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")

Audited group results

year ended 30 September 2006

www.netcare.co.za

You're in safe hands

Outline

Operational and strategic review

Group CEO, Dr Richard Friedland

Group financial review

Group CFO, Peter Nelson

Highlights

Group CEO, Dr Richard Friedland

Group highlights

54%
growth in group revenue to R11,616m

11%
revenue growth in South Africa

R2.1bn
cash generated from operations

20%
growth in SA adjusted[1] HEPS to 70.5 cents per share

- Strong performance of SA business
- Successful unwinding of the Netpartner
- Acquisition of Prime Cure
- R1 billion value created for BEE shareholders
- Acquisition of 52.6% interest in GHG in UK
- GHG integration plan on track

1. Headline earnings adjusted to exclude HPFL BEE share based expense and GHG effects

A transformational year for the Netcare Group

The leading provider of private healthcare in two geographies

- **Listed on the JSE Limited, South Africa with a market capitalisation of R22.3 billion**
- **Group revenue of R11,616 million and operating profit of R1,568 million**
- **120 hospitals with approximately 11,700 licenced beds**

South Africa — 100%

Hospital and Trauma	Ancillary healthcare
NETCARE, NETCARE 082 911	Medicross, Prime Cure

Revenue (Rm)	**8,184**
Operating profit (Rm)	**1,350**
Hospitals and day clinics	**68**
Licenced beds	**9 046**

- Leading private hospital network in SA - 35% market share
- Leading private emergency service
- Extensive primary care network

United Kingdom — 52.6%

Private hospital	NHS services
BMI Healthcare	NETCARE

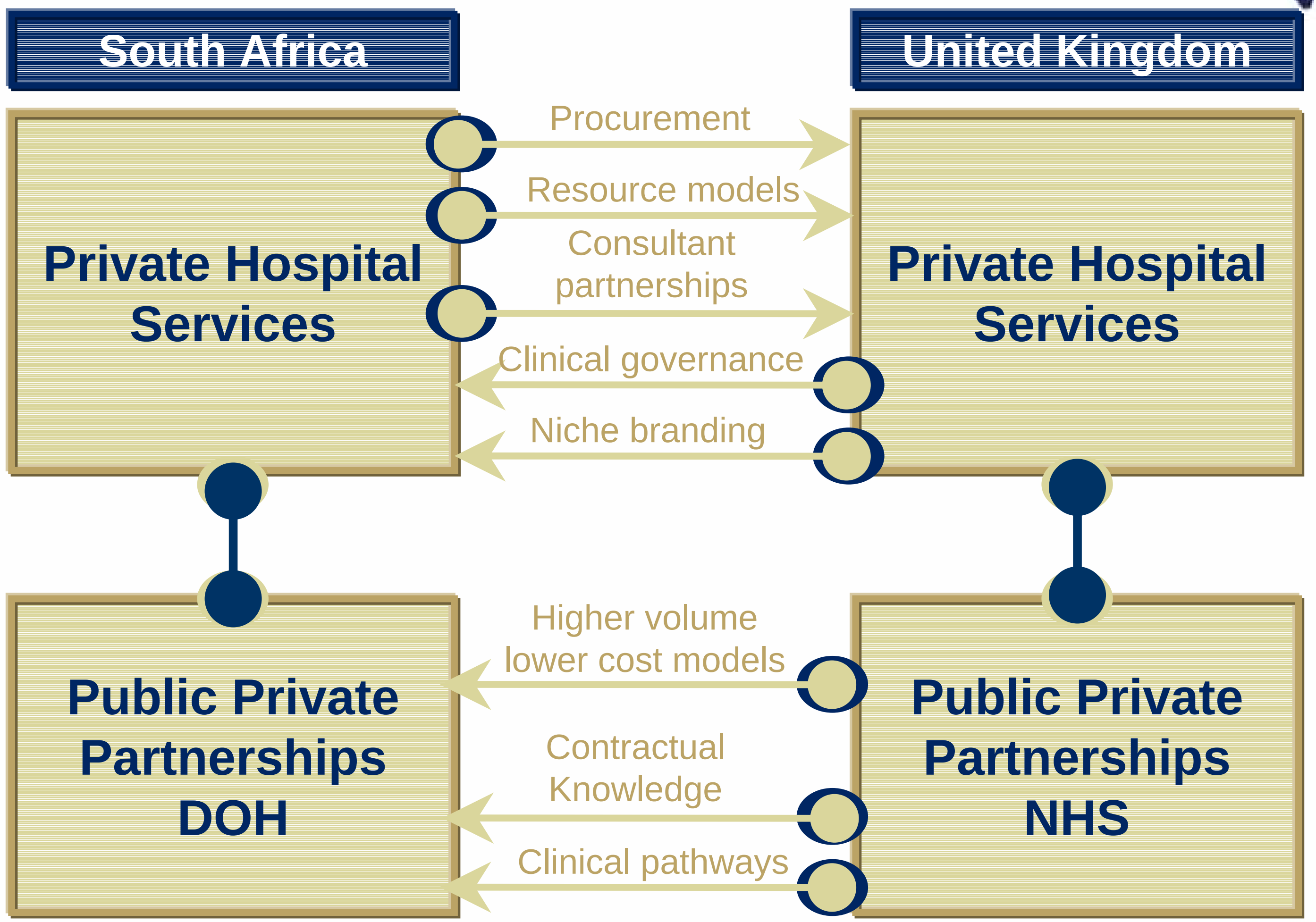
Revenue[1] (Rm)	**3,432**
Operating profit[1] (Rm)	**218**
Hospitals and day clinics	**52**
Licenced beds	**2,738**

- Leading private hospital network in UK - 25% market share
- Established service provider to NHS
- Experienced finance and property partners

All data as of 30 September 2006, GHG revenue and operating profit for 4.5 month period

1. Average exchange rate since date of acquisition of R13.04: £1

The group provides a conduit for two way flow of expertise



Markets at different stage of evolution and maturity

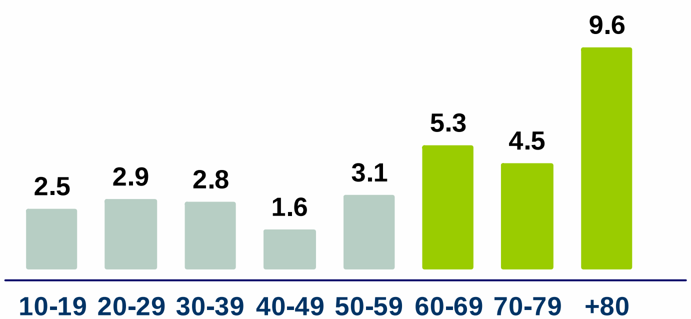
South Africa

Operational review

Strong demand for private healthcare in South Africa

Aging population

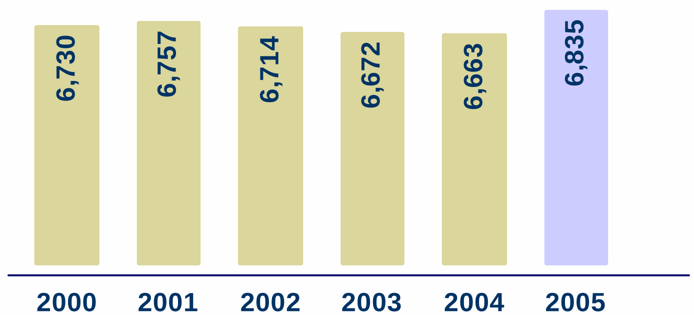
% year on year growth in Netcare inpatient admissions



Source: Netcare

Medical aid membership

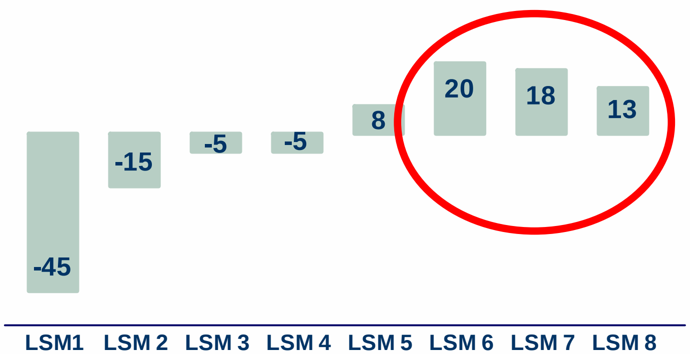
Registered medical scheme beneficiaries (000s)



Source: Council for Medical Schemes

Increasing prosperity

% growth in LSM 5-8 (2005 versus 2000)



Source: South African Advertising Research Foundation

Government initiatives

- Government Employee Medical Scheme (GEMS) promoting private healthcare for civil servants - member enrolment commenced 1 January 2006
- 45,000 principle members in Nov 2006
- Treasury allocated R6 billion to subsidise uninsured public servants
- Tax initiative

Ageing, increasing employment, prosperity and subsidy driving usage

Demand driving hospital and trauma growth

10%
increase in organic revenue

21.9%
EBITDA[1] margin, up from 19.8%

R million	2006	2005	%
Revenue	**6 526**	5 928	10
Operating profit[1]	**1 212**	975	24
EBITDA[1]	**1 427**	1 172	22
EBIT margin[1] (%)	**18.6**	16.4	
EBITDA margin[1] (%)	**21.9**	19.8	

1. Adjusted to exclude HPFL IFRS 2 share based payment of R65 million

Hospitals

- 3.8% growth in patient days
- 5.3% growth in admissions
- 2.6% growth in inpatient admissions to 496,569
- 6.8% growth in maternity
- Increase in average length of stay to 3.23 days

Trauma

- 10.9% increase in emergency cases
- Fleet of 237 road and 7 air
- Strong growth in aero-medical, industrial contracts and road-side emergency services

Increased occupancies driving operating margins

Building an extensive primary care network

16%
increase in revenue driven by acquisition of Prime Cure

45%
increase in primary care sites to 106

R million	2006	2005	%
Revenue	**1 658**	1 425	16
Operating profit	**203**	219	(7)
EBITDA	**255**	267	(4)
EBIT margin (%)	**12.3**	15.3	
EBITDA margin (%)	**15.4**	18.7	

Primary care

- Expanded network to 106 sites nationally from 73
- Treated over 3 million patients
- 130,000 Prime Cure managed lives
- 7% decrease in number of scripts

Diagnostics

- 2% growth in pathology requisitions
- Operating profit impacted by weaker Rand effect on consumable costs and first time provision of unfunded medical liability

Well positioned to assist in broadening access to healthcare

Continued investment to service demand in South Africa

Greenfield projects

2007
- Blaauwberg Hospital
- Alberlito Hospital

2008
- Settlers and Port Alfred PPP

2009
- East London Hospital

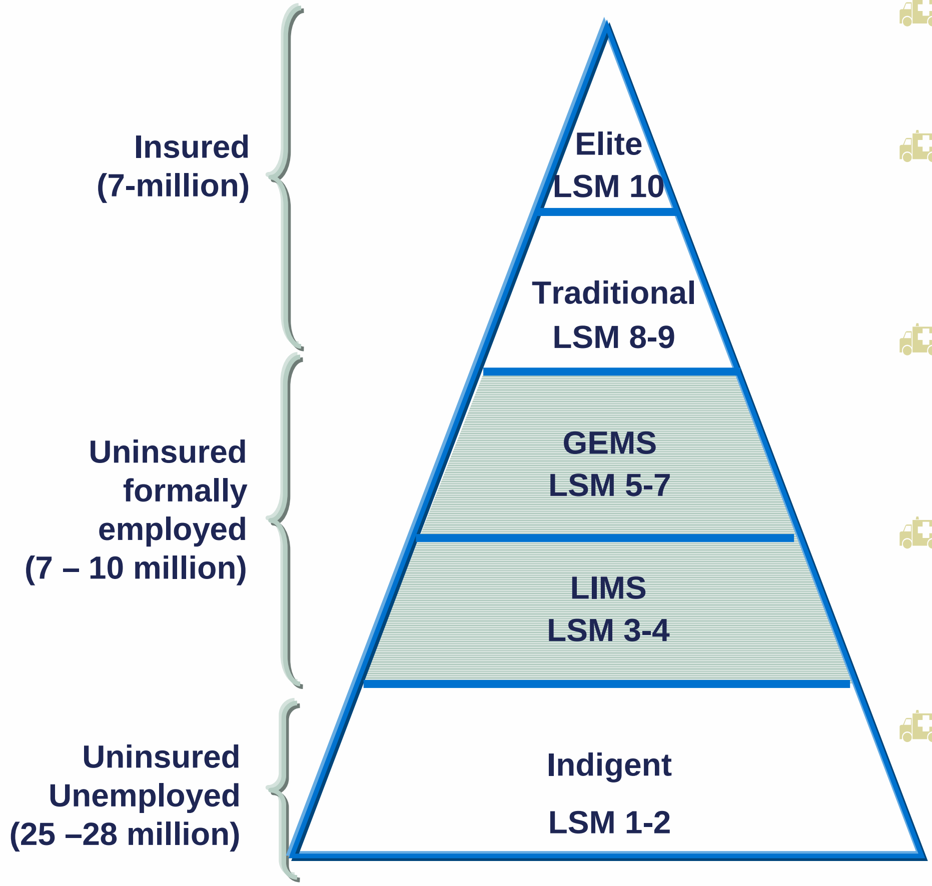
- Acquisition of remaining 56.3% in Community Hospital Group pending
- Acquisition of Umhlanga property for R234 million

New facilities

- NeoNatal (Femina)
- 16 bed ICU (Akasia)
- Trauma Unit (Linmed)
- Gastro-intestinal unit (Pretoria East)
- Renal Unit (St Augustine's)
- Net PET scanner (Linksfield)
- 8 bed high care unit (Ferncrest)
- Burns Unit (Milpark)
- Neo-natal ICU (Sunninghill)
- Doctors rooms (Kingsway)

R781 million invested in 2006 in South Africa

Netcare's lower income initiatives



- Prime Cure GEMS managed care contract
- Netcare 911 GEMS emergency services contract
- GEMS Sapphire option includes the Netcare hospital network
- GEMS Beryl option includes Netcare as preferred provider
- Preferred bidder for Port Alfred and Grahamstown PPPs

LSM – Living Standard Measure

Finding smart solutions to healthcare challenges

United Kingdom

Operational review

The key macro economic drivers of healthcare are all positive

Private sector

- Demographic shifts
  - UK elderly population forecast to rise to 3m in next 15 years
- Advance in medical technology
  - Widening range of affordable services
- Lifestyle diseases (obesity)
- Consumer preferences

Public sector

- The NHS, the dominant provider of 96% of care, will experience real funding constraints post 2008
- NHS is becoming purchaser/commissioner of services, not just provider

Well positioned to pursue growth in both markets

BMI is the premier private care provider in the UK

24%
adjusted[1] EBITDA margin

44
hospitals chosen for ECN programme

R million	2006[2]
Revenue	3,159
Operating profit[1]	496
EBITDA[1]	771
EBIT[1] margin (%)	15.7
EBITDA[1] margin (%)	24.4

1. Before R280 million restructuring costs
2. BMI results for 4.5 months from date of acquisition on 12 May

- Launch of niche products such as Cosmetic Surgery, Obesity Surgery, Varicose Vein Treatment
- Launched first casualty service at the Alexandra in Cheadle
- 44 hospitals qualified for Extended Choice Network ("ECN") programme
- Attracted 59 UK consultants to BMI facilities in 4 months
- Operating profit impact of R280 million relating to restructuring costs

Differentiating for the growing private market

Netcare UK is an established service provider to NHS

5,916
ophthalmic procedures performed

6,300
procedures performed at GMSC[1]

R million	2006	2005	%
Revenue	**273**	181	51
Operating profit[2]	**42**	28	50
EBITDA[2]	**53**	35	51
EBIT[2] margin (%)	**15.2**	15.4	
EBITDA[2] margin (%)	**19.4**	19.4	

1. Greater Manchester Surgical Centre
2. Before NHS bid costs of R39 million (2005: R12 million)
3. Capture, Access, Treatment and Support Scheme

- "Best Healthcare Operational Project" at the 2006 Public Private Finance Awards
- First Commuter Walk in Centre in Leeds due to open in January 2007
- Preferred bidder status on Cumbria and Lancashire CATSS[3]
- Won NHS diagnostics contract (through a joint venture) in London and East England
- One of the 10 preferred providers to the NHS

Mobilising for significant growth over next five years

GHG integration plan on track

100 day integration plan						
Jun	Jul	Aug	Sep	Oct	Nov	Dec

- Group Executive team in place
- Regular KPI reporting
- Procurement review
- Nursing and resources review
- OpCo/PropCo restructure
- Refinancing of debt

Getting GHG fit for purpose in a changing market

Strategic review

Group CEO, Dr Richard Friedland

Delivering across all strategic themes

1 Organisational growth

- 3.8% growth in patient days
- Investment in two new hospitals (204 beds)
- Acquisition of Prime Cure
- Acquisition of 52.6% in GHG
- NHS contract wins
- BMI selected for Extended Choice Programme

2 Operational excellence

- 5 flagship hospitals HQS accredited
- Launched Human Resources Shared Services Centre
- Implementation of SAP – certain finance and logistics sites rolled out
- Completed 100 day integration plan for GHG

Delivering across all strategic themes

3

Physician partnerships

- 149 specialists attracted to Netcare facilities
- 59 new consultants at BMI in 4 months
- Increased investment in technology and new facilities
- Launch of Netcare TV – 10 episodes
- Strengthened Centres of Excellence
- Doctor Training Nurses programme

4

Best and safest patient care

- Customer call centre – 0860-NETCARE
- Clinical governance guidelines for trauma, ICU and infection control
- Formation of Medical Advisory Ethics Committee
- Lowest infection rate in recorded history of 2.06%

Delivering across all strategic themes

5

Passionate people

- New values launch in SA
- Increase in training to 1 500 nursing students, intake to double next year
- Introduction of new courses
- Upskilling of enrolled nurses
- Joint ventures with Department of Health
- "Woza Khaya" ("Come Home") initiative

6

Transformation

- R1 billion value created for HPFL BEE shareholders
- 24% BEE equity ownership
- 57% BEE employment equity
- R61 million corporate social investment, including R18 million on indigent patients

Management priorities for the year ahead

South Africa	United Kingdom
Commission two Greenfield hospitals	Continue integration of GHG
SAP rollout	Consultant engagement
Review of central costs	Diagnostic services review
Develop high-volume lower-cost model	Rollout of Extended Choice Network
Integration of Prime Cure	Mobilise the various NHS contracts awarded

A year of consolidation and operational focus!

Group financial review

Group CFO, Peter Nelson

Group financial highlights

54% growth in group revenue

11% growth in SA revenue

21.2% adjusted[1] group EBITDA margin

20.6% adjusted SA EBITDA margin

22.9% adjusted UK EBITDA margin

- Reduction in average cost of debt by 2.5%
  - R650 million perpetual preference shares
  - R1.7 billion convertible bond issued in October 2007
- Netpartner unwind
  - gain taken to equity of R819 million
  - will result in approximately 9% accretion
- Refinancing of GHG
  - Clean up of GHG balance sheet
  - Translation gain on conversion of GHG of R1 427 million

1. Before HPFL BEE share based expense of R65 million, GHG restructuring costs of R280 million

A year of substantial balance sheet activity

South African adjusted headline earnings increase by 20%

Year ended 30 September

R million	Reported 2006	Effects of GHG	Adjusted 2006	2005	%
Group revenue	**8 184**		8 184	7 353	11.3
Operating profit before BEE expense	**1 415**		1 415	1 193	18.5
BEE transaction expense	**(65)**		(65)		
Net financial income/(expense)	**(71)**	38	(109)	(155)	
Associate earnings	**25**		25	63	
Taxation	**(328)**		(328)	(300)	
Profit for the year	**976**	38	938	801	17.1
Attributable to ordinary shareholders	**960**	38	922	800	15.3
HEPS adjustment [1]	**(77)**	111	34		
Headline earnings	**883**	73	956	845	13.1
Basic headline earnings per share	**61.0**	5.0	66.0	59.0	11.9
Basic headline earnings per share before BEE transaction expense	**65.5**	5.0	70.5	59.0	19.5

1. Adjustment of R111 million is the profit on sale of Netcare UK

Group financial income and expenses

Year ended 30 September

R million	**2006**	2005
Financial income	**699**	75
Dividends received	**1**	
Fair value gain on cross currency swap contracts	**442**	
Fair value adjustments on investments	**16**	29
Profit on disposal of subsidiaries	**111**	
Interest received	**120**	46
Profit on disposal of investments	**9**	
Financial expense	**(1 524)**	(233)
Foreign exchange losses	**(454)**	(1)
Fair value loss on interest rate swaps	**(85)**	(7)
Impairment of goodwill	**(2)**	(20)
Interest paid	**(962)**	(176)
Impairment of investments	**(21)**	(29)

Increasing the complexity of reporting

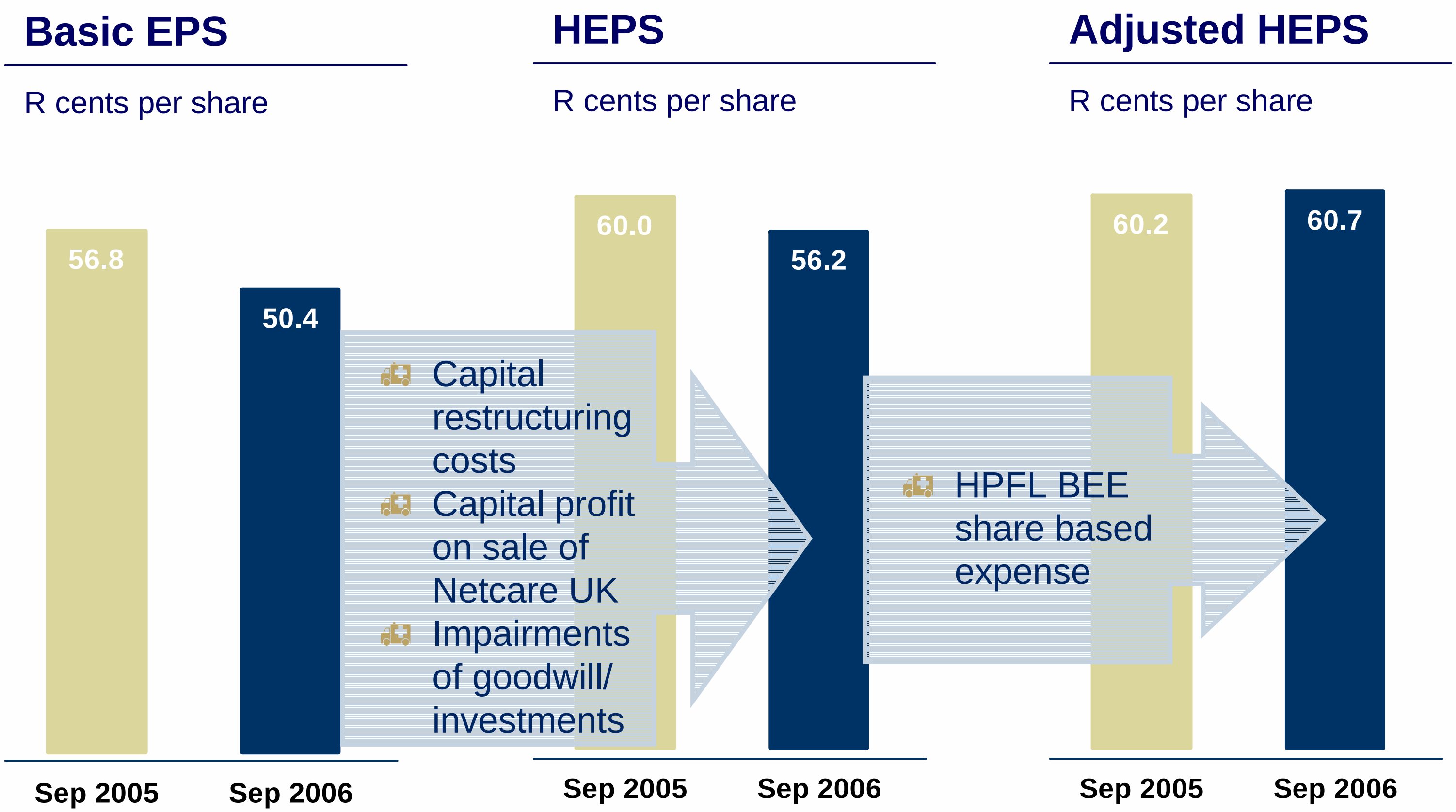
Summarised group income statement

Year ended 30 September

R million	**2006**	2005	%
Group revenue	**11 616**	7 534	54.2
Operating profit	**1 568**	1 210	29.6
Financial income	**699**	75	
Financial expense	**(1 524)**	(233)	
Attributable earnings of associates	**28**	63	(55.5)
Profit before taxation	**772**	1 115	(30.8)
Taxation	**(235)**	(300)	21.8
Profit for the year	**537**	815	(34.1)
Attributable to:			
Ordinary shareholders	**729**	814	(10.4)
Preference shareholders	**12**		
Minority interests	**(204)**	1	

Note 1: GHG consolidation for period 12 May to 30 September at average exchange rate £13.04:1

Group earnings per share



SA stand alone HEPS of 70.5 cents, offset by GHG dilution of 9.8 cents to HEPS to 60.7 cents

Treasury actively raising and refinancing debt

Nov | Jan | Feb | May | Jun | Jul | Aug | Sep | Oct

Short term paper programme started R800m

Repaid equipment finance R303m

First DMTN programme issued R500m

Dresdner Bank/ Barcap loan R2,568m

Long term loan repaid (fixed at 12.9%) R200m

Perpetual prefs issued R650m

Dresdner Bank/ Barcap loan repaid R500m

Netpartner debt acquired R1 043 million

Netpartner cover loan repaid R456 million

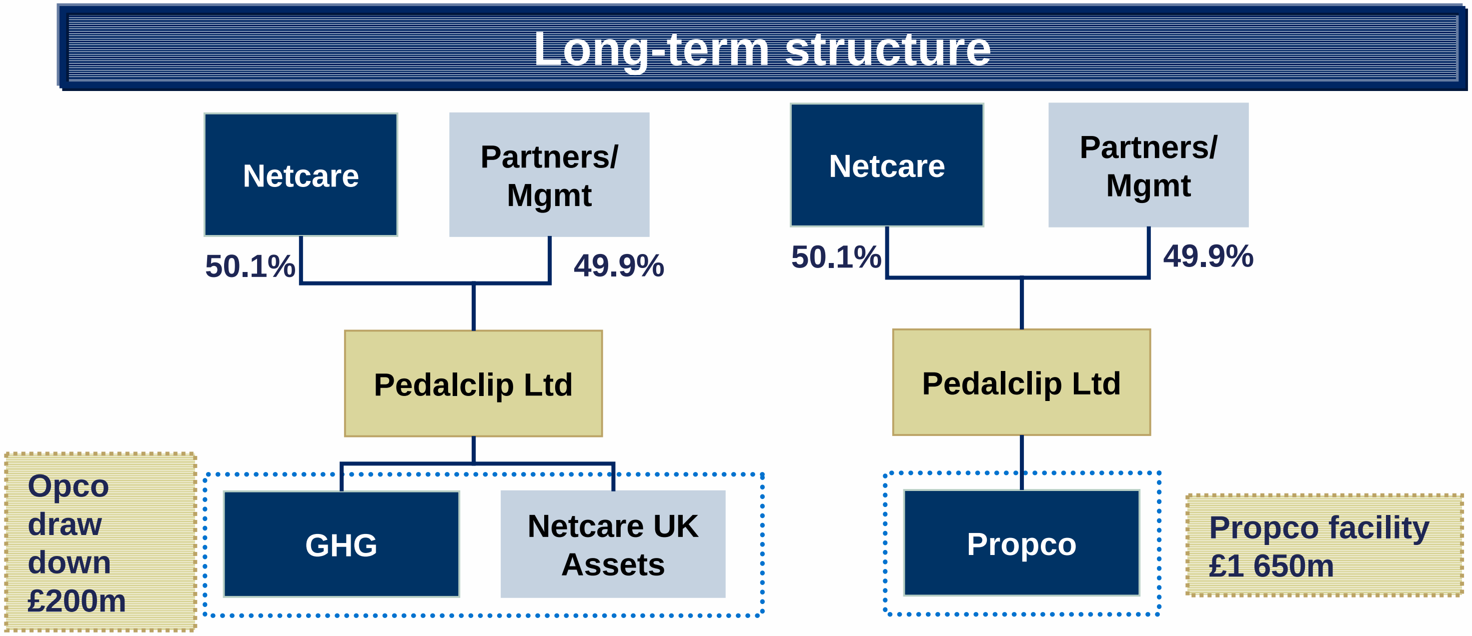
Netpartner collar loan repaid R277 million

Convertible Bond R1.7 billion

Registered Bond Programme R2.5 billion

Successfully lowering the average cost of SA debt from 10.5% to 7.95%

Structure of GHG transaction



- Netcare acquired majority ownership and control of GHG
- Company restructured in Opco/Propco
- Debt in Opco and Propco has no recourse to South Africa
- Netcare's financial exposure is limited to the cash injection

Net debt at 30 September 2006

UK net debt

30 September 2006

	£m	Rm
Propco debt	**1 650**	**23 964**
Opco debt	**172**	**2 596**
Cash	**58**	**836**
Net debt	**1 764**	**25 724**

SA net debt

30 September 2006

	Rm
Total debt	**5 616**
Cash	**172**
Net debt	**5 444**
Net debt to EBITDA (times)	***3.8***
Net debt to equity (%)	***272.9***

- UK debt is ring fenced to the United Kingdom
- UK debt is fully hedged
- Net swap liability UK debt at 30 September R1.5 billion (including £70.3 million embedded debt)
- Netcare SA has capacity to top up perpetual preference shares by R350 million

Cost of debt going forward

UK cost of debt

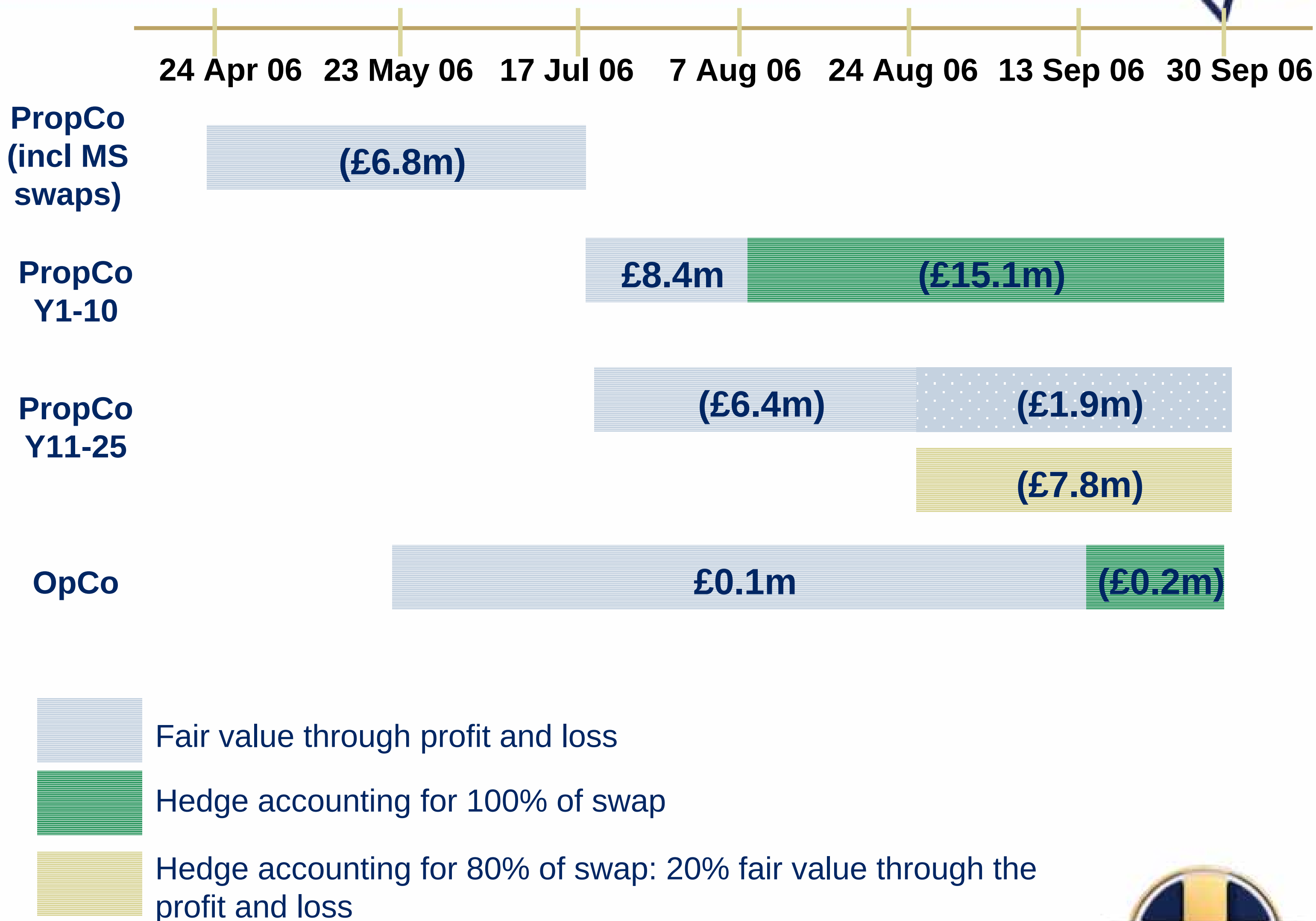
	2006 £m	Rate (%)
Propco 1(1-10 yr)	**1 650**	4.75 +1.5%
Propco 2 (11-25 yr)		5.80 +1.5%
Opco	**200**	5.05 +2.5%
	1 858	

SA cost of debt

	2006 Rm	Rate (%)
Fixed rate notes	**500**	7.97
Commercial paper	**1,550**	8.60
Convertible bond	**1,600**	6.00
Redeemable pref shares	**400**	7.00
Property finance	**200**	9.20
Dresdner/Barcap	**459**	10.5
BEE preference shares	**91**	7.90
Netpartner debt	**200**	13.37
Total/average cost	**5 000**	7.95

Successfully structured debt to lower average cost

Impact of swap arrangements on income statement



Offshore derivatives - Interest rate swaps

30 September 2006	£m	Rate %	Fair value £m	Asset Rm	Liability Rm
Foreign					
Propco 1-10 yr	1 650	4.75	28	407	
Propco 11-25 yr		5.80	(128)		(1 858)
Opco	200	5.05	(0.2)		(4)
			(100)	**407**	**(1 862)**
Local				5	(2)
				412	**(1 864)**

- Propco 11-15 years swaps include £70.3 million embedded debt at acquisition
- Swaps convert floating rate to fixed rate

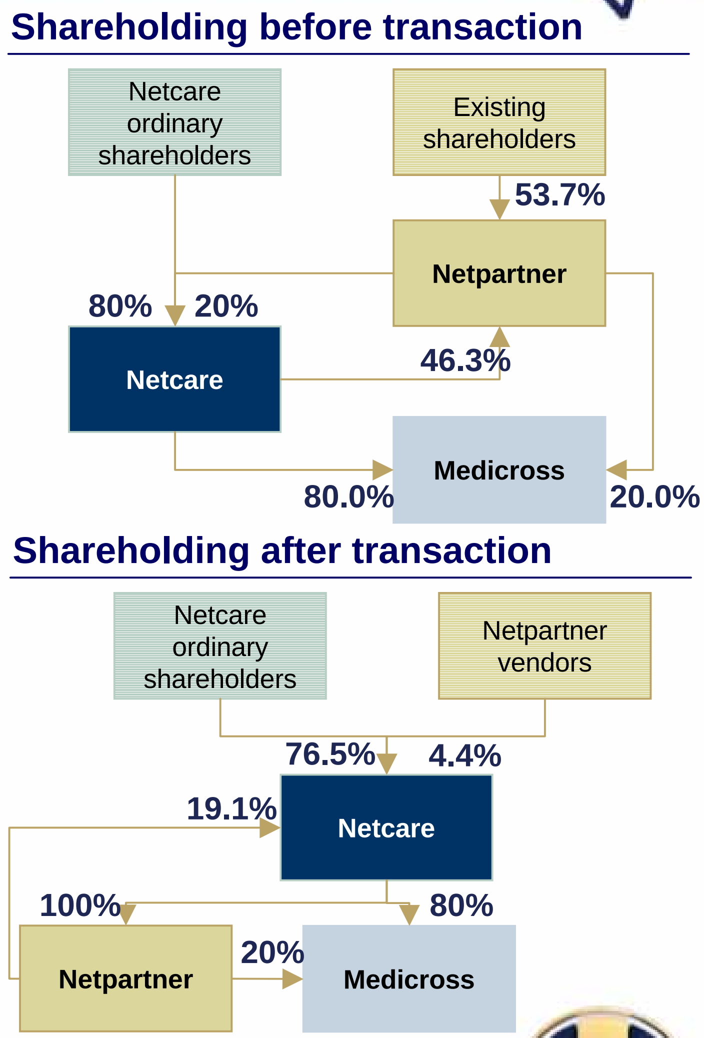
Local derivatives – Local debt interest rate swaps

30 September 2006	Rm	Rate %	Fair value Rm	Asset Rm	Liability Rm
1 year	**500**	7.80	2.6	2.6	
2 year	**450**	8.70	2.7	2.7	
2.5 year	**300**	9.20	(1.5)		(1.5)
4.5 year	**222**	9.60	(0.8)		(0.8)
	1 472	8.63	3.0	5.3	(2.3)

- Movement in assets and liabilities accounted for in changes to equity
- Swaps covering floating to fixed rates for R1 472 million debt
- Convertible bond R1 663 million fixed at 6%
- 78% of Netcare SA debt is fixed

Successful unwind of the Netpartner cross shareholding

- On 26 September 2006, the transactions to eliminate the cross shareholding between Netcare and Netpartner were completed
- Netpartner's subsidiary Lethimvula was spun off to shareholders – Netcare divested of its stake
- Netpartner became a wholly owned subsidiary with 340 million treasury shares
- Netcare now owns 100% of Medicross
- Negative goodwill derecognised of R819 million
- Absorbed net debt of R1.3 billion



The transaction is 9% earnings accretive

Netcare shares

	Number 000	Price R
Issued to HPFL (BEE transaction)	**160 000**	**6.42**
Issued to Netpartner shareholders	**77 653**	**12.50**
Issued in respect of share options	**13 716**	**2.04**
Bought and cancelled ahead of Netpartner unwind	**(14 257)**	**9.33**
Existing treasury shares cancelled	**(116 056)**	**8.15**[1] **12.50**[2]
Treasury shares acquired via Netpartner	**(340 355)**	**4.78**[3]

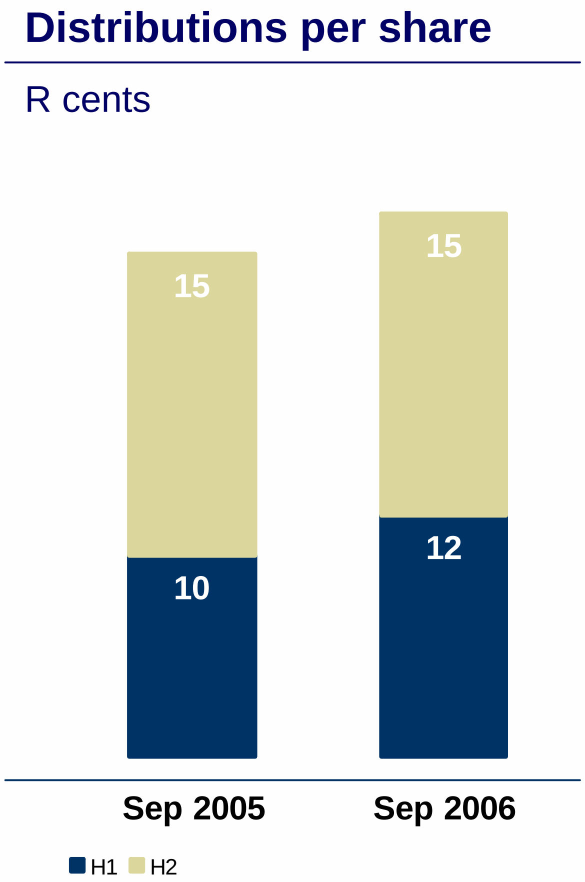
1. Netcare share value for 4:1 exchange via Netpartner shareholders
2. Netcare share price at scheme record date
3. Average price of shares accumulated in Netpartner

Summarised group balance sheet

R million	2006	2005
Assets		
Non-current assets	**45 709**	4,269
Goodwill	***16 907***	*309*
Current assets	**4 792**	2 013
	50 501	6 282
Equity and liabilities		
Ordinary shareholders equity	**2 237**	3,342
Preference shares	**644**	
Minority interest	**3 356**	76
Non-current liabilities	**38 142**	780
Deferred taxation	***6 399***	*62*
Current liabilities	**6 123**	2,084
	50 501	6,282

The debt in GHG is secured against UK assets and property portfolio and has no recourse to South Africa

Capital distributions



- Total distribution of 27 cents per share, up 8%
  - Final distribution of 15 cents per share
- Distribution cover of 2.2 times
- Prudence in light of recent acquisitions
- Capital distributions determined after having regard for
  - degearing benefits
  - investment opportunities

15th dividend paid in our decade of being a listed company

Outlook

① Organisational growth

- SA revenue growth target of 9% to 11%
- UK BMI revenue estimate between £650 and £700 million
- SA inflation on the rise
- SEP regulations effective 1 Jan 2007
- Two new hospitals commissioned in 2007

② Operating efficiencies

- Netcare aims to maintain the SA EBITDA margin above 20%
- UK operational efficiencies expected to gain traction

③ Capital allocation

- SA capex expected to be between R800-R900 million
- UK capex estimated to be between £20 and £30 million
- GHG dividends restricted by debt covenants
- Netcare has no fixed dividend policy

Investor Relations

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NETCARE

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