (12 May 2006 – 30 September 2006)			13,04

Executive Directors:

Dr RH Friedland (Chief Executive Officer)

PG Nelson (Chief Financial Officer)

IM Davis, Dr VLJ Litlhakanyane, Dr RN Noach, N Weltman

Non-executive Directors:

MI Sacks (Chairman), Dr APH Jammine, JM Kahn, HR Levin

Prof TR Mokoena, Adv KD Moroka SC, Dr AA Ngcaba, Dr JA van Rooyen

Company Secretary:

J Wolpert

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Private Bag X34, Benmore 2010

Transfer Secretaries:

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Sponsors:

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You're in safe hands

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