CONTENTS

COMMITTED TO QUALITY CARE

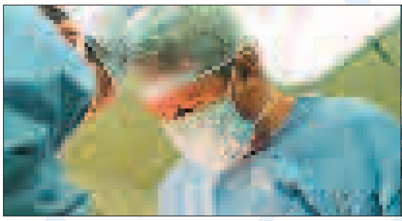
At the Medi-Clinic Group of private hospitals, we believe there can be but one norm in medical care – the patient's best interests at all times.

From the skills of the doctor to general patient care, from facilities to equipment, our philosophy is that there is a standard to uphold at the fairest possible tariff. This leads to our special kind of Quality Care.

In our hospitals this Quality Care starts with our skilled and motivated personnel who are dedicated to their patients well-being. It is confirmed by technologically advanced equipment covering the entire spectrum of specialised medical services.

It culminates in a warm and friendly atmosphere – an environment that is tranquil and conducive to swift healing.

Medi-Clinic sets a particular standard in hospital care.



VISION

CORE IDEOLOGY

Core Values

- Client Orientation
- Team Approach
- Mutual Trust and Respect
- Performance Driven

Core Purpose

To enhance the quality of life of patients by providing comprehensive, high quality hospital services.

ENVISIONED FUTURE

Aspiration

To be regarded as the most respected and trusted provider of hospital services by patients, doctors and funders of healthcare.

Vivid Descriptions

- We will focus relentlessly on the needs of our clients
- Every hospital will be the preferred service provider in the community it serves
- We will provide the most cost-effective quality care possible
- We will maintain a contented workforce

WE, THE MEMBERS OF MEDI-CLINIC, SUPPORT THE FOLLOWING CORE VALUES:

CLIENT ORIENTATION

In our behaviour we ...

- reflect the image of the company
- deliver the right service in the right place on the right time
- regard everyone who is dependent on our outputs as our client
- determine and meet the expectations of our clients
- measure our clients' satisfaction regularly
- respect our clients' right to confidentiality
- personally accept responsibility for client service

TEAM APPROACH

In our behaviour we ...

- promote positive team behaviour
- ensure the participation of all role players in problem solving
- set common goals
- exhibit responsible, fair, honest and effective leadership and followership

MUTUAL TRUST AND RESPECT

In our behaviour we ...

- share information to the benefit of the company
- listen with empathy
- communicate openly and honestly
- exhibit respect for the individual and his or her dignity
- respect personal and company property
- solve problems on a win-win basis
- greet and acknowledge one another
- maintain an ethical standard

PERFORMANCE DRIVEN

In our behaviour we ...

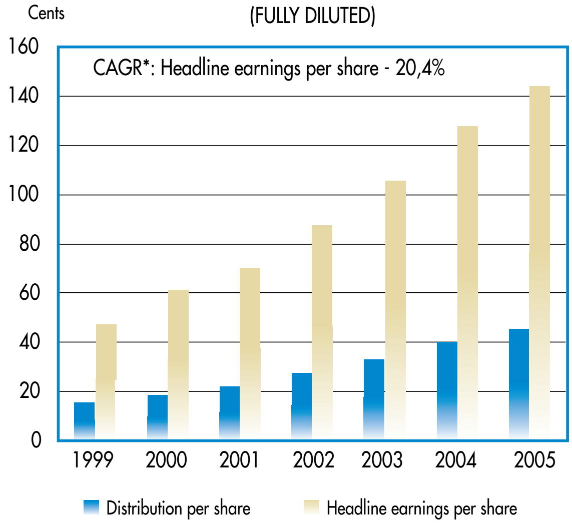
- set objectives and give regular performance feedback
- ensure that each individual knows what the standards are and what is expected
- give recognition to whom it is due
- offer each the opportunity to develop to his or her full potential
- eliminate activities that do not add value
- promote continuous improvement in productivity
- base all appointments and promotions on competence and performance
- accept mentorship as a management task

FINANCIAL HIGHLIGHTS

GROUP SUMMARY

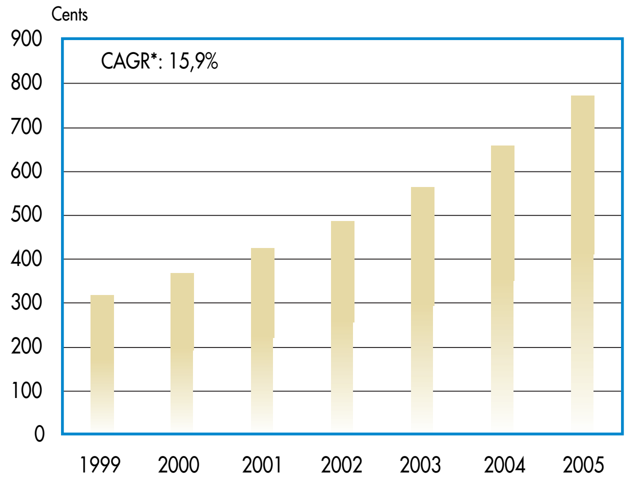
	2005 R'000	2004 R'000	Increase
Revenue	**4 039 907**	3 642 763	10.9 %
Net operating profit before depreciation, taxation, impairment and amortisation	**822 702**	722 428	13.9 %
Headline earnings attributable to ordinary shares	**498 822**	441 495	13.0 %
Total assets	**3 714 049**	3 217 051	15.4 %
Net assets	**2 654 753**	2 245 832	18.2 %
	cents	cents	
Headline earnings per ordinary share – undiluted	**145.7**	129.5	12.5 %
Headline earnings per ordinary share – diluted	**143.9**	127.7	12.7 %
Capital distribution per ordinary share	**26.2**	40.0	
Dividend per ordinary share	**18.8**	–	
Total distribution per ordinary share	**45.0**	40.0	12.5 %
Net asset value per ordinary share	**772.6**	657.2	17.6 %

HEADLINE EARNINGS AND DISTRIBUTION PER ORDINARY SHARE (FULLY DILUTED)



* Compounded Annual Growth Rate

NET ASSET VALUE PER ORDINARY SHARE (FULLY DILUTED)



SEVEN YEAR REVIEW

	1999 R'000	2000 R'000	2001 R'000	2002 R'000	2003 R'000	2004 R'000	**2005 R'000**	**CAGR***
INCOME STATEMENTS								
Revenue	1 539 824	1 858 565	2 097 820	2 437 938	2 924 229	3 642 763	**4 039 907**	**17.4%**
Net operating profit before depreciation, impairment and amortisation (EBITDA)	312 528	384 178	433 873	505 944	570 505	722 428	**822 702**	**17.5%**
Profit on sale of property, plant and equipment	1 181	–	222	329	314	514	**667**	
Depreciation	(59 399)	(65 273)	(76 393)	(70 849)	(74 180)	(101 018)	**(109 886)**	
Amortisation/impairment of goodwill	–	–	(406)	(1 089)	(1 997)	(2 969)	**(2 913)**	
Operating profit after depreciation	254 310	318 905	357 296	434 335	494 642	618 955	**710 570**	**18.7%**
Dividends	6 449	7 186	8 074	5 060	–	–	**1 705**	
Income from associates	12 463	16 029	16 037	18 129	18 678	17 331	**24 776**	
Abnormal items	(3 197)	5 146	–	–	–	–	**50 000**	
Net finance (cost)/income	(20 333)	(23 149)	(9 392)	2 808	26 616	14 269	**27 601**	
Net profit before taxation	249 692	324 117	372 015	460 332	539 936	650 555	**814 652**	
Taxation	(84 980)	(82 665)	(96 079)	(126 230)	(145 102)	(174 008)	**(210 673)**	
Net profit after taxation	164 712	241 452	275 936	334 102	394 834	476 547	**603 979**	
Minority interests	(5 653)	(22 866)	(29 559)	(25 612)	(30 963)	(37 507)	**(64 903)**	
Attributable earnings	159 059	218 586	246 377	308 490	363 871	439 040	**539 076**	**22.6%**
Headline earnings attributable to								
holders of ordinary shares	162 256	213 440	246 561	309 250	365 554	441 495	**498 822**	**20.6%**
Earnings per ordinary share – cents								
Undiluted	47.4	62.6	70.5	88.5	106.5	128.8	**157.5**	**22.2%**
Diluted	46.3	62.6	69.9	87.2	105.2	127.0	**155.5**	**22.4%**
Headline earnings per ordinary share – cents								
Undiluted	48.4	61.2	70.6	88.7	107.0	129.5	**145.7**	**20.2%**
Diluted	47.2	61.2	70.0	87.4	105.7	127.7	**143.9**	**20.4%**
Distribution per ordinary share – cents	15.3	18.5	21.7	27.3	33.0	40.0	**45.0**	**19.7%**

** Compounded Annual Growth Rate*

SEVEN YEAR REVIEW

(continued)

	1999 R'000	2000 R'000	2001 R'000	2002 R'000	2003 R'000	2004 R'000	**2005 R'000**	**CAGR***
BALANCE SHEETS								
ASSETS								
Property, plant and equipment	1 156 127	1 212 201	1 294 098	1 346 681	1 610 597	1 846 126	**1 935 843**	
Investments and intangible assets	84 562	90 673	101 581	36 080	128 469	150 505	**162 000**	
Deferred taxation	–	34 824	45 871	50 031	66 001	86 269	**106 036**	
Current assets	437 288	485 507	545 804	714 794	890 735	1 134 151	**1 510 170**	
Total assets	1 677 977	1 823 205	1 987 354	2 147 586	2 695 802	3 217 051	**3 714 049**	
EQUITY AND LIABILITIES								
Permanent capital	1 109 100	1 282 663	1 488 117	1 660 270	1 917 276	2 245 832	**2 654 753**	
Minority interests	49 302	68 045	79 525	74 708	172 010	199 700	**230 592**	
Interest-bearing debt	257 916	176 213	134 489	57 937	178 701	242 120	**239 576**	
Interest-free debt	261 659	296 284	285 223	354 671	427 815	529 399	**589 128**	
Total equity and liabilities	1 677 977	1 823 205	1 987 354	2 147 586	2 695 802	3 217 051	**3 714 049**	
Net asset value per ordinary share								
(diluted) – cents	318.1	367.6	426.0	486.2	562.7	657.2	**772.6**	**15.9%**
CASH FLOW STATEMENTS								
Cash generated from operating activities	314 311	382 547	407 500	540 707	519 633	818 903	**920 827**	**19.6%**
Net finance (cost)/income	(20 333)	(23 149)	(9 392)	2 808	26 616	14 269	**27 601**	
Dividends	–	–	–	28 512	–	–	**1 705**	
Abnormal item	–	–	–	–	–	–	**50 000**	
Taxation paid	(119 265)	(77 167)	(99 268)	(123 056)	(143 109)	(196 543)	**(242 675)**	
Cash distributions to minorities	(6 031)	(3 296)	(11 038)	(15 580)	(18 650)	(31 986)	**(33 786)**	
Capital distributions to shareholders	(46 225)	(55 784)	(68 224)	(80 387)	(99 731)	(119 841)	**(141 594)**	
Cash flow from operating activities	122 457	223 151	219 578	353 004	284 759	484 802	**582 078**	
Cash flow from investment activities	(146 632)	(104 993)	(150 573)	(95 861)	(275 676)	(324 943)	**(176 408)**	
Cash flow from financing activities	22 798	(81 242)	(40 981)	(128 667)	9 600	64 079	**(8 213)**	
Net movement in cash and cash equivalents	(1 377)	36 916	28 024	128 476	18 683	223 938	**397 457**	
Cash equivalents of subsidiaries on acquisition	11 518	–	–	–	–	–	**–**	
Opening balance of cash and cash equivalents	4 890	15 031	51 947	79 971	208 447	227 130	**451 068**	
Closing balance of cash and cash equivalents	15 031	51 947	79 971	208 447	227 130	451 068	**848 525**	

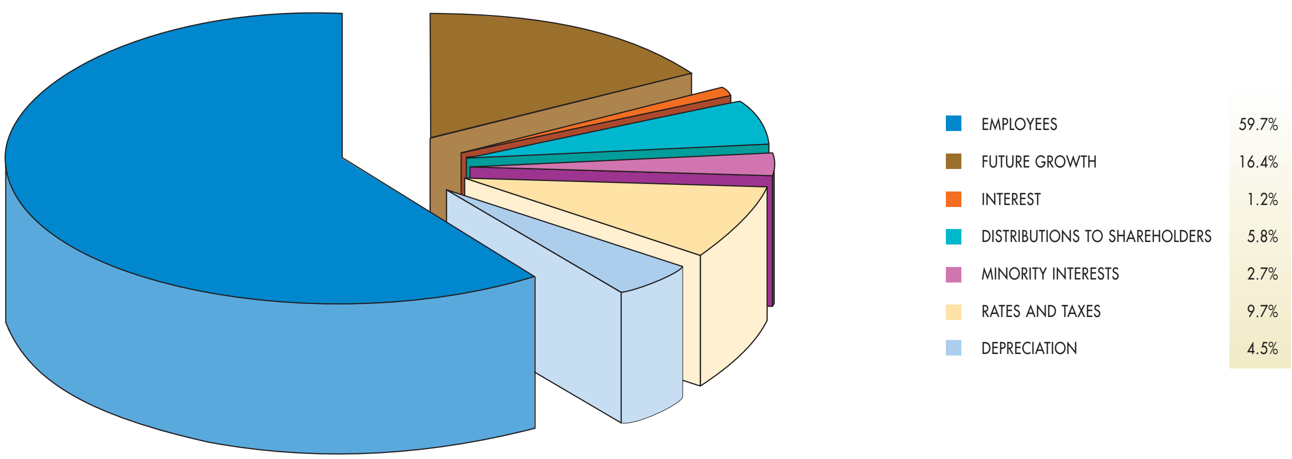
** Compounded Annual Growth Rate*

VALUE ADDED STATEMENT

for the year ended 31 March 2005

	2005 R'000	%	2004 R'000	%
VALUE CREATED				
Revenue	**4 039 907**		3 642 763	
Cost of materials and services	**(1 666 603)**		(1 602 583)	
Interest received	**57 051**		45 618	
	2 430 355	**100.0**	2 085 798	100.0
DISTRIBUTION OF VALUE				
To employees as remuneration and other benefits	**1 451 788**	**59.7**	1 264 657	60.6
Taxation and other state and local authority levies (excluding VAT)	**234 622**	**9.7**	211 597	10.2
To suppliers of capital:				
Minority interests	**64 903**	**2.7**	37 507	1.8
Finance cost on borrowed funds	**29 450**	**1.2**	31 349	1.5
Distributions to shareholders	**141 594**	**5.8**	119 841	5.7
	1 922 357	**79.1**	1 664 951	79.8
VALUE RETAINED				
To maintain and replace assets	**110 516**	**4.5**	101 648	4.9
Income retained for future growth	**397 482**	**16.4**	319 199	15.3
	507 998	**20.9**	420 847	20.2

DISTRIBUTION OF VALUE 2005



ADMINISTRATION

COMPANY SECRETARY
G C Hattingh (40) B.Acc (Hons), CA (SA)

BUSINESS ADDRESS AND REGISTERED OFFICE
Medi-Clinic Offices, Strand Road, Stellenbosch, 7600
Postal address: P O Box 456, Stellenbosch, 7599
Tel: +27 21 809 6500 Fax: +27 21 886 4037

E-MAIL AND WEBSITE
medimail@mediclinic.co.za
http://www.mediclinic.co.za

COMPANY REGISTRATION NUMBER
1983/010725/06

TRANSFER SECRETARIES
Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001
Postal address: P O Box 61051, Marshalltown, 2107
Tel: +27 11 370 7700 Fax: +27 11 688 7716

AUDITORS
PricewaterhouseCoopers Inc.
Stellenbosch

SPONSOR
Rand Merchant Bank, a division of FirstRand Bank Limited, Corporate Finance

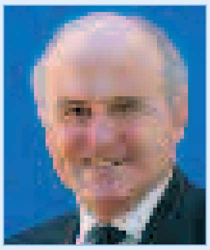
LISTING
JSE Securities Exchange South Africa
Sector: Non Cyclical Consumer Goods – Health
Share code: MDC ISIN code: ZAE000004370

DATES OF IMPORTANCE TO SHAREHOLDERS

ANNUAL GENERAL MEETING	29 July 2005
FINANCIAL REPORTS	
Announcement of annual results	May 2005
Annual report	July 2005
Announcement of interim results	November 2005
Interim report	November 2005
PAYMENTS TO SHAREHOLDERS	
FINAL PAYMENT	
▪ Declaration date	May 2005
▪ Payment date	June 2005
INTERIM PAYMENT	
▪ Declaration date	November 2005
▪ Payment date	December 2005

BOARD OF DIRECTORS

CHAIRMAN



E de la H Hertzog (55)
M.B.Ch.B., M.Med., F.F.A. (SA)
Appointed in 1983 as managing director, in 1990 as executive vice-chairman and in 1992 as chairman of the company. Other directorships include Distell, Remgro, Total (SA) and Trans Hex Group.

NON-EXECUTIVE DIRECTOR

W E Bührmann (49)
B.Comm, CA (SA)
Executive director of Remgro. Appointed in 2001 as director of the company. Other directorships include Dorbyl, Gencor, Rainbow Chicken and Trans Hex Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

S Dakile-Hlongwane (54)
BA, MA
Executive director of Nozala Investments. Appointed in 2000 as director of the company.

W P Esterhuyse (68)
BA (Hons), MA, D.Phil
Professor in Business Ethics at the Postgraduate Management School of Stellenbosch University. Appointed in 1992 as director of the company. Other directorships include Metropolitan Health and Barinor Holdings.

A R Martin (66)
B.Comm, CA (SA)
Appointed in 2002 as director of the company. Other directorships include Trans Hex Group, Santam and Credit Guarantee Insurance of Africa.

A A Raath (49)
B.Comm, CA (SA)
Chief Executive Officer of Innofin, a subsidiary of Sanlam. Appointed in 1996 as director of the company.

M A Ramphele (57)
M.B.Ch.B., Diploma in Tropical Health and Hygiene, B.Comm, Diploma in Public Health, Ph.D.
Chairperson of Circle Capital Ventures. Appointed in March 2005 as director of the company.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

C I Tingle (46)
B.Sc (For), B.Compt (Hons), CA (SA)
Partner of Michaelides Tingle & Co audit firm. Appointed in 1992 as financial director of the company. After his resignation as financial director in 1999, he stayed on as non-executive director.

W L van der Merwe (53)
M.B.Ch.B., M.Med., F.F.A. (SA), MD
Dean of the Faculty Health Sciences of Stellenbosch University. Appointed in 2001 as director of the company.

EXECUTIVE DIRECTORS

L J Alberts (57)
B.Comm, CA (SA) (Managing Director)
Appointed in 1988 as director of the company and in 1990 as managing director.

J du T Marais (54)
H.N.T.D. (Mec) (Technical Director)
Appointed in 1985 as director of the company.

D P Meintjes (48)
B.Pl (Hons) (Human Resources Director)
Joined the company in 1985 and appointed in 1996 as director of the company.

J G Swiegers (50)
B.Acc (Hons), B.Comm (Hons)(Taxation), CA (SA)
(Financial Director)
Appointed in 1994 as non-executive director of the company and in 1999 as financial director.

REPORT TO OUR SHAREHOLDERS

DURING THE PAST YEAR, YOUR GROUP HAS CONTINUED THE CONSISTENT GROWTH TREND IN EARNINGS AND DISTRIBUTIONS TO SHAREHOLDERS ACHIEVED OVER A PERIOD OF MORE THAN TEN YEARS. THEREFORE, WE HAVE PLEASURE IN REPORTING AS FOLLOWS:

FINANCIAL PERFORMANCE

The group's revenue increased by 11% to R4 040 million (2004: R3 643 million). Operating profit before interest, taxation, depreciation and amortisation (EBITDA) increased by 14% higher to R823 million (2004: R722 million). Headline earnings attributable to ordinary shareholders of R499 million (2004: R441 million) are 13% higher than last year. Consequently the group's headline earnings per share rose by 13% to 145,7 cents (2004: 129,5 cents) per share. This enabled the company to increase its total distribution per share in respect of the reporting period by 13% to 45,0 cents (2004: 40,0 cents) per share.

In comparing the results with the previous financial year, the increase in bed capacity by approximately 500 beds to about 6 400 beds due to the commissioning and acquisition of new hospitals reported on previously should be taken into account. The current period's results are, therefore, not directly comparable with those of the previous year. Excluding the increase in capacity, the group's turnover growth amounted to 9%.

The group's margin increased slightly. The EBITDA margin increased from 19,8% to 20,4% mainly as a result of benefits realised from the integration and turnaround of the Curamed Group in Pretoria. We are pleased to report that the plans and actions taken to restore the attractiveness and profitability of these city hospitals are showing success. A number of new doctors have established their practices at these hospitals. Our empowerment partners have played an important role in the turnaround of Curamed. The higher figure of R64,9 million (2004: R37,5 million) allocated to minority interests is mainly attributable to the improved performance of the Curamed Group. With the support of the doctors and staff, the Curamed hospitals were successfully rebranded during the year as Medi-Clinic hospitals.

Cash flow continued to be strong during the period under review, mainly due to more efficient working capital management. The group converted 112% (2004: 113%) of EBITDA into cash generated from operating activities. Cash and cash equivalents increased to R849 million from R451 million after financing investment activities of R176 million (2004: R325 million). Interest-bearing debt decreased from R242 million to R240 million resulting in a strengthening of the debt: equity ratio from 10% to 8%. The group's strong cash flow continues to underline the quality of its earnings.

Due to corporate activity during the period under review, the group had limited opportunity to repurchase its own shares. Commencing the financial year with a balance of 8 351 200 treasury shares, the group did not acquire any more of its own shares while 1 903 690 of the treasury shares were utilised for the group's share option scheme. At year end the group therefore held 6 447 510 treasury shares.

The long-term growth trend of your group is gratifying. The compounded annual growth rate (CAGR) of the group's revenue over the past seven years is 17% while the corresponding CAGR of its headline earnings per ordinary share amounts to 20%.

COMMITMENT TO THE FUTURE OF PRIVATE AND PUBLIC HEALTHCARE IN SOUTH AFRICA

Medi-Clinic has again illustrated its firm commitment to the future of healthcare in South Africa with a planned investment of R60 million in the Witwatersrand University Donald Gordon Medical Centre (WDGMC) with a further R5 million conditional on projected occupancy being achieved. In return Medi-Clinic will obtain a 49,9% share in this hospital. In addition to contributing capital, Medi-Clinic will have a management contract to efficiently manage all day-to-day operational and financial aspects of the WDGMC. The transaction is still subject to the approval by the regulatory authorities.

This development enhances the ability of the Witwatersrand University to support the public sector health services without requiring any government subsidy. This significant partnership with the public sector is designed to support the training of specialists and super specialists for both public and private sectors, and to make the best clinical staff available to the Johannesburg academic hospitals.

The group is keen to support the training of specialists, on whom the future of both public and private hospitals depends, and will reinvest a portion of its share of any profits generated in the academic activities of the WDGMC. This step also brings greater representation of the Medi-Clinic network in Johannesburg. The group will have the opportunity to participate in academic activities such as the implementation of evidence-based treatment protocols developed by clinical experts in particular specialty fields.

In addition, Medi-Clinic has made a financial contribution of R1,1 million during the period under review to the Health Sciences Faculty of the University of Stellenbosch to support the maintenance of a high standard of education. These funds have mainly been utilised by the University towards education initiatives in the Gynaecology, Heamatology, Neurosurgery and Radiology departments, as well as subsidising 4 students enrolled for their master degrees at the Health Sciences Faculty. The rotation of registrars between the public and private sector is being investigated, which will provide definite training benefits to the registrars.

BLACK ECONOMIC EMPOWERMENT

The group has stated consistently that it supports the need for economic transformation in South Africa and regards Broad Based Black Economic Empowerment (BBBEE) as a strategic opportunity to strengthen the economic base of our country. A key success factor of the strategy is evident in the capital accumulation at all levels of society involving human, social, intellectual and physical capital. Medi-Clinic's commitment to sustainable growth and prosperity in a democratic South Africa and the location of its hospitals across the country implies that BBBEE strategies can be supported and encouraged across a broad spectrum of opportunities.

Phodiso Holdings successfully acquired Mvelaphanda Strategic Investments' interest in the Curamed Group. Phodiso Holdings, together with our longer-term partner Nozala Investments, have added notable value to this venture, particularly in relationship building, transformation and at operational level. Their capital accumulation increased rapidly at the same time and we are optimistic about their future positive contribution.

In a further transaction, Phodiclinics (Pty) Ltd, a joint venture company owned 51% by Medi-Clinic and 49% by Phodiso, made an offer to acquire the four hospitals with about 200 beds of the Protector group (in liquidation). This group consists of the Medivaal Medicentre (Vanderbijlpark), Kathu Medicentre (Kathu), Maropong Private Hospital (Lepalale) and the Kingsley Medicentre (Pretoria). The offer was accepted by the liquidator in December 2004 subject to certain conditions precedent, inter alia the approval of the regulatory authorities. The conditions precedent are in the process of being fulfilled.

Further discussions to enhance the principles of BBBEE within Medi-Clinic, are currently taking place and will be finalised towards the end of the year.

Medi-Clinic is proud to have been instrumental in the formation of Bidco that has successfully acquired a controlling stake in Life Healthcare (previously Afrox Healthcare). The decision to withdraw was taken when outside funding for the transaction became available. This put Brimstone and Mvelaphanda in a position to continue with the transaction on their own. Bidco paid Medi-Clinic R50 million as consideration for relinquishing its rights to participate in the deal.

AFFORDABILITY OF HEALTHCARE

Affordability remains a critical issue in the healthcare industry.

The group supports the Department of Health in their efforts to create transparency in the pricing of medicines and scheduled drugs. As alluded to in previous reports, the group has had a fully transparent pricing system in place with Discovery Health since January 2003, almost 18 months prior to the new pharmacy pricing regulations becoming operative. Its scope went beyond medicines and scheduled drugs and included surgical consumables, which are the larger part of the total pharmaceutical portion of a typical private hospital account. This enabled the group to focus on pharmaceutical products as cost items and not income contributors with major savings to medical schemes in the long-term and should be regarded as beneficial to the group since it improves the affordability of healthcare.

This totally transparent pricing system was offered to all medical schemes. Although it proved to be challenging, we were successful in negotiating a cost-neutral change with nearly all the schemes

REVIEW OF OPERATIONS

Virtually all the group's hospitals have been designed and equipped as multi-disciplinary units which provide, as far as possible, a one-stop service to doctors and patients. Effective operational management is a process which requires, and receives, meticulous ongoing attention. To ensure efficiency, operational management is decentralised into five regions each with its own limited support base. Head Office functions are mainly to plan, co-ordinate, control and provide certain specialised services.

Your group remains focused on its core business and at present operates 43 hospitals throughout South Africa and 3 in Namibia.

OPERATIONAL ISSUES AND HIGHLIGHTS

Trading Environment

The trading environment remained tight. Although the country as a whole experienced growth, job creation was limited and the medical scheme membership remained virtually unchanged.

On a comparable basis the group experienced an increase in admissions and bed-days sold of 1,2% and 3,2% respectively mainly as a result of an increase in medical cases. The group was successful in its efforts to enhance the affordability of healthcare costs, elaborated on earlier in this report. These efforts, in close collaboration with supporting doctors, resulted in a significant slowdown in pharmaceutical price inflation and in some instances a lowering of cost in the pharmaceutical usage mix. This trend is expected to continue.

The staff of the group deserve special mention for their dedicated and energetic efforts which enabled the group to achieve the published results. These results would also not have been possible without the loyal and competent support of the doctors utilizing the group's facilities. Sincere thanks have to be expressed to these important role-players.

Projects

Major upgrades at Morningside Medi-Clinic and Sandton Medi-Clinic each involving about R100 million are in progress so as to ensure their competitiveness in this particularly high income area. Expansions at Durbanville Medi-Clinic and Pietermaritzburg Medi-Clinic are also taking place while a project at Nelspruit Medi-Clinic consisting of additional consulting rooms and the upgrade of the original hospital, is underway. Routine upgrades continue at various hospitals, while strategic upgrades at the Pretoria hospitals are in the planning phase.

It is envisaged that the total expenditure on these projects over the next two years will amount to about R450 million.

Shortage of Nurses

The acute industry shortage of skilled nursing staff abated slightly due to factors such as the strong Rand, political unrest in the Middle East and the stability of the number of operational hospital beds in the country.

The medium- to long-term solution remains the training of more staff by both the private and public sectors. In this regard, the group has maintained the amount spent on the training of nursing staff (and certain other staff categories) to nearly 4% of its payroll cost in the current budget. Nursing staff of the group who received training have so far always achieved excellent results in the SA Nursing Council's registered examinations. Fortunately the vast number of applicants who apply for training at the hospitals of the group is continuing. A total of 392 members of nursing staff received new formal qualifications during the year under review, whilst a further 815 students are currently studying towards a qualification.

The group firmly believes that its training investment contributes to empowering talented people in our country to participate in growing the economy and to attain sustainable socio-economic freedom.

In addition, the group embarked upon a unique retention bonus scheme for nursing staff to reward the loyal nurses who select Medi-Clinic as their employer of choice. Although the scheme adds to the overall cost structure, the group is confident that it will have significant long-term benefits. The third bonus cheques which were recently paid out, triggered much positive reaction from the nursing staff.

Doctor Relationships

Sound long-term doctor relationships built on ethical and fair business practices will always be one of the cornerstones of the strategic approach of the group.

The group has invested in infrastructure to strengthen and enhance its doctors' network in which free association and as much clinical independence as possible for the doctors, are key elements. It is strongly believed that these values, together with factors such as improving their working environment, providing them with the right address and peace of mind through the necessary support systems, are critical in gaining and maintaining enthusiastic doctors' support for the provision of cost-effective quality healthcare. According to the group's calculations, its associate specialists network and referring general practitioners network amount to 1 467 and 3 620 respectively.

On the whole the group has fortunately never experienced any significant shortage of doctors' availability regarding the use of its facilities, especially consulting rooms. In many instances it is more a question of striving to be fair and effective when attempting to satisfy the demand.

Emergency Medicine

The group strengthened its emergency service offering to the communities it serves from 1 April 2005 when the pre-hospital services company, ER24, became a wholly owned subsidiary of the group. This transaction will enable the group to streamline its pre-hospital services so as to optimise service delivery to hospitals.

The group has embraced the discipline of emergency medicine and complies with national regulations with regards to design, function, equipment and staff training.

The group continued to see a steady increase in patient volumes through the emergency units and it is anticipated that emergency medicine will continue to be a growth area.

There is a financial risk involved in providing these services to patients who are not in a position to pay, but this is closely monitored and at this stage regarded as part of the corporate social investment of the group.

INDUSTRY MATTERS

From an industry perspective, the past year was characterised by the acrimonious legal battle between certain role-players in the pharmacy industry and the Minister of Health about her implementation of the single exit price on medicines and scheduled drugs. The matter has not yet been resolved. As indicated earlier in this report, the group in fact supported the Minister in her efforts to create more transparency in pharmaceutical pricing and it adopted a new pricing system for all pharmaceuticals including surgical consumables. Whatever the outcome of the court ruling, the group will be unaffected by it.

The group supports the principle of a Healthcare Charter and is actively participating with the Private Healthcare Forum and the Hospital Association of South Africa to establish the charter. Value is also seen in the development of a low cost medical scheme that can service those individuals currently employed but uninsured. The group believes that a substantive partnership between different role-players including the State, is necessary to improve such access. Innovation and partnerships should be key components of the Healthcare Charter.

Only certain sections of the long awaited National Health Act, No 61 of 2003 came into effect on 2 May 2005. In respect of the private hospital sector, the Act provides for the obligatory provision of emergency medical treatment, bringing the legislation in line with ethical principles. However, the Act does not make provision for the reimbursement of treatment costs of indigent patients. Of even greater impact could be the implementation of the certificate of need process which will, in time, replace the existing licensing process for health establishments. The Act provides that, amongst others, hospitals, doctors, nursing agencies and travel clinics will need to obtain certificates of need. The particulars of the certificate of need process and requirements will be outlined in regulations that are awaited from the Department of Health. The impact of the process on the industry will only become clear once the final regulations are published.

PROSPECTS FOR NEXT YEAR

The group plans to continue its track record of consistent growth based on meeting the needs of the market, increasing the use and expansion of facilities and services in its core competencies, together with efficiency improvements. Apart from these internally driven growth focus areas, initiatives by government aimed at broadening the membership base of medical schemes should have a positive impact on growth in the industry in the longer term. It is, however, still too early to predict the likely outcome of these initiatives. Other focus areas will be to implement our BBBEE strategy, to intensify our investigation into meaningful opportunities in other countries and to explore alternatives aimed at optimising the capital structure of the group in the short to medium term.

The group remains optimistic about its prospects for the next financial year.

DIRECTORATE AND PERSONNEL MATTERS

Dr P J A Mphafudi resigned as non-executive director with effect from 9 December 2004.

Dr M A Ramphele has been appointed as non-executive director with effect from 17 March 2005. Dr Ramphele has been vice-chancellor of the University of Cape Town, a managing director of the World Bank and currently serves as chairperson of Circle Capital Ventures. It is foreseen that apart from her directorship, she will also render certain consultancy services to the group. She is warmly welcomed.

Once again it is gratifying to report a continued high level of staff stability, particularly at management level. However, certain personnel shortages particularly in specific areas of specialised nursing, remain a problem.

THANKS

We sincerely wish to express our thanks to

- all patients and doctors for their continued support of our hospitals
- all nurses for their quality care of the patients in our hospitals
- all directors and employees for the dedication towards their work
- all shareholders for the confidence bestowed in our group.

E DE LA H HERTZOG
Chairman

LJ ALBERTS
Managing director

SUSTAINABLE DEVELOPMENT REPORT

MEDI-CLINIC BELIEVES IN PROVIDING COST-EFFECTIVE QUALITY HEALTHCARE ON A SUSTAINABLE BASIS. THE GROUP CONTINUALLY STRIVES TO BE A RESPONSIBLE CORPORATE CITIZEN BY INTER ALIA SUPPORTING BROAD-BASED ECONOMIC TRANSFORMATION, MANAGING THE ENVIRONMENTAL IMPACT OF OPERATIONS AND CONTRIBUTING TO THE GENERAL WELL-BEING OF THE COMMUNITY. THE GROUP IS COMMITTED TO ETHICAL BUSINESS PRACTICES AND EFFICIENT RISK MANAGEMENT.

Medi-Clinic once again qualified for inclusion in the JSE Socially Responsible Investment ("SRI") Index, which index showcases those listed companies who achieve the requisite score in relation to a set of criteria that measure triple bottom line commitment and performance.

OPERATIONAL PROFILE

The core purpose of the group is to enhance the quality of life of patients by providing comprehensive, high quality hospital services in such a way that the group will be regarded as the most respected and trusted provider of hospital services by patients, doctors and funders of healthcare.

A complete list of hospitals appears on page 27.

COMMITMENT TO QUALITY

Quality Healthcare

Medi-Clinic is committed to quality care, from the skills of the doctor to the care of the patient, from the empathy of our nursing staff to the high standards of our facilities, from the meticulous maintenance of our world-class technology to upholding the fairest possible tariff. By focusing on a patient centred approach to care, we have established a culture of quality that permeates every aspect of our business and have ensured that our employees and the doctors continuously strive to improve patient care and patient safety. Our dedication to excellence in healthcare is evidenced by the quality of our facilities.

Providing quality care requires a team approach. By involving the employees and doctors at decision-making levels, Medi-Clinic has entrenched an integrated multi-disciplinary team approach to patient care in all our hospitals. This has ensured that our patients receive the best possible care in a safe clinical environment. We aspire to be regarded as the most respected and trusted provider of hospital services by patients, doctors and funders of healthcare.

The Medi-Clinic Quality Assurance Team (MQAT) is tasked to ensure continuous training, adherence to quality protocols and accreditation criteria and ensuring compliance with key operational risk management procedures.

The group's hospitals are continuously evaluated against a set of strict accreditation standards for private hospitals by the Council for Health Service Accreditation of Southern Africa (COHSASA). The accreditation process involves external audits of more than 350 standards and 3 500 criteria and a pass rate of 90% and higher is required to achieve accreditation. External audits are repeated every 2 to 3 years to ensure that accreditation standards are maintained. COHSASA is internationally accredited by the International Society for Quality in Healthcare (ISQua), ensuring that our hospitals attain international accreditation status. Twenty-five of our hospitals are currently accredited by COHSASA/ISQua, which provides the group with a sound foundation to enhance our quality improvement systems that will sustain and continuously improve our high standard of patient care.

Technology

The group's technical mission is to provide the best healthcare facilities and technology available in the developed world with budgets generated in a developing country. In doing this, Medi-Clinic has to design, build or improve facilities to meet the needs of clients and to maintain its commitment to quality care. The life of the group's buildings, plant and equipment has to be maximised through reliable technical support in order to ensure a safe and user-friendly environment for staff and clients.

Planned maintenance programs are based on ISO 9000 standards and the group's policy applies to three categories of equipment. The first category is all equipment where a failure would create a risk to the patient's life, whether directly or indirectly. The agent or an authorised representative or a person appointed by Medi-Clinic maintains this category of equipment according to the manufacturers' instruction.

The second category of equipment is where a failure would cause gross inconvenience to clients, have a substantial financial impact or hamper service significantly. The third category of equipment is general, including all equipment not falling in the preceding categories but which still have an overall effect on the service provided. The second and third categories of equipment are maintained according to Medi-Clinic's in-house policy by our staff, the agent or a contractor appointed by Medi-Clinic.

The group's computerised planned maintenance system has accumulated 6 years of clinical information which provides benchmarking information and real-time information so as to ensure the correct life-cycle costing of plant and equipment. Networking is encouraged amongst managers and all technical information is available via the group's intranet.

The group's hospitals are subjected to a comprehensive in-depth maintenance audit on an annual basis that covers all three categories of plant and equipment.

ECONOMIC PERFORMANCE

Proudly South African

Medi-Clinic has been admitted as a member of Proudly South African during the year under review, confirming our commitment to the provision of quality service, maintaining fair labour conditions and a healthy environment. Medi-Clinic supports the Proudly South African campaign which recognises and rewards South African products and services of high quality and believes that this will result in more employment opportunities, greater prosperity and a better life for all in South Africa.

Broad Based Black Economic Empowerment ("BBBEE")

The Board of Medi-Clinic views the company as an integral part of the South African political, social and economic community. The Board endorses the process of democratisation and strives to support this process through a policy of business practices that enhances BBBEE, which is regarded as a strategic opportunity to strengthen the economic base of our country. A key success factor is the rapid capital accumulation at all levels of society involving human, social, intellectual and physical capital.

Life Healthcare (previously Afrox Healthcare)

Medi-Clinic is proud to have been instrumental in the formation of Bidco that has successfully acquired a controlling stake in Life Healthcare. The decision to withdraw was taken when outside funding for the transaction became available. This put Brimstone and Mvelaphanda in a position to continue with the transaction on their own. Bidco paid Medi-Clinic R50 million as consideration for relinquishing its rights to participate in the deal.

Curamed

Medi-Clinic introduced a black economic empowerment consortium as a partner into private healthcare through the Medi-Clinic group at the time of the acquisition of the Curamed Group on 1 December 2002. Curamed is a group of six Pretoria-based specialist hospitals comprising of approximately 700 beds, namely the Medi-Clinic Heart Hospital, Medforum Medi-Clinic, Medi-Clinic Gynaecological Hospital, Muelmed Medi-Clinic (which incorporates Astrid Hospital) and the latest addition, Kloof Medi-Clinic.

The Curamed hospitals are perfectly placed to take advantage of the proposed single medical scheme for government employees.

Medi-Clinic facilitated the Curamed transaction and provided the consortium with interim finance of about R49 million to enable them to finance their part of the transaction.

The consortium currently consists of Nozala Investments (Pty) Ltd and Phodiso Clinics (Pty) Ltd (who successfully acquired the interests held by Mvelaphanda and Utlwanang) which owns one-third of Curamed. Medi-Clinic also owns one-third and the balance is held by the previous shareholders of Curamed. Medi-Clinic controls Curamed through an intermediate holding company and is responsible for the management of the hospitals in terms of a management agreement.

Nozala is a black empowerment holding company owned and managed by black women. It was established to promote the empowerment of women in general and black women in particular. Nozala has been associated with the group for many years. It has, as its core investments, interests in Kumba and Excel (Sasol) and is in the process of building up a stronger equity position in both its mining and energy portfolios. In its private equity (non-core) portfolio it has various other interests.

Ms S Dakile-Hlongwane, representing Nozala, has had a seat on the Board of Medi-Clinic since 2000.

Phodiso was established in 1989 to launch a new healthcare facility to service the Mabopane region, namely Legae Private Clinic (128 beds) in which it holds a 67% interest. The shareholders of Phodiso Holdings are approximately seventy black doctors which are spread over the country.

The vision of Phodiso is to be a focused healthcare company providing appropriate, affordable, convenient and quality healthcare to all.

Drs V E Msibi and N S Matlala, representing Phodiso, were appointed to the Board of Curamed.

The structure of the ownership is such that this is not simply a transaction between two organisations, one of which happens to be black. It is in fact an agreement which incorporates all the objectives of black economic empowerment including meaningful ownership, knowledge sharing and involvement at decision-making level. Phodiso have already added notable value to this venture, in particular in relationship building, transformation and on an operational level. At the same time their capital accumulation also increased rapidly.

Protector Hospitals

Phodiclinics (Pty) Ltd, a joint venture company owned 51% by Medi-Clinic and 49% by Phodiso Clinics, made an offer during the period under review to acquire the four hospitals of the Protector group (in liquidation), consisting of the Medivaal Medicentre (Vanderbijlpark), Kathu Medicentre (Kathu), Maropong Private Hospital (Lepalale) and the Kingsley Medicentre (Pretoria). The four hospitals have about 200 beds. The offer was accepted by the liquidator in December 2004 subject to certain conditions precedent, inter alia the approval of the regulatory authorities. The conditions precedent are in the process of being fulfilled.

Future Opportunities

Medi-Clinic's commitment to sustainable growth and prosperity in a democratic South Africa and the location of its hospitals across the country implies that BBBEE strategies can be supported and encouraged across a broad spectrum of opportunities.

The Board is considering a range of strategic alternatives and expect to implement its black ownership initiative in the second half of this year.

Medi-Clinic recognises the value of an all-inclusive Healthcare Charter and is actively participating with the Private Healthcare Forum and the Hospital Association of South Africa to establish such a charter.

Preferential Procurement

In addition to the above-mentioned BBBEE initiatives, Medi-Clinic is committed to the government's BEE Preferred Procurement Strategy. To this end a committee monitors the support of and purchases from BEE suppliers, which provides benefits not only for previously disadvantaged persons and businesses, but also for the development of sustainable growth and prosperity in South Africa.

Public Private Partnerships

Witwatersrand University Donald Gordon Medical Centre ("WDGMC")

Medi-Clinic has again illustrated its firm commitment to the future of healthcare in South Africa by investing R60 million after year-end in the WDGMC. In return Medi-Clinic will obtain a 49,9% share in the hospital located in Johannesburg. The finalisation of the contractual detail depends on the outcome of the due diligence currently being conducted and approval by the regulatory authorities.

The development enhances the ability of the Witwatersrand University ("Wits") to support the public sector health services without requiring any government subsidy. The significant partnership with the public sector is designed to support the training of specialists and super specialists for both public and private sectors and to make the best clinical staff available to the Johannesburg academic hospitals. This step also brings greater representation of the Medi-Clinic network in Johannesburg. Medi-Clinic and Wits will explore the accreditation of certain units at Medi-Clinic's other Johannesburg hospitals as teaching units affiliated to Wits.

Stellenbosch Biokinetics Centre

Medi-Clinic and Stellenbosch University have established a successful partnership during the period under review in respect of the management of the Stellenbosch Biokinetics Centre. Medi-Clinic provided the initial funding required to upgrade the equipment and is also providing marketing and administrative support to the centre. Students and interns associated with the centre are given the opportunity to obtain practical experience at the other biokinetics centres at the group's hospitals.

The capacity to enrol students in 2005 for the honours degree in Biokinetics increased by 40%, which is directly attributable to the successes attained by the partnership.

Adequate Returns to Capital Providers

Providing proper access to healthcare is a challenge facing all governments, even more so in developing countries.

Apart from resources, the progressively ageing population, new technology and patient consumerism all have the effect that public hospital systems suffer from considerable capacity and investment constraints, which typically translate into longer waiting lists, poor service and poorly maintained facilities. As a result private healthcare experiences an increase in business worldwide.

In South Africa, the private healthcare sector is providing healthcare to a large segment of the population. The industry has become a national asset and one of the important pillars on which the country's future economic growth is based. There are only a few countries in the world where the public health sector provides more or less a total healthcare service to all its citizens. As a developing nation, South Africa is one of the many nations where the public sector is not in such a position. The private hospital industry plays a pivotal role in working away the healthcare burden by providing a service of high enough quality to those who can afford to pay for their own healthcare. It thereby increases the overall ability of the nation as a whole to deliver healthcare to all its citizens.

In research commissioned recently by Discovery Health, The Monitor Group found that the South African private healthcare sector compares head on with quality levels of the best systems in the world.

Certain cynical commentators however seem to believe that the private hospital industry is only profitable at the cost of the consumer. This is far from the truth. Independent analytical studies have conclusively shown that the return on capital in the private hospital industry in South Africa compares quite averagely with companies in other industries.

The market is known to allocate capital very efficiently. Providers of private capital such as shareholders and banks will vote with their feet and invest their capital elsewhere if a business in an industry cannot sustain a consistent return on capital equal to or higher than its weighted average cost of capital over the long-term. Medi-Clinic's current return on capital is between 19 and 20 percent, which is slightly higher than its weighted average cost of capital for the last number of years.

In this context commentators should be extremely mindful of the important role private hospital groups play and the group's responsibility to the consumer to discharge this responsibility in a sustainable way. Medi-Clinic firmly believes that doing business in a sustainable way is the key to meeting the demands of all stakeholders including the consumer.

Affordability of Healthcare

Affordability will always remain a critical issue in the healthcare industry and Medi-Clinic actively pursues innovative solutions to provide affordable healthcare. The group's Funder Relations and Contracting Department, as well as its Clinical Information Department provide a strong base for constructive deliberations on affordability with players in the funding industry. Transparency and constructive engagement with doctors remains key focus areas to ensure enduring solutions.

The group supports the Department of Health in their efforts to create transparency in the pricing of medicines and scheduled drugs. As alluded to in previous reports, the group has had a fully transparent pricing system in place with Discovery Health since January 2003, almost 18 months prior to the new pharmacy pricing regulations becoming operative in June 2004. Its scope went beyond ethical drugs and included surgical consumables, which are the larger part of the total pharmaceutical portion of a typical private hospital account. This enabled the group to focus on pharmaceutical items as cost items and not income contributors with major savings to medical schemes in the long-term and should be regarded as beneficial to the group since it improves the affordability of healthcare.

This totally transparent pricing system was offered to all medical schemes. Although it proved to be challenging, we were successful in negotiating a cost-neutral change with nearly all the schemes.

For further detail please refer to page 11.

SOCIAL PERFORMANCE

Our People

Medi-Clinic acknowledges that our employees play a critical role in the group's performance and for that reason we believe they should share in the success of the company. During 2004 we were delighted to have been able to pay a special bonus to all our employees in recognition of their contribution towards the success of our company. Our remuneration policy is built on three pillars – internal equity, external equity and affordability. Medi-Clinic participates in various annual salary surveys, thus ensuring that our salaries and related benefits remain competitive. Medi-Clinic also recognises our staff by rewarding long service. Our Human Resources policy makes provision for long service awards for five, ten and twenty-five years' service by means of either a cash amount or a gift for their loyal service.

The retention of good quality staff remains a constant challenge in our competitive market, especially in nursing services. The loyalty bonus scheme for nursing staff that was implemented in 2003 has contributed towards the reduction of our staff turnover amongst nursing staff. Retaining good quality staff is also dependant on good management practices and creating a pleasant and challenging working environment. Medi-Clinic strives to achieve this by the training and development of our managers, by implementing our performance management system and by constantly striving to create a working environment that promotes staff retention.

Ethics – Combatting Fraud and Corruption

Ethical behaviour is a fundamental guiding principle in our business and management continually focuses on establishing a culture of responsibility, fairness, honesty and efficiency in the group. In support of this culture, an independent Ethics Line was established in 2001 and is managed by an established and respected service provider and is available on a 24-hour basis to all staff and outside contractors. Regular feedback is received via the system and all complaints are investigated according to a set protocol. Since its inception, we have not received any information that has lead to the discovery of fraudulent behaviour – a clear indication of an overall commitment to ethical behaviour throughout all levels of our group. Further awareness programs regarding the Ethics Line will be implemented during the following year.

Employment Equity

Employment equity is a strategic commitment in the Medi-Clinic group and we comply with all statutory registration requirements. While success has been achieved in reaching most of the current targets, our legacy poses challenges in our ability to meet the targets we set for ourselves, particularly in senior management positions. Although our representation is not satisfactory to us, we are encouraged by the 2,08% growth in the African, Coloured and Asian representation in our overall race split as well as the growth of 8,33% in the African, Coloured and Asian representation on our management level.

As previously reported, additional management development posts have been created to accommodate new managers through a dedicated and detailed management-training program. These positions were created in key areas of activity including engineering, human resources and financial management. We are pleased to report that Medi-Clinic has appointed three Trainee Hospital Managers from the designated groups, who are currently undergoing a structured Medi-Clinic management development program of between 12 – 18 months.

The race and gender representation of the group is as set out below:

Overall race split	
African, Coloured, Asian	49%
White	51%
Overall gender split	
Female	87%
Male	13%
Management level race split	
African, Coloured, Asian	13%
White	87%
Other levels race split	
African, Coloured, Asian	51%
White	49%

Training and Skills Development

Creating jobs through education and training

Medi-Clinic's training programs are focused on maintaining and promoting quality delivery in all aspects of the business, and ensuring that the group's values are reflected in every activity of our business. The group's training goals are directly related to the overall business plan and to improve its human capital.

Medi-Clinic is recognised as a leader in private healthcare training and has progressed from training nursing assistants to presenting formal training in all levels of nursing training in most disciplines that takes place at six training centres countrywide.

The learnership agreements managed in conjunction with the health sector's Health and Welfare SETA has been rewarding and include basic and post-basic nursing courses, as well as a course for pharmacists' assistants. These courses are all registered with the National Qualifications Framework, thereby contributing to the raising of standards in the healthcare industry.

Medi-Clinic has maintained its training investment of approximately 4% of its employee costs for the financial year in training. A total of 392 members of nursing staff received new formal nursing qualifications during the period under review, whilst a further 815 students are currently studying towards a qualification. Although an acute shortage of nurses still exists in South Africa, the group's training initiatives have made a contribution to ensuring that patient expectations are met.

Medi-Clinic firmly believes that our training investment contributes to empowering the talented people of our country to participate in growing the economy and to attain sustainable socio-economic freedom.

Quality Service Delivery

Medi-Clinic has an entrenched service culture that follow best international practice, which is ensured through training programs and recruiting processes that select and recruit those individuals who share the group's values.

Medi-Clinic has set a standard in private healthcare that is maintained and enhanced through a combination of individual and team competence and structure and process standards. Established internal support systems, such as MQAT, also promote and ensure the highest standard of quality client service.

Maintaining Competence

Competent and quality service delivery in all functions of the business is of major importance to the group. Medi-Clinic's network of professional training and development consultants, clinical assessors and mentors focus on the continuous professional development of all nursing staff. A total of 25 structured learning activities are in place to ensure competent and safe practice. A points system is in place to reward proven competencies against these learning activities. This structured approach has encouraged learning and has resulted in career enhancement opportunities for participants.

Our training activities also concentrate on core business processes and the enhancement of our service culture. The main focus remains on risk management, an integral part of which is the standardising of processes based on best practices. The changing nature of this environment has necessitated the use of technology in training delivery, particularly regarding performance support and on-line help systems.

The group also creates continuing professional development opportunities for doctors, both locally and abroad.

Our Support to Health Sciences Faculties

- ***Stellenbosch University***

Medi-Clinic has made a financial contribution of R1,1 million during the period under review to the Health Sciences Faculty of the university to support the maintenance of a high standard of education. These funds have mainly been utilised by the university towards education initiatives in the Gynaecology, Haematology, Neurosurgery and Radiology departments, as well as subsidising 4 students enrolled for their master degrees at the Health Sciences Faculty. The rotation of registrars between the public and private sector is being investigated, which will provide definite training benefits to the registrars.

Medi-Clinic continues to sponsor 50% of the employment costs for the director of the Ukwanda Project. This project provides community health based training opportunities for students of all health disciplines. This model is increasingly regarded as the ideal training method for undergraduate students in the rural areas.

- ***Witwatersrand University***

The group is keen to support the training of specialists, on whom the future of both the public and private hospital sector depends, and will reinvest a portion of its profits from the Witwatersrand University Donald Gordon Medical Centre ("WDGMC") in the academic activities of the WDGMC.

Health and Safety at Work

Special attention is given to health and safety aspects in the workplace to ensure a safe environment for our employees and patients.

The health of the group's employees is important so as to ensure the sustainability of quality care to our patients. Medi-Clinic therefore implemented a Corporate Health Program during 2002 which provides a framework for primary care and occupational health services to employees regarding medical, chronic, social and personal problems, which program is supported by an Employment Assistance Program (EAP) and Worker Attendance Keenness Evaluation (WAKE) Program that provides medical and social counselling and other support to employees. In addition, the EAP/WAKE Program has a 24-hour emergency helpline service.

Comprehensive health services are delivered to employees free of charge at the health clinics that have been established at various hospitals and more clinics are being established in order to provide our employees with in-house health services. The management of these clinics have been outsourced to INCON, an independent occupational health and safety provider with considerable experience in this field.

Regular health education programs are presented to employees throughout the year to create a better understanding of their ailments and to ensure a healthy workforce.

HIV/AIDS

Medi-Clinic's commitment to quality healthcare also applies to our employees, ensuring the improvement of our human capital. The Medi-Clinic HIV/Aids Program was implemented in support of this commitment and consists of the following elements:

- education on HIV/Aids combined with awareness programs;
- voluntary counselling and testing;
- prevention of HIV infection and re-infection;
- access to appropriate treatment and monitoring; and
- continuing support through the EAP/WAKE Program as well as early intervention.

Since the implementation of the program more than 370 employees have voluntarily participated in the counselling and testing for HIV/Aids. We aim to reach all our employees with the program, with at least the majority participating in the voluntary counselling and testing.

After workplace surveys were conducted, statistical analysis indicated a low level of incidence and expected prevalence of HIV/Aids in the group.

The group's HIV/Aids and Corporate Health Programs dictate absolute confidentiality, compassion and fairness as well as no discrimination on the grounds of illness. Every effort is made to accommodate HIV positive employees in a risk free work environment.

COMMUNITY INVOLVEMENT

The group accepts its responsibility to serve the communities in which it operates and aside from the substantial investment in the training of personnel, Medi-Clinic is committed to a wide variety of community projects and organisations. These include:

Sports and Special Events

In support of its program to provide quality care whilst other enjoy or dare, Medi-Clinic provides medical support at a number of local, national and international sporting events, such as the Cape Argus/Pick 'n Pay cycle tour, the Cape Epic Mountain Bike Challenge, the prestigious Presidents Cup and Women's World Cup golfing events, the Duzi Canoe Marathon and the annual Cape Times/FNB Big Walk charity event.

Education and Training

Please refer to the report on training and skills development from page 17 to 18.

Arts and Culture

Medical support is provided at the Klein Karoo National Arts Festival in Oudtshoorn and the Aardklop Arts Festival in Potchefstroom.

Environment

As a corporate member of the World Wide Fund for Nature, Medi-Clinic contributes annually to a number of conservation projects managed by the organisation.

Health and Welfare

Medi-Clinic's commitment to the community's health and welfare is evident from the following community-based activities:

- ***Organ Donor Foundation:*** Medi-Clinic provides support to the Organ Donor Foundation on an annual basis through various sponsorships. Medi-Clinic is the main sponsor of their annual fund-raising golf day.
- ***Cancer Survivors:*** Sponsoring of the Cancer Survivors' Day held annually in George, Vereeniging and Cape Town.
- ***Heart Foundation:*** Assistance with various fund-raising activities of the Heart Foundation.

In addition, various services are provided free of charge by Medi-Clinic hospitals as part of outreach activities in the communities in which they operate. These include:

- ***Medical support:*** Is provided free of charge at various beach resorts and sporting events – especially at schools, shows and exhibitions.
- ***Support groups:*** Support groups and clinics for, amongst others, Alzheimer's, brain injuries, breast feeding, stroke sufferers, diabetes, cardiac ailments, cancer, HIV/Aids-awareness, premature babies, stoma care, foot care, pre-natal classes, rape counselling and wound care.
- ***Health awareness weeks:*** Free testing for cholesterol, hypertension and diabetes during health awareness weeks such as the Heart Week and Diabetes Week.
- ***Care for the indigent:*** Under special circumstances the disadvantaged are provided with specialist equipment, theatre time and accommodation.
- ***Donations:*** The donation of pharmaceuticals, linen and equipment to old age homes, children's homes, hospice facilities and other needy communities. Monitoring equipment was donated to the Red Cross Children's Hospital and the Tygerberg Children's Hospital.
- ***ER24 – emergency medical services:*** The provision of emergency medical services and transport under certain circumstances to the indigent by way of ER24.

ENVIRONMENTAL PERFORMANCE

Medi-Clinic has always regarded its responsibility towards the environment in a serious light. The group believes that a healthy environment is conducive to human health and pursues comprehensive policies and measures to ensure best practice in this field.

ENVIRONMENTAL POLICY

Medi-Clinic is committed to protect the environment. The Medi-Clinic Environmental Policy has set the following objectives:

- identify and comply with relevant environmental legislation and regulations;
- define environmental management programs to achieve continued improvement in our environmental management system;

- create an environmental awareness among all employees;
- set objectives and targets to prevent pollution and minimise the impact of our activities on the environment;
- encourage reduction, re-use and re-cycling of general waste;
- improve the management of hazardous waste including medical waste;
- influence all our suppliers and service providers to adopt similar programs, in order to limit our overall impact on the environment; and
- nurse the use of resources, specifically electricity and water.

In support of the above policy, the group has implemented an environmental management system based on the ISO 14001:1996 Specification for Environmental Systems.

ISO 14001 Certification

Medi-Clinic is committed to ensuring that its environmental management systems and practices are aligned with international best practice, such as the ISO 14001 standard. During the period under review, 7 Medi-Clinic hospitals gained the ISO 14001 certification of the National Quality Assurance (NQA) in London. The group aims to extend the process to cover more hospitals in the future.

Water Consumption

Water saving projects have been implemented at various hospitals in the group that brought about considerable savings in water consumption. Uncontaminated water is recycled for irrigation of the outside environment and awareness programs have resulted in significant reduction in water wastage.

Energy Conservation

A program on energy saving, involving inter alia, the redistribution of the electrical load, changing of incandescent lighting to energy saving fluorescents, training of staff in the operation of air-conditioning and fitting of reflective solar shields on windows is currently being rolled out to all the hospitals in the group. The initial project resulted in a saving of at least 10% in energy costs.

Waste Management and Recycling

Stringent protocols are followed to ensure that all refuse removal within the group complies with all legislation and local regulations. This has been further reinforced by the commitment of the group to be environmentally friendly as well as comply at all times with current legislation.

STAKEHOLDER ENGAGEMENT

Medi-Clinic's stakeholders cover a wide spectrum. They include patients, doctors, employees, shareholders, suppliers and the communities in which we provide healthcare. The very nature of our business implies close personal engagement and the group strives to achieve this through a variety of communication activities.

Patients

Patients have access to our well-being information system whereby they or their relatives complete a daily questionnaire regarding all aspects of the care they receive. Should any problems be highlighted, these are acted upon on a same day basis in order to guarantee satisfaction. Telephonic follow-up interviews are conducted with patients after leaving our facilities to gain feedback on their experience. Our quarterly hospital magazine *Gesundheit*, with a print-run of 65 000, is aimed at patients and carries informative articles promoting healthy lifestyle and general health related information. The group's quarterly *Medi-Baby* magazine, with a print-run of 8 000, is aimed at maternity patients and plays a useful role in promoting proper child-care practices.

Doctors

Doctors are a key stakeholder group and play a vital role in Medi-Clinic's commitment to quality care. A team of network marketers maintain regular contact with referring and other general practitioners to build relationships, to enhance communication and to provide information on the latest developments regarding services and specialist facilities at our hospitals.

Our continued professional development programs are offered on a regular and planned basis to doctors, either at the various hospitals throughout the country or in conveniently situated centres in outlying rural areas.

Valuable information pertaining to the medical profession is also passed on to doctors via our quarterly *Medi-Clinic Doctors Bulletin* leaflets. Medi-Clinic's quarterly *Perspectives* magazine, with a print-run of 12 000, provides profession related information as well as entertaining leisure content to doctors.

Employees

Communication with all employees remains a priority for the group and their active participation in the day-to-day running of the company makes an important contribution to our success. Aside from various mechanisms such as workers forums, collective bargaining agreements, various committees and other formal engagement structures, Medi-Clinic also strives to act on staff opinions and perceptions.

Effective internal communication with our employees is an important focus area. With almost 12 000 employees spread through South African and Namibia at more than 50 different localities, this is a daunting task. Management realises the importance of aligning our workforce with the group's vision and that an effective communication system is a prerequisite for doing this. An initiative to improve communication within the group was launched during 2004 with various workshops for staff under the leadership of an independent consultant. A Group Communication Manager was appointed during the year to drive the communication process, focussing initially on improving internal communication structures and processes.

HaemoHighway, a quarterly intranet information document for staff was also launched. The satellite broadcasting facilities of Stellenbosch University are being utilised to deliver presentations by top management to employees enabling active discussions between employees and the group's executive management. Video conferencing facilities have been put in place at our head office and three other regional centres within the group.

The group's internal quarterly staff magazine, *Milieu*, with a print-run of 10 000, serves as an excellent channel for communication on group and personnel related issues.

Shareholders

Communication to the public and shareholders are based on the principles of balanced reporting, clarity and transparency. Positive and negative aspects of both financial and non-financial information are provided.

Firm protocols are in place to control the nature, extent and frequency of communication with analysts and financial institutions and to ensure that shareholder information is made available to all parties timeously and simultaneously.

The most recent and historical financial and other information is published on the company's website at www.mediclinic.co.za.

Suppliers

As referred to earlier in this report, Medi-Clinic is committed to the government's BEE Preferred Procurement Strategy and has implemented a Preferential Procurement Plan, which demonstrates Medi-Clinic's support for fundamental human rights, while at the same time conducting a responsible corporate business.

The Medi-Clinic Ethics Line is also available on a 24-hour basis to our suppliers.

Community

For more information regarding the various community-based activities that Medi-Clinic is involved in, please refer to page 19.

Promotion of Right to Access to Information

Medi-Clinic complies with the regulations of the Act on the Promotion of Access to Information (Act 2 of 2002), which ensures the constitutional right of access to information needed for the exercising or protection of any right.

CORPORATE GOVERNANCE REPORT

MEDI-CLINIC HAS SINCE ITS INCORPORATION IN 1983, ALWAYS UPHELD STRICT PRINCIPLES OF CORPORATE GOVERNANCE AND THE HIGHEST STANDARD OF INTEGRITY AND ETHICS, AS EMBODIED IN THE KING II REPORT ON CORPORATE GOVERNANCE ("THE KING REPORT").

The board of directors accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, responsibility, equity, social responsibility, accountability, cooperation and transparency.

The board believes that the group has materially complied with the principles of the King Report and has met the Listings Requirements of the JSE Securities Exchange South Africa ("the JSE").

BOARD OF DIRECTORS

Composition

The composition of the board shows a good balance between executive and non-executive directors to ensure that the group maintains an appropriate balance between entrepreneurial growth and compliance with corporate governance requirements. Board members possess a variety of skills and experience and are involved in all material business decisions, enabling them to contribute to the strategic and general guidance of management and the business. The roles and responsibilities of the chairman and the managing director are separated.

The chairman of the board, Dr Edwin Hertzog, is also an executive director and should be regarded as a semi-executive chairman. He was involved in a chief executive capacity from the incorporation of the company until his appointment as chairman in 1992. The board considers it in the company and the group's best interest to have him as chairman. He also serves on the boards of Remgro and three other major Remgro associated companies, of which two are listed on the JSE. In addition, he is also the chairman of the Stellenbosch University Council.

Every year, at the first board meeting after the annual general meeting, both the chairman and the managing director are formally elected for a further term of one year by way of a closed ballot.

The managing director and chief executive officer, Mr Louis Alberts, is responsible for the day-to-day management of the company and the implementation of the strategies and policies adopted by the board.

In terms of the Articles of Association of the company, one third of the directors must retire on a rotation basis, but may make themselves available for re-election for a further term. The appointment of directors is a function of the entire board, based on recommendations made by the Human Resources Committee.

Non-executive directors do not receive any material benefits or share options from the company apart from directors' fees. No directors have service contracts with longer than a one month notice period.

Board Charter and Responsibilities

The board has accepted a formal code of conduct ('the board charter") in which the responsibilities of the board, individual directors and the company secretary are set out. Key responsibilities in terms of the board charter include the following:

- creation of shareholder value;
- ensuring that the group's objectives are achieved;
- provision of strategic direction and assessing and authorising the strategies developed by management;
- accepting responsibility for the success of the company and the approved strategies;
- the enforcement of adequate risk management practices;
- handling of all aspects that are of material or strategic nature or that may impact the group's reputation;
- monitoring compliance with all laws and regulations and our code of business conduct;
- ensuring an appropriate business culture, management style and retention of management expertise and competence;
- identifying and managing potential conflicts of interest;
- ensuring that relevant and accurate information is communicated to shareholders;
- ensuring that remuneration of directors and senior personnel occurs in terms of the company's remuneration policy;
- ensuring that the Board's composition possesses the necessary skills and experience to ensure strategic management;
- the appointment of directors;
- compliance with the group's values (as set out on page 2); and
- ensuring the maintenance of the group's going concern status.

The board has full and effective control of the company and material resolutions have to be approved by the board. The board meets at least every two months and measures exist to accommodate any resolutions that may have to be approved between meetings. Members of the board and sub-committees receive an agenda containing comprehensive and accurate information well ahead of time. This enables them to meet their commitments and to determine whether or not prescribed functions have been executed according to set standards, within the margins of cautious and predetermined risk levels and according to international best practices.

Every director has free access to senior management and the company secretary.

Board Evaluation and Induction of New Directors

The board conducts an objective and confidential evaluation in respect of the board's performance and the effectiveness of its procedures annually.

Newly appointed directors are formally informed of their fiduciary duties by the chairman and the company secretary. An extensive induction programme that includes information sessions with management, as well as visits to the company's hospitals, ensures that new directors obtain a good understanding of the company's core business.

Directors are continuously informed of any new relevant legislation, as well as any change in the business risks that may have an impact on the group.

Directors are entitled, after consultation with the chairman, to obtain independent professional advice about any aspect of the business at the expense of the company.

Company Secretary's Role and Responsibilities

The board has unlimited access to the company secretary, who advises the board and the sub-committees on relevant matters, including compliance with the group's rules and procedures, the JSE Listings Requirements, relevant legislation, statutory regulations and the King Report.

The company secretary is responsible to ensure the proper administration of the proceedings and matters of the board, the company and the shareholders of the company in accordance with the applicable legislation and procedures.

The name and address of the company secretary appear on page 7.

Executive Management

The executive directors meet regularly to consider, inter alia, investment opportunities, operational matters and other aspects of strategic importance to the company. They are continuously in contact with department heads and hospital managers to ensure effective communication and decision-making.

Sub-committees of the Board

Specific responsibilities are delegated to the board's sub-committees, with defined tasks in terms of approved mandates. Reports on the committees' activities are also submitted to the board. The main sub-committees are:

Human Resources Committee

The Human Resources Committee (the composition of which appears on page 24) meets periodically to discuss matters such as remuneration policy, executive management and staff remuneration, directors' remuneration and incentive schemes. The committee ensures that adequate succession planning measures are in place.

Independent consultancy studies are used by the committee to ensure remuneration remains competitive and market-related.

The committee has an independent non-executive director as chairman. The managing and human resources directors also attend meetings.

The group's remuneration strategies are aimed at ensuring that:

- the appropriate skills are attracted and retained;
- employees earn market-related salaries;
- remuneration is fair and just;
- no discrimination exists;
- good performance is acknowledged and encouraged; and
- remuneration is cost-effective and affordable.

Audit and Risk Committee

The Audit and Risk Committee (the composition of which appears on page 24) meets with the internal and external auditors and the executive management at least three times per year to discuss matters pertaining to risk management and internal control.

These include internal and external auditing, accounting policy and financial reporting within the mandate provided by the board.

The Audit and Risk Committee is responsible for the ongoing identification and evaluation of the group's exposure to significant strategic, asset, legal, statutory, financial, technological and business risks and to evaluate the adequacy and appropriateness of the internal financial and management control systems used to control and manage such risks to levels within the risk tolerance levels set for the group.

The committee is also responsible for appointing the external and internal auditors. Non-audit services by the external auditors are limited to tax advice, the remuneration of which is disclosed in the financial statements. The services of the internal and external auditors are adequately integrated.

The committee has a non-executive director as chairman. The chairman of the board also attends the meetings. The internal and external auditors have unlimited access to the chairman of the Audit and Risk Committee.

Attendance of Board and Sub-committee Meetings

BOARD MEETINGS:

Directors	12/05/04	30/07/04	27/09/04	12/10/04*	25/10/04*	26/10/04*	11/11/04	25/02/05
E de la H Hertzog (Chairman) (Executive)	✓	✓	✓	✓	✓	✓	✓	✓
L J Alberts (Executive)	✓	✓	✓	✓	✓	✓	✓	✓
W E Bührmann (Non-executive)	✓	✓	✓	✓	✓	✓	✓	✓
S Dakile-Hlongwane (Independent non-executive)	✓	✓	✓	x	✓	✓	x	✓
W P Esterhuyse (Independent non-executive)	✓	✓	✓	x	x	x	✓	✓
J du T Marais (Executive)	x	✓	✓	✓	✓	✓	✓	✓
A R Martin (Independent non-executive)	✓	✓	✓	✓	✓	✓	✓	✓
D P Meintjes (Executive)	✓	✓	✓	x	✓	✓	✓	✓
P J A Mphafudi** (Independent non-executive)	x	x	x	x	x	x	x	n/a
A A Raath (Independent non-executive)	✓	✓	✓	x	✓	✓	✓	✓
M A Ramphele *** (Independent non-executive)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
J G Swiegers (Executive)	✓	✓	✓	✓	✓	✓	✓	✓
C I Tingle (Independent non-executive)	✓	✓	✓	✓	✓	✓	✓	✓
W L van der Merwe (Independent non-executive)	✓	✓	✓	✓	✓	✓	✓	✓

* Special board meetings scheduled with short notice. Non-local directors were excused from attending.

** Prior to Dr Mphafudi's resignation as director on 9 December 2004, he was excused from attending board meetings in light of the Bidco transaction.

*** Dr Ramphele was appointed to the board with effect from 17 March 2005.

AUDIT AND RISK COMMITTEE MEETINGS:

Directors	19/04/04	11/05/04	10/11/04
W E Bührmann (Chairman) (Non-executive)	✓	✓	✓
L J Alberts (Executive)	✓	✓	✓
A R Martin (Independent non-executive)	✓	✓	✓
A A Raath (Independent non-executive)	✓	✓	✓
J G Swiegers (Executive)	✓	✓	✓
C I Tingle (Independent non-executive)	✓	✓	✓

HUMAN RESOURCES COMMITTEE MEETINGS:

Directors	23/06/04
W P Esterhuyse (Chairman) (Independent non-executive)	✓
W E Bührmann (Non-executive)	✓
E de la H Hertzog (Executive)	✓
W L van der Merwe (Independent non-executive)	x

Dealings in Securities

Procedures have been put in place to ensure that directors and senior management of the company do not trade in the company's shares during price sensitive or closed periods. Closed periods continue for two months prior to the expected publication date of the financial results of the company, alternatively from the expiration of the financial year or the first six month period of the financial year to the publication date of the financial results of the company, whichever is the longest.

Conflict of Interests

All board members are required to disclose their shareholding in the company, other directorships and any potential conflict of interests, which is monitored annually by the company secretary. Where a potential conflict of interests exists, directors are expected to recuse themselves from relevant discussions and decisions.

In terms of the company's conditions of employment personnel are obliged to disclose any potential conflict of interests.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

The directors are responsible for the company and its subsidiaries' system of internal control, which is designed to provide reasonable, but not absolute, assurance against material misrepresentation and loss. Internal control is broadly defined as a process, instituted by a company's board of directors, management and other personnel, to ensure the effectiveness of operations, sound financial controls and compliance with applicable laws and regulations.

The system contains self-monitoring mechanisms and actions are also taken to correct deficiencies where they are identified. One of the aims of an effective system of internal control is to provide reasonable assurance regarding the reliability of financial information and, in particular, the information presented in financial statements.

The internal audit of financial controls of the company has been outsourced. The effectiveness of operational issues is audited internally by the Medi-Clinic Quality Assurance Team (MQAT) under direction of the Director: Training and Development. The company secretary is responsible for the compliance with applicable laws and regulations. The assurance that the system of internal control is effective and that it is timeously adjusted to changing conditions is enhanced by the performance of these duties as well as the duties of the central risk management committee.

The Audit and Risk Committee has reviewed the internal control systems of the company and its subsidiaries for the financial year up to 31 March 2005. Based on inquiries and the reports of the internal auditors and MQAT, the directors are satisfied that the internal control measures for the period under review were effective.

Risk Management

Effective risk management is integral to the group's objective of continuously adding value to the business. The group follows an approach in terms whereof the probability and the potential impact of all known risks throughout the group are evaluated. Appropriate controls and action plans ensure that the fundamental risks are limited to acceptable levels. The board, which is ultimately responsible for risk management, pays continuous attention to fundamental risks and addresses these in annual business plans which are approved by the directors.

A central risk management committee comprising of members of management, representing all disciplines considered core to the business, who report to the Audit and Risk Committee, is responsible for drawing up policies and procedures on risk management as well as the financing of residual risks, including self-insurance. The board believes that the group's risk funding strategy and existing cover are appropriate and adequate.

The effectiveness of risk management is measured in terms of the reduction in the group's cost of risks.

Reported incidents are escalated to senior management level to ensure timeous corrective action. MQAT is tasked to ensure continuous training, adherence to quality protocols, accreditation criteria and ensuring compliance to key operational risk management procedures.

The group's ability to identify and timeously respond to new emerging risks is also ensured.

The risk management process, encompassing all aspects of the group, has been documented and the board has considered the effectiveness and efficiency thereof. Such considerations have been supplemented by independent compliance reports.

The Board considers the group's residual risk profile to be within the group's risk capacity.

Risk management practices are incorporated into daily activities through control mechanisms, risk awareness training and procedures.

The financing of catastrophic or residual risks that could not be managed cost-effectively is reviewed against risk profiles. Investment in control procedures and management has the strategic focus to enhance the group's risk retention capacity.

Most significant risks

The company has identified the following key risk activities as the most significant risks:

- the availability of trained personnel;
- medical-legal accountability;
- medical practitioner selection and support;

- technology;
- operational activities;
- fee structuring; and
- legislative requirements.

EXTERNAL AUDIT

The Audit and Risk Committee is responsible for appointing the external auditors. The external auditors, whose report appears on page 29, are responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute assurance on the accuracy of the financial disclosures. The non-audit services provided by the external auditors are limited to tax advice. The remuneration payable in respect of these services is disclosed in the financial statements.

The Audit and Risk Committee meet at least three times per year with the external auditors, internal auditors and executive management to ensure that their efforts pertaining to risk management and internal control are properly co-ordinated.

SUSTAINABILITY REPORTING

Medi-Clinic is committed to public reporting on our triple bottom line performance, including inter alia, our commitment to the development of our staff, employment equity, the health and safety of our staff, our social responsibilities and the protection of the environment.

For further information, please refer to the Sustainable Development Report from page 14 to 21.

ETHICS

Conducting business in an honest, fair and legal manner is a fundamental guiding principle in our business, which is actively endorsed by the board and management, ensuring that the highest ethical standard is maintained in all our dealings with stakeholders.

To this end the group has established an independent Ethics Line in 2002, which enables all staff and outside stakeholders to report any possible incidences of fraud, corruption or any other unethical behaviour on an anonymous basis.

INVESTOR RELATIONS & SHAREHOLDER COMMUNICATION

The board is committed to keeping shareholders informed of developments in the group's business. Communication with our shareholders is based on the principles of balanced reporting, clarity and transparency. Both positive and negative aspects of financial and non-financial information are provided.

For further information regarding the group's initiatives on shareholder communication, please refer to page 21.

HOSPITALS IN OPERATION

	Hospital Manager	Location	Approved Beds	Approved Theatres
WESTERN CAPE				
Cape Town Medi-Clinic	Mr K Seaman	Cape Town	150	5
Constantiaberg Medi-Clinic	Mr C K W Lake	Cape Town	238	8
Durbanville Medi-Clinic	Mr H Calitz	Durbanville	140	6
Geneva Clinic	Mr G T Schutte	George	60	4
George Medi-Clinic	Mr G T Schutte	George	160	4
Hermanus Medi-Clinic	Mr JP Lotz	Hermanus	45	2
Klein Karoo Medi-Clinic	Mrs A Nortjé	Oudtshoorn	38	2
Louis Leipoldt Medi-Clinic	Mr J Hofmeÿr	Bellville	237	7
Milnerton Medi-Clinic	Mrs C Defty	Milnerton	112	4
Paarl Medi-Clinic	Mr O A Dippenaar	Paarl	143	5
Panorama Medi-Clinic	Mr G M Harris	Parow	424	12
Plettenberg Bay Private Health Centre	Mr G T Schutte	Plettenberg Bay	25	-
Stellenbosch Medi-Clinic	Mrs C D van Zyl	Stellenbosch	90	4
Strand Private Hospital	Mr E G Fismer	Strand	24	2
Vergelegen Medi-Clinic	Mr E G Fismer	Somerset West	237	8
Worcester Medi-Clinic	Mr F C Bührmann	Worcester	207	5
GAUTENG				
Harmelia Private Hospital	Mr R A van Zyl	Germiston	56	2
Kloof Medi-Clinic	Mr B J Otto	Pretoria	169	10
Medforum Medi-Clinic	Mrs J le Roux	Pretoria	204	14
Medi-Clinic Gynaecological Hospital	Mrs A Ramlal	Pretoria	53	2
Medi-Clinic Heart Hospital	Dr B M Duminy	Pretoria	90	3
Morningside Medi-Clinic	Mr D Hadley	Sandton	230	9
Muelmed Medi-Clinic	Mrs R Swart	Pretoria	222	8
Sandton Medi-Clinic	Mr W Kruger	Sandton	379	10
Vereeniging Medi-Clinic	Vacant	Vereeniging	165	7
MPUMALANGA				
Barberton Medi-Clinic	Mr S J van der Walt	Barberton	30	1
Ermelo Medi-Clinic	Mr W Schoonbee	Ermelo	40	1
Highveld Medi-Clinic	Vacant	Trichardt	202	4
Nelspruit Medi-Clinic	Mr S J van der Walt	Nelspruit	260	7
Secunda Medi-Clinic	Mrs B Pruis	Secunda	43	3
KWAZULU-NATAL				
Howick Private Hospital	Mr M J R Vorster	Howick	26	2
Newcastle Private Hospital	Mr F G Meiring	Newcastle	90	3
Pietermaritzburg Medi-Clinic	Mr M J R Vorster	Pietermaritzburg	127	5
Victoria Hospital	Mr A I Docrat	Tongaat	120	4
FREE STATE				
Bloemfontein Medi-Clinic	Mr I J van der Vyver	Bloemfontein	377	10
Hoogland Medi-Clinic	Mr J C van der Walt	Bethlehem	107	3
Welkom Medi-Clinic	Mr F X van Niekerk	Welkom	191	8
NORTHERN CAPE				
Kimberley Medi-Clinic	Mrs R van der Merwe	Kimberley	234	8
Upington Medi-Clinic	Mrs J D van Niekerk	Upington	40	2
NORTHWEST PROVINCE				
Brits Medi-Clinic	Mrs R Janse van Rensburg	Brits	60	3
Potchefstroom Medi-Clinic	Mr J J Esterhuyse	Potchefstroom	114	4
LIMPOPO (NORTHERN) PROVINCE				
Limpopo Medi-Clinic	Mr L Lambrechts	Polokwane (Pietersburg)	186	6
Tzaneen Private Hospital	Mr M Jacobs	Tzaneen	64	2
NAMIBIA				
Cottage Medi-Clinic	Mr P J Sander	Swakopmund	72	2
Otjiwarongo Medi-Clinic	Mr G T Snyman	Otjiwarongo	20	1
Windhoek Medi-Clinic	Mr G T Snyman	Windhoek	120	4
			6 421	**226**

DIRECTOR'S RESPONSIBILITY STATEMENT

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation of the annual financial statements and related information in a manner that fairly presents the state of affairs of the company.

These annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate full and responsible disclosure in line with the accounting policies of the group which are supported by prudent judgements and estimates.

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structures and procedures.

These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

These systems and procedures are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the directors to indicate that any material interruption in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements have been prepared on a going concern basis and the directors believe that the company and the group will continue to be in operation in the foreseeable future.

The annual financial statements and group annual financial statements as set out on pages 31 to 56, have been approved by the board of directors and are signed on their behalf by:

E DE LA H HERTZOG
Chairman

LJ ALBERTS
Managing director

Stellenbosch
11 May 2005

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 268G(d) of the Companies Act 1973, as amended, I certify that the company has lodged with the Registrar all such returns as required by the Companies Act and that all such returns are true, correct and up to date.

GC HATTINGH
Secretary

Stellenbosch
11 May 2005

REPORT OF THE INDEPENDENT AUDITORS

to the members of Medi-Clinic Corporation Limited

We have audited the annual financial statements and group annual financial statements of Medi-Clinic Corporation Limited set out on page 31 to 56 for the year ended 31 March 2005.

These annual financial statements are the responsibility of the directors of the company.

Our responsibility is to express an opinion on these annual financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures included in the annual financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the company and the group at 31 March 2005, and the results of their operations, changes in equity and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS INC.
Registered Accountants and Auditors
Chartered Accountants (SA)

Stellenbosch
11 May 2005

ANNUAL FINANCIAL STATEMENTS 2005

to the shareholders for the year ended 31 March 2005

NATURE OF ACTIVITIES

The main business of your group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis.

GENERAL REVIEW OF ACTIVITIES

Your group currently operates forty six hospitals. Sixteen are located in the Western Cape, nine in Gauteng, five in Mpumalanga, four in Kwazulu-Natal, three in the Free State, two in the Northern Cape, two in the Northwest Province, two in the Limpopo (Northern) Province and three in Namibia.

The group has, with effect from 1 April 2004, acquired the Cottage Private Hospital in Swakopmund, Namibia.

The group also acquired the remaining 60% interest in Plettenberg Bay Private Health Centre on 1 April 2004.

A complete list of hospitals appear on page 27.

The financial results are fully disclosed in the income statement and discussed in the report to the shareholders. The group acquired the balance of the shareholding in ER24 from Afrox Healthcare effective from 1 April 2005.

SHARE CAPITAL

There was no change in the company's authorised share capital during the year under review.

During the year the group did not acquire any (2004: 564 000) of its ordinary shares through a wholly-owned subsidiary as treasury shares. 1 903 690 (2004: 1 560 100) of these shares were utilised in terms of the executive share option scheme.

DISTRIBUTION TO SHAREHOLDERS

The board of directors has declared a capital distribution of 12,9 cents per ordinary share, which will be paid out of share premium as well as a dividend of 18,8 cents per ordinary share resulting in an aggregate distribution of 31,7 cents per ordinary share.

This, together with the interim distribution of 13,3 cents per share, brings the total distribution for the year to 45,0 cents per share *(see table below)*.

MANAGEMENT

Remgro Finance & Services Limited is a service company which provides limited specialised management services on request to your group. Your group does not own any shares in this company.

HOLDING COMPANY, SUBSIDIARIES AND ASSOCIATES

Remgro Limited, through a wholly-owned subsidiary, presently holds 51% (2004 – 51%) of the issued ordinary shares. Details of subsidiaries and associates appear in the annexure on page 54.

DIRECTORS AND SECRETARY

The names of the directors and secretary of the company, as well as the latter's postal address, appears from page 7 to 9.

Dr P J A Mphafudi resigned as non-executive director with effect from 9 December 2004. Dr M A Ramphele has been appointed as non-executive director with effect from 17 March 2005.

In terms of the provisions of the Articles of Association of your company, Messrs L J Alberts, A R Martin, D P Meintjes, Drs E de la H Hertzog, M A Ramphele and Ms S Dakile-Hlongwane are to retire as directors. These directors are eligible and offer themselves for re-election.

Your board recommends that directors' fees for services rendered during the past financial year be fixed at R546 591 (2004 – R366 400).

DIRECTORS' INTERESTS

Details of the direct and indirect interest in the issued permanent capital structure of your company by directors are set out on page 55.

Indirect interests through listed public companies have not been taken into account. No material change in the interest of directors has taken place between the financial year-end and the date of this report except as indicated.

	2005 R'000	2004 R'000
Interim distribution of 13,3 cents (2004 - 11,9 cents)	**46 558**	41 658
Final distribution of 31,7 cents (2004 - 28,1 cents)	**110 971**	98 369
	157 529	140 027

BALANCE SHEETS

at 31 March 2005

COMPANY				GROUP	
2004 R'000	**2005 R'000**		Notes	**2005 R'000**	2004 R'000
		ASSETS			
1 038 026	**1 033 157**	Non-current assets		**2 203 879**	2 082 900
–	**–**	Property, plant and equipment	2	**1 935 843**	1 846 126
–	**–**	Intangible assets	3	**48 144**	47 874
1 034 412	**1 018 843**	Interests in subsidiaries	4	**–**	–
–	**–**	Investments in associates	5	**50 132**	53 372
–	**–**	Other investments and loans	6	**63 724**	49 259
3 614	**14 314**	Deferred taxation	7	**106 036**	86 269
1 594	**7 882**	Current assets		**1 510 170**	1 134 151
–	**–**	Inventories	8	**136 434**	137 846
–	**7 882**	Receivables and prepayments	9	**525 211**	545 237
1 594	**–**	Taxation		**–**	–
–	**–**	Cash and cash equivalents		**848 525**	451 068
1 039 620	**1 041 039**	Total assets		**3 714 049**	3 217 051
		EQUITY AND LIABILITIES			
		Capital and reserves			
35 007	**35 007**	Share capital		**35 007**	35 007
190 306	**45 379**	Share premium		**45 379**	190 306
–	**–**	Treasury shares		**(38 321)**	(53 093)
225 313	**80 386**	Capital	10	**42 065**	172 220
814 307	**952 771**	Reserves	11	**2 612 688**	2 073 612
1 039 620	**1 033 157**	Shareholders' funds		**2 654 753**	2 245 832
–	**–**	Minority interests	12	**230 592**	199 700
		Non-current liabilities			
–	**–**	Interest-bearing debt	13	**159 214**	167 803
–	**7 882**	Current liabilities		**669 490**	603 716
–	**–**	Trade and other payables	14	**369 732**	323 809
–	**–**	Current portion of interest-bearing debt	13	**80 362**	74 317
–	**–**	Provisions	15	**186 384**	158 898
–	**7 882**	Taxation		**33 012**	46 692
1 039 620	**1 041 039**	Total equity and liabilities		**3 714 049**	3 217 051

INCOME STATEMENTS

for the year ended 31 March 2005

COMPANY 2004 R'000	COMPANY 2005 R'000		Notes	GROUP 2005 R'000	GROUP 2004 R'000
–	–	Revenue		**4 039 907**	3 642 763
–	–	Cost of sales		**(2 236 117)**	(2 046 544)
–	–	Administration and other operating expenses	16	**(1 093 220)**	(977 264)
–	–	Operating profit		**710 570**	618 955
–	–	Income from associates	18	**24 776**	17 331
–	**85 602**	Dividends	19	**1 705**	–
–	**50 000**	Consideration for the termination of agreements	20	**50 000**	–
342	**73**	Net finance income	21	**27 601**	14 269
342	**135 675**	Net profit before taxation		**814 652**	650 555
(108)	**2 789**	Taxation	22	**(210 673)**	(174 008)
234	**138 464**	Net profit after taxation		**603 979**	476 547
–	–	Minority interests		**64 903**	37 507
234	**138 464**	Attributable earnings		**539 076**	439 040
		Earnings per ordinary share – cents			
		Undiluted	23	**157.5**	128.8
		Diluted	23	**155.5**	127.0
		Headline earnings per ordinary share – cents			
		Undiluted	23	**145.7**	129.5
		Diluted	23	**143.9**	127.7

STATEMENTS OF CHANGES IN OWNERS' EQUITY

for the year ended 31 March 2005

COMPANY 2004 R'000	COMPANY 2005 R'000		Notes	GROUP 2005 R'000	GROUP 2004 R'000
		Share capital			
35 007	**35 007**	Opening balance	10	**35 007**	35 007
190 306	**45 379**	Share premium	10	**45 379**	190 306
313 529	**190 306**	Opening balance		**190 306**	313 529
(123 223)	**(144 927)**	Distribution paid to shareholders		**(144 927)**	(123 223)
–	**–**	Treasury shares	10	**(38 321)**	(53 093)
–	**–**	Opening balance		**(53 093)**	(62 033)
–	**–**	Shares acquired by subsidiary		**–**	(4 468)
–	**–**	Distribution received		**3 333**	3 382
–	**–**	Utilised for share option scheme		**11 439**	10 026
814 307	**952 771**	Retained earnings	11	**2 612 688**	2 073 612
810 459	**814 307**	Opening balance		**2 073 612**	1 630 773
3 614	**–**	Change in accounting policy	32	**–**	3 799
234	**138 464**	Net income for the year		**539 076**	439 040
1 039 620	**1 033 157**	Equity at the end of the year		**2 654 753**	2 245 832

CASH FLOW STATEMENTS

for the year ended 31 March 2005

COMPANY Inflow/(outflow) 2004 R'000	2005 R'000		Notes	GROUP Inflow/(outflow) 2005 R'000	2004 R'000
		CASH FLOW FROM OPERATING ACTIVITIES			
–	–	Cash received from customers		**4 090 320**	3 631 338
–	–	Cash paid to suppliers and employees		**(3 169 493)**	(2 812 435)
–	–	Cash generated from operating activities	24.1	**920 827**	818 903
–	**85 602**	Dividends received	19	**1 705**	–
–	**50 000**	Consideration for the termination of agreements	20	**50 000**	–
342	**73**	Net finance income	21	**27 601**	14 269
3 479	**1 565**	Taxation paid	24.2	**(242 675)**	(196 543)
–	–	Cash distributions to minorities	12	**(33 786)**	(31 986)
3 821	**137 240**	Cash available from operating activities		**723 672**	604 643
(123 223)	**(144 927)**	Distributions to shareholders	24.3	**(141 594)**	(119 841)
(119 402)	**(7 687)**	**NET CASH FLOW FROM OPERATIONS**		**582 078**	484 802
119 402	**7 687**	**CASH FLOW FROM INVESTMENT ACTIVITIES**		**(176 408)**	(324 943)
119 402	**7 687**	Investment to maintain operations	24.4	**(91 232)**	(85 646)
–	–	Investment to expand operations	24.5	**(87 088)**	(240 867)
–	–	Proceeds on sale of property, plant and equipment	24.6	**1 912**	1 570
–	–			**405 670**	159 859
–	–	**CASH FLOW FROM FINANCING ACTIVITIES**		**(8 213)**	64 079
–	–	Increase in interest-bearing debt		**(19 652)**	58 521
–	–	Treasury shares sold		**11 439**	5 558
–	–	Net movement in cash and cash equivalents		**397 457**	223 938
–	–	Opening balance of cash and cash equivalents		**451 068**	227 130
–	–	Closing balance of cash and cash equivalents		**848 525**	451 068

1. ACCOUNTING POLICY

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with South African Statements of Generally Accepted Accounting Practice, the requirements of the South African Companies Act and the Listing Requirements of the JSE Securities Exchange South Africa and incorporate the following principal accounting policies which, with the exception of the implementation of the South African Statement of Generally Accepted Accounting Practice, AC 501: Secondary Tax on Companies (STC) and AC140: Business Combinations (see note 32), have been consistently applied with those of the previous year:

Consolidation and equity accounting

All companies defined as subsidiary companies in terms of the Companies Act are included in the group annual financial statements. The results of subsidiaries acquired during the year are included from the date effective control was acquired. Where necessary, in terms of the fair value assessment of the underlying net assets being acquired, appropriate provisions are established as at the date of acquisition.

Hospital operations that operate as partnerships or trusts, but controlled by the group, are fully consolidated in the income statement and balance sheet. The interests of the other parties in the partnerships or other beneficiaries in the trusts are shown as minority interests.

All intercompany transactions and balances on transactions between subsidiaries are eliminated.

Companies and other entities in which the group has a long-term interest and over which the group has the ability to exercise significant influence, are treated as associates on the equity method. According to the equity method, the share of post-acquisition reserves and retained income is included in the carrying value.

Property, plant and equipment

All property, plant and equipment are recorded at their historical cost. Depreciation on property, plant and equipment is provided for on the straight-line basis over the expected useful lifetime of the assets taking into consideration their estimated residual value. The following rates of depreciation apply in general:

- Buildings: 2% per annum
- Equipment: 20% per annum
- Furniture and vehicles: 15 - 20% per annum

Due to the system of licensing of private hospitals and the fact that licenses are linked to a specific site, it is fundamentally important that the earnings potential of a hospital building is placed on a permanent basis. The group therefore follows a structured maintenance program with regards to hospital buildings with the specific goal to prolong the useful lifetime of these buildings. For this reason it is estimated that the residual value of these buildings materially exceeds the book value.

All repair and maintenance costs are expensed in the year in which they are incurred (see note 16).

Leased assets

Leases of property, plant and equipment, where the company assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement if shorter and transfer of ownership at the end of the lease period is uncertain.

Trade names

Trade names are capitalised at the cost to the group and amortised on the straight-line basis over its estimated useful lifetime. In general trade names are written off at a rate of 5% per annum. No value is placed on internally developed trade names.

Expenditure to maintain trade names is accounted for against income as incurred.

Goodwill

Goodwill represents the excess of the cost of the investment over the fair value of the net assets acquired. Goodwill obtained after 1 April 2000 is capitalised as an intangible asset.

AC140: Business Combinations was implemented on 1 April 2004. According to this statement, goodwill arising from business combinations with agreement dates on or after 31 March 2004, are not amortised, but carried at cost less accumulated impairment losses.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses which are based on value-in-use calculations. Goodwill is allocated to cash generating units (CGUs) for the purposes of impairment testing. Each of those CGUs represents the groups investment in a hospital.

Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, investments, receivables and prepayments, trade and other payables, provisions and borrowings.

Financial instruments are initially recognised when the group becomes party to the contractual terms of the instruments and are measured at cost, including transaction costs, which is the fair value of the consideration given (financial asset) or received (financial liability). Subsequent to initial recognition, these instruments are measured as set out in the applicable accounting policies.

Financial assets (or a portion thereof) are de-recognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset.

On de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustments to reflect fair value that had been recognised in equity are included in the income statement.

Financial instruments (continued)

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs and amounts paid for it, are included in the income statement.

The fair value of financial instruments traded in an organised financial market are measured at the applicable quoted prices. The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at balance sheet date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

The carrying amounts of financial assets and liabilities with maturity of less than one year are assumed to approximate their fair value.

Where a legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

Investments

Investments in equity and debt instruments, other than in associates, are classified into the following categories, i.e. originated by the group, held-to-maturity and available-for-sale.

Investments originated by the group

These investments, which primarily consists of loans, are originated by the group by providing money, goods or services directly to a debtor, and are included within non-current assets and are carried at amortised cost using the effective interest rate method.

Investments held-to-maturity

Investments with fixed maturity that the group has the intent and ability to hold to maturity are classified as investments held-to-maturity and are included within non-current assets. These investments are carried at amortised cost using the effective interest rate method.

Investments available-for-sale

Other long-term investments are classified as available-for-sale and are included within non-current assets. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in non-distributable reserves in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in income.

Deferred taxation

Deferred taxation is provided at current rates, using the liability method, for all temporary differences arising between the taxation bases of assets and liabilities and their carrying values for financial reporting purposes. Assets are not raised in respect of deferred taxation on assessed losses, unless it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future.

Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out basis, or net realisable value.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand. Bank overdrafts are disclosed as part of the current portion of interest-bearing debt.

Treasury shares

Shares in the Company held by wholly-owned group companies are classified as treasury shares and are held at cost. These shares are treated as a deduction from issued and weighted average number of shares and the cost price of the shares is deducted from the group's equity.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation arising from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Revenue recognition

Revenue comprises hospital fees levied, net of value added taxes (VAT) and discounts and is recognised when the significant risks and rewards of ownership have been transferred or services have been rendered.

Other revenues earned are recognised on the following bases:

- Interest income: as it accrues, unless collectability is in doubt.
- Dividend income: when the shareholders' right to receive payment is established.

Cost of sales

Cost of sales consist of the cost of inventories which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services.

Retirement benefit costs

The group provides for retirement fund benefits to employees. Contributions of the group to defined contribution benefit funds are accounted for against income when the employees render the related services.

Post-retirement medical benefits

The group provides for actuarially determined post-retirement medical contributions in relation to current and retired employees. The expected costs of these benefits are accounted for by using the projected unit credit method. Under this method, the expected costs of these benefits are accumulated over the service lives of the employees. Valuation of these obligations is carried out by independent qualified actuaries.

All actuarial gains and losses are spread forward over the average remaining service lives of employees.

Comparative figures

Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year. Refer to note 26.

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		2. PROPERTY, PLANT AND EQUIPMENT		
		Land – cost	**94 296**	89 621
		Buildings	**1 271 315**	1 188 828
		Cost	**1 287 482**	1 201 716
		Accumulated depreciation	**(16 167)**	(12 888)
		Land and buildings	**1 365 611**	1 278 449
		Equipment	**341 773**	316 690
		Cost	**1 004 346**	891 761
		Accumulated depreciation	**(662 573)**	(575 071)
		Furniture and vehicles	**74 046**	67 990
		Cost	**210 470**	182 703
		Accumulated depreciation	**(136 424)**	(114 713)
		Subtotal	**1 781 430**	1 663 129
		Capital expenditure in progress	**154 413**	182 997
			1 935 843	1 846 126

Property, plant and equipment with a book value of R224 934 000 (2004 : R236 103 000) are encumbered as security for interest-bearing debt (see note 13).

The register containing details of land and buildings is available for inspection by members or their proxies at the registered office of the company. The directors are of the opinion that the market value of land and buildings materially exceeds their book value.

	GROUP 2005 R'000	GROUP 2004 R'000
Summary of movement for the year:		
Net opening book value	**1 663 129**	1 483 640
Capital expenditure	**206 022**	246 475
Hospital activities purchased	**23 410**	35 088
Disposal of equipment	**(1 245)**	(1 056)
Depreciation per income statement	**(109 886)**	(101 018)
Net closing book value	**1 781 430**	1 663 129
Capital expenditure as shown above	**206 022**	246 475
(Decrease)/increase in capital expenditure in progress	**(28 584)**	56 040
Total additions	**177 438**	302 515
To maintain operations	**111 764**	105 442
To expand operations	**65 674**	197 073

2. PROPERTY, PLANT AND EQUIPMENT (continued)

	GROUP		
Detail of movement per category for 2005:	**Land and buildings R'000**	**Equipment R'000**	**Furniture and vehicles R'000**
Net opening book value	1 278 449	316 690	67 990
Capital expenditure	67 583	108 667	29 772
Hospital activities purchased	22 182	979	249
Disposals	–	(986)	(259)
Depreciation per income statement	(2 603)	(83 577)	(23 706)
Net closing book value	1 365 611	341 773	74 046

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		3. INTANGIBLE ASSETS		
		Trade names	**4 252**	4 882
		Cost	**15 100**	15 100
		Accumulated amortisation	**(10 848)**	(10 218)
		Goodwill	**43 892**	42 992
		Cost	**46 805**	49 453
		Accumulated amortisation	**–**	(6 461)
		Accumulated impairment losses	**(2 913)**	–
			48 144	47 874

Trade names with a cost price of R2 500 000 (2004: R2 500 000) have been fully written off.

Detail of movement per category for 2005:	**Trade names R'000**	**Goodwill R'000**
Net opening book value	4 882	42 992
Acquired during the year	–	3 813
Amount written off / impaired per income statement	(630)	(2 913)
Net closing book value	4 252	43 892

COMPANY			GROUP	
2004 R'000	**2005 R'000**		**2005 R'000**	2004 R'000
		4. INTERESTS IN SUBSIDIARIES		
		Unlisted		
825	**825**	Shares at cost less amounts written off		
1 033 587	**1 018 018**	Due by subsidiaries.		
1 034 412	**1 018 843**			
		Details appear on page 54.		
		5. INVESTMENTS IN ASSOCIATES		
		Unlisted		
		Cost	**10 943**	14 943
		Opening balance	**14 943**	11 643
		Increasing interest in associate to subsidiary level	**(4 000)**	–
		Acquired during the year	**–**	3 300
		Share of accumulated losses since acquisition	**(3 300)**	(4 405)
		Opening balance	**(4 405)**	–
		Share of current year losses	**(32)**	(4 405)
		Increasing interest in associate to subsidiary level	**1 137**	–
		Carrying value of investments in associates' equity	**7 643**	10 538
		Amounts owing	**42 489**	42 834
			50 132	53 372
		Directors' valuation	**89 609**	95 584
		The aggregate balance sheets of associates are summarised as follows:		
		Non-current assets	**93 460**	95 260
		Current assets	**23 736**	42 627
		Total assets	**117 196**	137 887
		Non-current liabilities	**–**	(17 926)
		Current liabilities	**(11 663)**	(17 092)
		Shareholders' funds	**105 533**	102 869
		Outside interests	**(63 044)**	(57 140)
		Group's share in net assets of associates	**42 489**	45 729
		Cost of investment	**7 643**	7 643
			50 132	53 372
		Details appear on page 54.		
		6. OTHER INVESTMENTS AND LOANS		
		Unlisted		
		Originated loans	**52 015**	49 009
		Shares		
		Available-for-sale	**11 709**	250
			63 724	49 259
		Directors' valuation	**63 724**	49 259

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		7. DEFERRED TAXATION		
		Deferred taxation is calculated on all temporary differences according to the liability method using a principal tax rate of 30% (2004: 30%).		
		The movement on the deferred taxation account is as follows:		
–	**3 614**	Opening balance	**86 269**	66 001
3 614	**–**	Change in accounting policy	**–**	3 977
–	**10 700**	Income statement charge for the year	**18 404**	15 722
		Acquired during the year	**1 363**	569
3 614	**14 314**	Balance at the end of the year	**106 036**	86 269
		The balance consists of:		
		Accelerated wear and tear for tax purposes on property, plant and equipment	**(3 909)**	(3 192)
3 614	**14 314**	STC credits	**14 677**	3 977
		Provisions and other temporary differences	**95 268**	85 484
3 614	**14 314**		**106 036**	86 269
3 614	**14 314**	Deferred taxation assets	**109 945**	89 461
		Deferred taxation liabilities	**(3 909)**	(3 192)
3 614	**14 314**		**106 036**	86 269
		8. INVENTORIES		
		Inventories consist of:		
		Pharmaceutical products	**125 732**	128 564
		Consumables	**5 999**	4 971
		Finished goods and work in progress	**4 703**	4 311
			136 434	137 846
		No inventories are valued at net realisable value.		
		9. RECEIVABLES AND PREPAYMENTS		
		Trade receivables	**457 919**	505 383
		Other receivables and prepayments	**67 292**	39 854
			525 211	545 237

Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables, based on a review of all outstanding amounts at year-end.

Trade receivables to the value of R54 988 000 have been ceded as security for a banking facility.

COMPANY			GROUP	
2004 R'000	**2005 R'000**		**2005 R'000**	2004 R'000
		10. CAPITAL		
		Capital consists of ordinary shares and share premium.		
		Share capital		
		Authorised:		
45 000	**45 000**	450 000 000 ordinary shares of 10 cents each (2004 : 450 000 000)	**45 000**	45 000
		Issued:		
35 007	**35 007**	350 065 992 ordinary shares of 10 cents each (2004 : 350 065 992) The unissued shares are under the control of the directors until the next annual general meeting. The directors are authorised, in the form of a general authorisation until the next annual general meeting, to buy back issued share capital of the company.	**35 007**	35 007
190 306	**45 379**	**Share premium**	**45 379**	190 306
313 529	**190 306**	Opening balance	**190 306**	313 529
(123 223)	**(144 927)**	Distributed to shareholders	**(144 927)**	(123 223)
		Treasury shares		
		6 447 510 (2004 : 8 351 200) ordinary shares of 10 cents each	**(38 321)**	(53 093)
		Opening balance	**(53 093)**	(62 033)
		Shares acquired by subsidiary	**–**	(4 468)
		Distribution received	**3 333**	3 382
		Utilised for share option scheme	**11 439**	10 026
		During the year the company did not acquire any (2004: 564 000) of its own shares. These transactions are in accordance with the company's memorandum of association and complied with all aspects of the South African Companies Act and the requirements of the JSE Securities Exchange South Africa. 1 903 690 (2004: 1 560 100) of the treasury shares were utilised in terms of the executive share option scheme.		
225 313	**80 386**		**42 065**	172 220

Share options

In terms of the executive share option scheme, 34 472 230 ordinary shares are kept in reserve. To date, 19 942 200 share options have been granted and 10 497 090 (2004 : 8 593 400) exercised.

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005	GROUP 2004
		10. CAPITAL (continued)		
		Share options (continued)		
		The directors of the company may from time to time grant options to any fulltime employee, including an executive director, at a price which shall be the greater of the par value of an ordinary share or the middle market price on the JSE Securities Exchange South Africa on the trading day immediately preceding that on which an option to subscribe for such shares is granted.		
		The maximum number of shares in respect of which any option or options may be granted to any employee may not exceed 200 000 shares. Employees may exercise the options over a period of 8 years from the date on which it was granted.		
		Movement in the number of share options outstanding are:	**Number**	Number
		Outstanding at the beginning of the year	**10 276 800**	10 032 000
		Options granted	**1 660 000**	2 410 000
		Options forfeited	**(588 000)**	(605 100)
		Options exercised – treasury shares issued	**(1 903 690)**	(1 560 100)
		Outstanding at the end of the year	**9 445 110**	10 276 800
		11. RESERVES	**R'000**	R'000
		Distributable reserve		
814 307	**952 771**	Company	**952 771**	814 307
		Subsidiaries	**1 663 217**	1 263 710
		Associates	**(3 300)**	(4 405)
814 307	**952 771**		**2 612 688**	2 073 612
		12. MINORITY INTERESTS		
		Opening balance	**199 700**	172 010
		Change in accounting policy	**–**	178
		Net income attributable to minorities	**64 903**	37 507
		Distributions to minorities	**(33 786)**	(31 986)
		Minority interests acquired by the group	**(1 550)**	(249)
		Capital invested by minorities	**1 325**	6 554
		Interests in hospital activities acquired by the group	**–**	15 686
		Minority interests in hospital activities	**230 592**	199 700

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		13. INTEREST-BEARING DEBT		
		Secured long-term bank loans	**53 643**	61 432
		Long-term portion	**44 872**	53 641
		Short-term portion	**8 771**	7 791
		These loans bear interest at an average fixed rate of 14,7% per annum and are repayable in five years. Property, plant and equipment with a book value of R68 075 000 (2004 : R69 343 000) are encumbered as security for these loans.		
		Secured long-term bank loans	**57 857**	62 064
		Long-term portion	**51 632**	57 857
		Short-term portion	**6 225**	4 207
		These loans bear interest at an average fixed rate of 14,4% per annum and are repayable in five years. Property, plant and equipment with a book value of R85 973 000 (2004: R85 973 000) are encumbered as security for these loans.		
		Secured long-term bank loans	**75 238**	67 708
		Long-term portion	**62 710**	56 305
		Short-term portion	**12 528**	11 403
		These loans bear interest at variable rates linked to prime overdraft rate and are repayable in periods ranging between 1 and 6 years. Property, plant and equipment with a book value of R70 886 000 (2004: R80 787 000) are encumbered as security for these loans.		
		Bank overdrafts	**52 838**	50 916
			239 576	242 120
		Short-term portion transferred to current liabilities	**80 362**	74 317
			159 214	167 803
		14. TRADE AND OTHER PAYABLES		
		Trade payables	**264 118**	246 692
		Other payables	**105 614**	77 117
			369 732	323 809
		15. PROVISIONS		
		Provision for post-retirement medical benefits	**72 870**	57 820
		Provision for bonusses	**70 268**	59 454
		Provision for leave pay	**43 246**	41 624
			186 384	158 898
		Movement in provisions:		
		Additional provisions	**110 131**	93 654
		Amounts utilised	**(82 645)**	(65 580)
		Provisions acquired	**–**	692
		Movement for the year	**27 486**	28 766
		Opening balance	**158 898**	130 132
			186 384	158 898

COMPANY			GROUP	
2004 R'000	**2005 R'000**		**2005 R'000**	2004 R'000
		16. ADMINISTRATION AND OTHER OPERATING EXPENSES		
		Administration and other operating expenses include the following items:		
		Income:		
		Profit on sale of property, plant and equipment	**667**	514
		Expenses:		
		Amortisation of goodwill	**–**	2 969
		Auditors' remuneration – external audit	**1 950**	2 067
		– internal audit	**–**	720
		– other services	**135**	155
		Depreciation – buildings	**2 603**	1 965
		– equipment	**83 577**	77 357
		– furniture and vehicles	**23 706**	21 696
		Impairment of goodwill	**2 913**	–
		Maintenance costs	**115 341**	98 559
		Managerial and administration fees	**2 700**	2 450
		Operating leases – buildings	**26 354**	20 099
		– equipment	**14 678**	13 068
		Post-retirement medical benefits (note 27)	**15 050**	9 760
		Retirement benefit costs	**53 869**	48 313
		Trade names written-off	**630**	630
		17. DIRECTORS' REMUNERATION		
		Executive		
		E de la H Hertzog *	**2 286**	2 000
		L J Alberts	**1 973**	1 710
		J du T Marais	**1 505**	1 356
		D P Meintjes	**1 561**	1 405
		J G Swiegers	**1 962**	1 600
		Total	**9 287**	8 071
		Non-executive fees	**547**	366
		W E Bührmann	**108**	67
		W P Esterhuyse	**57**	41
		S Dakile-Hlongwane	**52**	31
		A R Martin	**88**	57
		P J A Mphafudi	**–**	20
		A A Raath	**84**	60
		C I Tingle	**95**	52
		W L van der Merwe	**63**	38
			9 834	8 437
		Paid by:		
		Subsidiaries	**7 548**	6 437
		Management company *	**2 286**	2 000
			9 834	8 437

17. DIRECTORS' REMUNERATION (continued)

GROUP

Detail for 2005:	Salaries, fees and bonus	Retirement fund	Other benefits (**)	Share options
Executive				
E de la H Hertzog *	1 819	321	146	–
L J Alberts	1 800	148	25	–
J du T Marais	1 365	114	26	–
D P Meintjes	1 323	113	125	–
J G Swiegers	1 236	118	230	378
	7 543	814	552	378

* M & I Group Services (Proprietary) Limited (M & I) paid the emoluments of Dr E de la H Hertzog relating to his services rendered to the group. He also earned a further R1 143 000 (2004: R1 000 000) from M & I relating to other duties. Also refer to note 29.

** Other benefits include medical aid and vehicle benefits.

None of the current executive directors have a fixed term contract.

Share option scheme

No shares were offered to directors in the financial year ending 31 March 2005.

The number of outstanding share options are:	Offer price	2005 Number	2004 Number
J G Swiegers	R2.80	80 000	120 000
		80 000	120 000

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		18. INCOME FROM ASSOCIATES		
		Unlisted associates		
		Share of income before taxation	24 776	17 331
		Profit share for the year	24 808	22 223
		Equity accounted loss for the year	(32)	(4 892)
		Share of taxation	(7 442)	(5 199)
		Provided by the group	(7 442)	(5 686)
		Provided by the associate	–	487
			17 334	12 132
		19. DIVIDENDS		
		Unlisted subsidiaries		
–	85 602	Dividends received		
		Other unlisted investments		
		Dividends received	1 705	–
–	85 602		1 705	–

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		20. CONSIDERATION FOR THE TERMINATION OF AGREEMENTS		
–	**50 000**	Gross	**50 000**	–
–	**(7 500)**	Taxation (CGT)	**(7 500)**	–
–	**42 500**		**42 500**	–
		21. NET FINANCE INCOME		
342	**73**	Interest received	**57 051**	45 618
		Interest paid	**(29 450)**	(28 465)
		Foreign exchange loss	**–**	(2 884)
342	**73**		**27 601**	14 269
		22. TAXATION		
		Taxation on income excluding income from associates	**(203 231)**	(168 809)
		Taxation on income from associates		
		Provided by the group	**(7 442)**	(5 686)
		Provided by the associate	**–**	487
		Taxation per income statement	**(210 673)**	(174 008)
(108)	**(7 911)**	RSA taxation	**(214 459)**	(181 490)
		Foreign taxation (Namibia)	**(14 618)**	(8 727)
		Deferred taxation		
		Provided by the group	**18 404**	15 722
		Normal taxation	**7 704**	15 722
–	**10 700**	STC Credits	**10 700**	–
		Provided by an associate	**–**	487
(108)	**2 789**		**(210 673)**	(174 008)
		Reconciliation of rate of taxation:		
		Standard rate for companies (RSA)	**30.0 %**	30.0 %
		Adjusted for:		
		Capital gains taxation	**1.2 %**	–
		Non-taxable income	**(3.6)%**	(2.3)%
		Non-deductible expenses	**0.2 %**	0.3 %
		Outside partners share of profit before taxation	**(1.3)%**	(1.5)%
		Rate differences	**0.2 %**	0.2 %
		STC credits	**(0.8)%**	–
		Effective tax rate	**25.9 %**	26.7 %

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		23. EARNINGS PER ORDINARY SHARE		
		Headline earnings reconciliation		
		Attributable earnings	**539 076**	439 040
		Amortisation of goodwill	**–**	2 969
		After tax consideration for the termination of agreements	**(42 500)**	–
		Impairment of goodwill	**2 913**	–
		Profit on sale of property, plant and equipment	**(667)**	(514)
			498 822	441 495
		Number of shares reconciliation		
		Weighted number of issued ordinary shares	**342 367 809**	340 839 794
		Adjustment for share options	**4 381 482**	4 911 579
		Diluted weighted number of issued ordinary shares	**346 749 291**	345 751 373
		Earnings per ordinary share (cents)		
		Undiluted	**157.5**	128.8
		Diluted	**155.5**	127.0
		Headline earnings per ordinary share (cents)		
		Undiluted	**145.7**	129.5
		Diluted	**143.9**	127.7
		24. CASH FLOW INFORMATION		
		24.1 Reconciliation of net income before taxation to cash generated from operations		
		Operating income before interest and taxation	**710 570**	618 955
		Non-cash items		
		Trade names written-off	**630**	630
		Amortisation of goodwill	**–**	2 969
		Depreciation	**109 886**	101 018
		Impairment of goodwill	**2 913**	–
		Movement in provisions	**27 486**	28 074
		Profit on sale of property, plant and equipment	**(667)**	(514)
		Operating income before changes in working capital	**850 818**	751 132
		Working capital changes	**70 009**	67 771
		Decrease in inventories	**3 504**	4 164
		Decrease/(increase) in receivables and prepayments	**22 975**	(11 425)
		Increase in trade and other payables	**43 530**	75 032
			920 827	818 903
		24.2 Taxation paid		
5 181	**1 594**	Prepaid/(liability) at the beginning of the year	**(46 692)**	(52 058)
		Hospital activities purchased	**82**	(960)
(108)	**(7 911)**	Provision for the year	**(229 077)**	(190 217)
5 073	**(6 317)**		**(275 687)**	(243 235)
(1 594)	**7 882**	Liability/(prepaid) at the end of the year	**33 012**	46 692
3 479	**1 565**		**(242 675)**	(196 543)

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		24. CASH FLOW INFORMATION (continued)		
		24.3 Distributions paid to shareholders		
(123 223)	**(144 927)**	Declared and paid during the year	**(144 927)**	(123 223)
		Received on treasury shares held	**3 333**	3 382
(123 223)	**(144 927)**		**(141 594)**	(119 841)
		24.4 Investment to maintain operations		
		Property, plant and equipment purchased	**(111 764)**	(105 442)
119 402	**7 687**	Loans from subsidiaries	**–**	–
		Distributions from associates	**15 003**	19 845
		Loans from associates	**8 133**	–
		Other investments and loans	**(2 604)**	(49)
119 402	**7 687**		**(91 232)**	(85 646)
		24.5 Investment to expand operations		
		Property, plant and equipment purchased	**(65 674)**	(197 073)
		Investment in associate	**–**	(3 300)
		Loans to associates	**–**	(8 804)
		Hospital activities purchased	**(22 739)**	(37 995)
		Capital contributed by minorities	**1 325**	6 554
		Acquisition of other members' interests in hospital activities	**–**	(249)
			(87 088)	(240 867)
		24.6 Proceeds on sale of property, plant and equipment		
		Book value of property, plant and equipment sold	**1 245**	1 056
		Profit per income statement	**667**	514
			1 912	1 570
		24.7 Hospital activities purchased		
		On 1 April 2004, the Group acquired 100% of the issued share capital of the Cottage Private Hospital in Swakopmund and the remaining 60% interest in the Plettenberg Bay Private Health Centre. These acquisitions contributed R26.3m in revenue and R2.7m in net profit after taxation for the year.		
		The assets and liabilities arising from the acquisitions are as follows:		
		Property, plant and equipment	**(23 410)**	(35 088)
		Investment in associates	**4 880**	–
		Other investments in shares	**(11 861)**	–
		Deferred taxation	**(1 363)**	(569)
		Inventories	**(2 092)**	(2 548)
		Receivables and prepayments	**(2 949)**	(9 669)
		Interest-bearing debt	**17 108**	4 898
		Trade and other payables	**2 393**	3 152
		Provisions	**–**	692
		Taxation	**(82)**	960
		Minority interest of existing shareholders	**(1 550)**	15 686
		Value of interests acquired	**(18 926)**	(22 486)
		Goodwill	**(3 813)**	(15 509)
		Cash investment	**(22 739)**	(37 995)

COMPANY			GROUP	
2004 R'000	**2005 R'000**		**2005 R'000**	2004 R'000

25. CAPITAL COMMITMENTS

Incomplete capital expenditure contracts	**373 435**	51 426
Capital expenses authorised by the board of directors but not yet contracted	**152 363**	347 915
	525 798	399 341

These commitments will be financed from group and borrowed funds.

26. PERSONNEL EXPENSES

Paid by subsidiaries	**1 451 788**	1 264 657

On 31 March 2005 the number of equivalent fulltime employees are 11 635 (2004: 11 320).

The comparative figure has been adjusted to conform with changes in presentation in the current year.

27. POST-RETIREMENT MEDICAL BENEFITS

The group accounts for actuarially determined future medical benefits and provide for the expected liability in the balance sheet. During the last valuation on 31 March 2005 a 6,5% (2004: 7,5%) medical inflation cost and a 8,5% (2004: 9,5%) interest rate were assumed. The average retirement age was set at 63 years.

Amounts recognised in the balance sheet are as follows:

Opening balance	**57 820**	48 060
Amounts recognised in the income statement.	**15 050**	9 760
Current service cost	**10 330**	6 030
Interest cost	**5 960**	4 430
Contributions	**(1 240)**	(700)
Closing balance	**72 870**	57 820
Present value of unfunded obligations	**72 870**	54 620
Unrecognised actuarial gains	**–**	3 200
	72 870	57 820

28. RETIREMENT BENEFITS

The group provides retirement benefits to its permanent employees as determined by the rules of the retirement funds by contributing monthly to the funds.

The group has a number of defined contribution funds which are controlled by the Pension Funds Act and administered by financial institutions.

On 31 March 2005, 89,0% of all personnel were members of one of the above-mentioned funds.

COMPANY 2004 R'000	COMPANY 2005 R'000		GROUP 2005 R'000	GROUP 2004 R'000
		29. RELATED PARTY TRANSACTIONS		
		Market related transactions with related parties are as follows:		
		Remgro Finance & Services Limited (subsidiary of holding company)		
		Managerial and administration fees	**2 700**	2 450
		Remgro Finance Corporation Limited (subsidiary of holding company)		
		Interest received	**33 865**	15 384
		Balance owing by	**4 545**	1 567
		Shareholders and directors		
		Information regarding the major shareholder and directors remuneration appears in the directors' report and note 17.		
		30. SEGMENT REPORTING		
		The group operates in the private hospital industry and is not significantly involved in other industries. The group also has no significant operations outside Southern Africa and therefore no segment reports are produced.		
		31. OPERATING LEASES		
		The group has entered into various operating lease agreements on premises and equipment. At 31 March 2005 future non-cancellable minimum lease rentals are payable during the following financial years:		
		Within 1 year	**25 720**	21 429
		1 to 5 years	**84 768**	57 917
		Over 5 years	**40**	–
			110 528	79 346
		32. CHANGES IN ACCOUNTING POLICIES		
		The group changed its accounting policy on 1 April 2004 to comply with the new South African Statement of Generally Accepted Accounting Practice (GAAP) dealing with Secondary Tax on Companies (STC) (AC 501). The change in the accounting policy had the following results:		
3 614	**3 614**	Increase in deferred taxation	**3 977**	3 977
		Increase in minority interests	**(178)**	(178)
3 614	**3 614**	Increase in retained earnings at the beginning of the year	**3 799**	3 799
		The group also implemented AC140 (Business Combinations) from 1 April 2004.		

COMPANY			GROUP	
2004 R'000	**2005 R'000**		**2005 R'000**	2004 R'000

33. FINANCIAL INSTRUMENTS

Foreign currency management

The group has an insignificant exposure regarding foreign currency, but a prudent approach towards foreign cover is followed if applicable.

Currently there is no exposure and consequently no forward cover contracts.

Credit risk management

Financial assets which potentially subject the group to concentrations of credit risk consist principally of cash, short-term deposits and receivables and prepayments. The group's cash equivalents and short-term deposits are placed with quality financial institutions with a high credit rating. Receivables and prepayments are represented net of the allowance for doubtful receivables. Credit risk with respect to receivables and prepayments is limited due to the large number of customers comprising the group's customer base, which consists mainly of medical aid funders. The financial condition of these clients in relation to their credit standing is evaluated on an ongoing basis. After the provision for doubtful receivables has been brought into account, the group does not have any significant exposure to any individual customer or counter party.

The carrying amounts of financial assets included in the balance sheet represents the group's exposure to credit risk in relation to these assets. At 31 March 2005 the group did not consider there to be a significant concentration of credit risk which had not been adequately provided for.

Liquidity risk management

The group manages liquidity risk by monitoring forecast cash flows. The borrowing powers of the group can only be limited by the company's holding company. No such limitation currently exists.

		Shareholders' funds and minority interests	**2 885 345**	2 441 555
		Interest-bearing debt	**239 576**	242 120
		% interest-bearing debt to shareholders' funds	**8 %**	10 %
		The group's banking facilities are	**641 500**	641 500

Fair values

At 31 March 2005 and 31 March 2004 the carrying amounts of cash resources, receivables and prepayments and trade and other payables approximated their fair values due to the short-term nature of these assets and liabilities.

The fair values of investments are represented in notes 5 and 6. The fair values of other long-term borrowings are not materially different from their carrying amounts.

33. FINANCIAL INSTRUMENTS (continued)

Interest rate management

The group is exposed to interest rate risk as funds are borrowed and placed at both fixed and floating rates of interest. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings and placings. The group's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are:

31 March 2005	Floating interest rate R'000	Fixed interest rate maturing <1 year R'000	1–5 years R'000	>5 years R'000	Non interest-bearing R'000	Total R'000	Weighted average rate %
Assets							
Cash resources	**848 525**	**–**	**–**	**–**	**–**	**848 525**	**7.2**
Receivables and prepayments	**–**	**–**	**–**	**–**	**525 211**	**525 211**	**–**
Investments and loans	**52 015**	**–**	**–**	**–**	**61 841**	**113 856**	**10.6**
Total financial assets	**900 540**	**–**	**–**	**–**	**587 052**	**1 487 592**	
Liabilities							
Trade and other payables and provisions	**–**	**–**	**–**	**–**	**556 116**	**556 116**	**–**
Taxation	**–**	**–**	**–**	**–**	**33 012**	**33 012**	**–**
Interest-bearing debt	**128 076**	**14 996**	**96 504**	**–**	**–**	**239 576**	**12.2**
Total financial liabilities	**128 076**	**14 996**	**96 504**	**–**	**589 128**	**828 704**	
Net financial assets/(liabilities)	**772 464**	**(14 996)**	**(96 504)**	**–**	**(2 076)**	**658 888**	
31 March 2004							
Total financial assets	451 068	–	–	–	647 868	1 098 936	
Total financial liabilities	118 623	11 998	86 760	24 739	529 399	771 519	
Net financial assets/(liabilities)	332 445	(11 998)	(86 760)	(24 739)	118 469	327 417	

at 31 March 2005

SUBSIDIARIES

	Issued share capital		Interest in capital		Book value of shares	
	2005 Rand	2004 Rand	**2005 %**	2004 %	**2005 Rand**	2004 Rand
COMPANY						
Medi-Clinic Investments (Proprietary) Limited	**100**	100	**100**	100	**825 000**	825 000

The loan to the subsidiary amounts to R1 018 018 000 (2004: R1 033 587 000).

The information required by the 4th Schedule of the Companies Act is only provided for those subsidiaries of which the financial position and results are material. A detailed list of subsidiaries is available at the registered office of the company.

	Interest in capital 2005 %	Interest in capital 2004 %
GROUP		
Indirectly held through Medi-Clinic Investments (Proprietary) Limited		
Aukland Medicine Distributors (Proprietary) Limited	**100**	100
Howick Private Hospital Holdings Limited *	**49**	49
Medical Human Resources (Proprietary) Limited	**100**	100
Medical Innovations (Proprietary) Limited	**100**	100
Medi-Clinic Limited	**100**	100
Medi-Clinic Management Services (Proprietary) Limited	**100**	100
Medi-Clinic Holdings (Namibia) (Proprietary) Limited	**100**	100
Medipark Clinic (Proprietary) Limited	**100**	100
Newcastle Private Hospital Limited *	**15**	15
Paarl Medi-Clinic (Proprietary) Limited	**70**	70
Phodiclinics (Proprietary) Limited	**51**	100
Plettenberg Bay Private Health Centre (Proprietary) Limited	**100**	–
Reef-Med (Proprietary) Limited	**54**	54
Practice Relief (Proprietary) Limited	**100**	100
Tshwane Private Hospitals (Proprietary) Limited	**51**	51
Tzaneen Private Hospital (Proprietary) Limited *	**40**	40
Victoria Hospital Limited	**33**	33
Indirectly held through Medi-Clinic Limited		
Kimberley Medi-Clinic (Proprietary) Limited ◆	**90**	90
Ermelo Medi-Clinic (Proprietary) Limited ◆	**51**	50
Barberton Medi-Clinic (Proprietary) Limited ◆	**77**	77
Hermanus Medi-Clinic Limited * ◆	**35**	35
Potchefstroom Medi-Clinic (Proprietary) Limited ◆	**95**	95
Limpopo Medi-Clinic Limited ◆	**50**	50
Upington Private Hospital (Proprietary) Limited * ◆	**41**	41
Indirectly held through Tshwane Private Hospitals (Proprietary) Limited		
Curamed Holdings Limited (Effective holding = 34%)	**63**	63

All increases in the above shareholdings were paid for in cash.

* Controlled through long-term management agreements

◆ Operating through trusts or partnerships

ASSOCIATES

	Interest in capital		Book value of investment		Amount owing by associates	
	2005 %	2004 %	**2005 R'000**	2004 R'000	**2005 R'000**	2004 R'000
GROUP						
Unlisted:						
Hospital Medical Systems Joint Venture	**38**	38	**7 643**	7 643	**24 532**	15 577
Commsco Holdings (Proprietary) Limited	**33**	33	**–**	32	**–**	–
ER24 Holdings (Proprietary) Limited	**50**	50	**–**	–	**15 884**	24 018
Plettenberg Bay Private Health Centre (Proprietary) Limited	**–**	40	**–**	2 863	**–**	2 017
Curamed-Thabazimbi Trust	**37**	37	**–**	–	**2 073**	1 222
			7 643	10 538	**42 489**	42 834

The nature of the activities of the associates is similar to the major activities of the group.

ANALYSIS OF SHAREHOLDERS

as at 31 March 2005

DISTRIBUTION OF ORDINARY SHAREHOLDERS	Number of shareholders	Number of shares	%
Public shareholders	3 550	162 948 566	46.55%
Non-public shareholders	22	187 117 426	53.45%
Directors and associates		2 091 934	0.60%
Treasury shares		6 447 510	1.84%
Industrial Partnership Investments (Remgro Limited)		178 577 982	51.01%
	3 572	350 065 992	100.00%

In terms of the principles of disclosure in accordance with section 140A(8)(a) of the Companies Act, 61 of 1973, as amended, the following shareholders held an interest of more than 5% in the Company on 31 March 2005:

	Number of shares	%
Public Investment Commisioners	29 009 970	8.29%
Industrial Partnership Investments (Remgro Limited)	178 577 982	51.01%

DIRECTORS' INTEREST *	2005		2004	
	Direct	Indirect	Direct	Indirect
E de la H Hertzog	–	1 709 000	–	1 709 000
LJ Alberts	181 700	25 500	181 700	25 500
WE Bührmann	–	–	–	–
S Dakile-Hlongwane	–	–	–	–
WP Esterhuyse	–	–	–	–
J du T Marais	2 000	3 900	2 000	3 900
AR Martin	2 000	–	–	–
DP Meintjes	30 500	–	30 500	–
PJA Mphafudi	–	–	–	–
AA Raath	–	–	–	–
MA Ramphele	–	–	–	–
JG Swiegers	–	136 334	–	96 334
CI Tingle	–	–	–	–
WL van der Merwe	1 000	–	1 000	–
	217 200	1 874 734	215 200	1 834 734

* Abovementioned interests are held as beneficial. Other than Mr JG Swiegers, who has exercised options in respect of 40 000 ordinary shares on 4 April 2005, there has been no change in the directors' interests occuring between the end of the financial year and 11 May 2005.

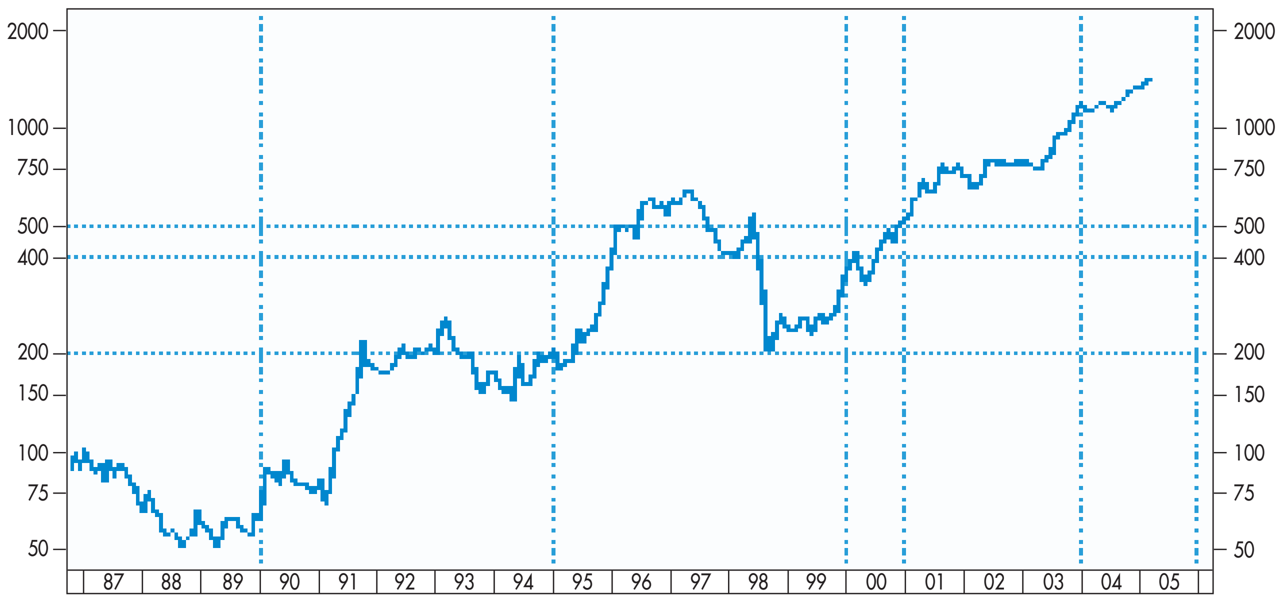
ANALYSIS OF SHAREHOLDERS

as at 31 March 2005 (continued)

SHAREHOLDING ANALYSIS	Number of Shareholders	%	Number of Shares	%
1 – 1 000 shares	**2 010**	**56.27%**	**760 769**	**0.22%**
1 001 – 10 000 shares	**1 019**	**28.53%**	**3 774 533**	**1.08%**
10 001 – 100 000 shares	**351**	**9.83%**	**12 658 138**	**3.61%**
100 001 – 1 000 000 shares	**162**	**4.53%**	**53 001 652**	**15.14%**
Over 1 000 000 shares	**30**	**0.84%**	**279 870 900**	**79.95%**
	3 572	**100.00%**	**350 065 992**	**100.00%**

JSE SECURITIES EXCHANGE SOUTH AFRICA	2005	2004
Market capitalisation at 31 March (R'000)	**5 356 010**	4 200 792
Price (cents per share)		
31 March closing price	**1530**	1200
High	**1585**	1350
Low	**1150**	740
Number of shares traded during the year (000's)	**43 683**	57 303

SHARE CLOSING PRICE FROM 1987 – 2005



NOTICE OF ANNUAL GENERAL MEETING

MEDI-CLINIC CORPORATION LIMITED
Registration number: 1983/010725/06
Share Code: MDC
ISIN Code: ZAE000004370
("Medi-Clinic" or "the Company")

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SECOND ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT MEDI-CLINIC OFFICES, STRAND ROAD, STELLENBOSCH ON **FRIDAY, 29 JULY 2005** AT 15:00 TO CONSIDER, AND IF APPROVED, PASS THE FOLLOWING RESOLUTIONS WITH OR WITHOUT MODIFICATION:

1. CONSIDERATION OF ANNUAL FINANCIAL STATEMENTS

Ordinary Resolution Number 1

Resolved that the audited annual financial statements of the Company and the group for the year ended 31 March 2005 be accepted.

2. APPROVAL OF DIRECTORS' REMUNERATION

Ordinary Resolution Number 2

Resolved that the joint remuneration of the non-executive directors in the amount of R546 591,00 for the year ended 31 March 2005 be approved.

3. RATIFICATION OF CO-OPTION OF DIRECTOR

Ordinary Resolution Number 3

Resolved that the co-option of Dr M A Ramphele on 17 March 2005 as a non-executive director of the Company is ratified.

A brief CV of Dr Ramphele appears on page 8 of the annual report.

4. ELECTION OF DIRECTORS

Ordinary Resolution Number 4

4.1 Resolved that Mr L J Alberts who retires in terms of clause 30.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election be hereby re-elected as a director of the Company;

4.2 Resolved that Ms S Dakile-Hlongwane who retires in terms of clause 30.1 of the Company's Articles of Association and who, being eligible, offers herself for re-election be hereby re-elected as a director of the Company;

4.3 Resolved that Dr E de la H Hertzog who retires in terms of clause 30.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election be hereby re-elected as a director of the Company;

4.4 Resolved that Mr A R Martin who retires in terms of clause 30.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election be hereby re-elected as a director of the Company;

4.5 Resolved that Mr D P Meintjes who retires in terms of clause 30.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election be hereby re-elected as a director of the Company;

4.6 Resolved that Dr M A Ramphele who retires in terms of clause 30.1 of the Company's Articles of Association and who, being eligible, offers herself for re-election be hereby re-elected as a director of the Company.

A brief CV of each of the directors mentioned above appears from page 8 to 9 of the annual report.

5. AUTHORITY TO PLACE SHARES UNDER CONTROL OF THE DIRECTORS

Ordinary Resolution Number 5

Resolved that all the unissued shares in the Company be hereby placed under the control of the directors as a general authority in terms of section 221(2) of the Companies Act (Act 61 of 1973), as amended ("the Companies Act"), who are hereby authorised to allot and issue shares in the Company upon such terms and conditions as the directors in their sole discretion deem fit, subject to the provisions of the Companies Act, the Articles of Association of the Company and the JSE Securities Exchange South Africa ("JSE") Listings Requirements ("the Listings Requirements").

6. AUTHORITY TO ISSUE SHARES FOR CASH

Ordinary Resolution Number 6

Resolved that the directors of the Company be and are hereby authorised by way of a general authority, to issue all or any of the authorised, but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, the Articles of Association of the Company, the Listings Requirements, when applicable, and the following limitations, namely that –

- the equity securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public shareholders" as defined in the Listings Requirements and not related parties;
- the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% of the Company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares issued during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to date of application) may be included as though they were shares in issue at the date of application;
- this authority is valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date that this authority is given;

- a press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 financial year, 5% or more of the number of shares in issue prior to the issue; and
- in determining the price at which an issue of shares may be made in terms of this authority post the listing of the Company, the maximum discount permitted will be 10% of the weighted average traded price on the JSE of those shares over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the Company.

This Ordinary Resolution Number 6 is required, under the Listings Requirements, to be passed by achieving a 75% majority of the votes cast in favour of such resolution by all shareholders present or represented by proxy and entitled to vote, at the annual general meeting.

7. AUTHORITY TO REPURCHASE SHARES

Special Resolution Number 1

Resolved that, as a general authority contemplated in sections 85(2) and 85(3) of the Companies Act, the acquisition/s by the Company and/or any subsidiary of the Company, from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine are herby authorised, but subject to the Articles of Association of the Company, the provisions of the Companies Act and the Listings Requirements, when applicable, and provided that:

- this authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date this resolution is passed;
- any repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- the Company will only appoint one agent to effect any repurchase(s) on its behalf;
- any acquisitions by the Company and/or any subsidiary of the Company of ordinary shares in the aggregate in any one financial year shall be limited to a maximum of 20% of the Company's issued ordinary share capital from the date of the grant of this general authority, provided that the acquisition of shares as treasury stock by a subsidiary of the Company shall not exceed 10% of the number of issued shares in the Company;
- in determining the price at which the Company's ordinary shares are acquired by the Company and/or any subsidiary of the Company in terms of this authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 trading days immediately preceding the date of the repurchase of such ordinary shares by the Company;
- the Company and/or any subsidiary of the Company may not repurchase securities during a prohibited period, as defined in the Listings Requirements;
- after any repurchase of securities the Company will continue to comply with the Listings Requirements concerning shareholder spread requirements; and
- a press announcement will be published giving such details as may be required in terms of the Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% of the number of shares in issue at the date of the passing this resolution, and for each 3% in aggregate of the initial number of shares in issue acquired thereafter.

The board has no immediate intention to use this authority to repurchase Company shares. However, the board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future. The board undertake that they will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that:

- the Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the Company and the Group, fairly valued in accordance with Generally Accepted Accounting Practice, will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the annual general meeting;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting; and
- the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the notice of the annual general meeting.

The Company will ensure that its Sponsor has confirmed the adequacy of the Company's working capital to the JSE in terms of the Listings Requirements, prior to entering the market to proceed with a repurchase.

Please refer to the additional disclosure of information contained in this notice, which disclosure is required in terms of the Listings Requirements.

Reason for and Effect of Special Resolution Number 1

The reason for and the effect of the special resolution is to grant the Company's directors a general authority, up to and including the date of the following annual general meeting of the Company, to approve the Company's purchase of shares in itself, or of shares in its holding Company, or to permit a subsidiary of the Company to purchase shares in the Company.

8. TO TRANSACT ANY OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING.

ADDITIONAL DISCLOSURE OF INFORMATION

Further to Special Resolution Number 1, the Listings Requirements require the disclosure of the following information, some of which is elsewhere in the annual report of which this notice forms part as set out below:

- **Directors and management**

See pages 8 to 9 of the annual report.

- **Major shareholders of the Company**

See page 55 of the annual report.

- **Material changes**

There are no material changes to report on.

- **Directors' interests in securities**

See page 55 of the annual report.

- **Share capital of the Company**

See page 55 of the annual report.

- **Litigation statement**

In terms of section 11.26 of the Listings Requirements, the directors, whose names appear on pages 8 to 9 of the annual report, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position.

- **Directors' responsibility statement**

The directors, whose names appear on pages 8 to 9 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution Number 1 contain all information required by law and the Listings Requirements.

VOTING AND ATTENDANCE AT THE ANNUAL GENERAL MEETING

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own" name registration are entitled to attend and vote at the meeting. Any such shareholder is entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder of the Company. Proxy forms must be forwarded to reach the Company's transfer secretaries, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to the transfer secretaries at P O Box 61051, Marshalltown, 2107, South Africa, so as to be received by them by not later than 15:00 on **Wednesday, 27 July 2005**. Proxy forms should only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own" name registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions and to obtain the necessary authority to do so, in the event that they wish to attend the meeting.

By order of the Board of Directors.

GC HATTINGH
Company Secretary

STELLENBOSCH
1 July 2005

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolutions

1. Consideration of annual financial statements

In terms of the Companies Act (Act 61 of 1973), as amended ("the Companies Act"), the directors are obliged to present the annual financial statements and group annual financial statements to the members at the annual general meeting.

2. Approval of directors' remuneration

In terms of the Company's Articles of Association, the remuneration payable to non-executive directors must be determined at the Company's annual general meeting.

Full particulars of directors' emoluments are disclosed on pages 45 to 46 of the annual report of which this notice forms part.

3. Ratification of co-option of director

The board has approved the appointment of Dr M A Ramphele as a non-executive director of the Company with effect from 17 March 2005. Members of the Company are requested to ratify the co-option of Dr Ramphele.

4. Election of directors

In terms of the Company's Articles of Association, one third of the directors are required to retire at each annual general meeting and may offer themselves and are eligible for re-election.

5. Authority to place shares under control of the directors

In terms of the Companies Act, the members of the Company must approve the placement of the unissued shares under the control of the directors. This authority is due to expire at the forthcoming annual general meeting, unless renewed.

6. Authority to issue shares for cash

In terms of the JSE Securities Exchange South Africa ("JSE") Listings Requirements ("the Listings Requirements"), the members of the Company must approve the issue of shares for cash. The existing authority is due to expire at the forthcoming annual general meeting, unless renewed.

The directors consider it advantageous for the Company to obtain the authority to issue shares for cash to enable the Company to take advantage of business opportunities that may arise in the future.

Special Resolution

7. Authority to repurchase shares

The annual renewal of the authority is required in terms of the Companies Act and the Listings Requirements. The existing authority to the directors is due to expire at the forthcoming annual general meeting, unless renewed.

NOTES

MEDI-CLINIC CORPORATION LIMITED
Registration number: 1983/010725/06
Share Code: MDC
ISIN Code: ZAE000004370
("Medi-Clinic" or "the Company")

PROXY FORM

THIS PROXY FORM IS ONLY FOR USE BY:

(1) REGISTERED MEMBERS WHO HAVE NOT YET DEMATERIALISED THEIR SHARES IN THE COMPANY, AND

(2) REGISTERED MEMBERS WHO HAVE ALREADY DEMATERIALISED SHARES IN THE COMPANY AND ARE REGISTERED IN THEIR OWN NAMES IN THE COMPANY'S SUB-REGISTER.*

For use by registered members of the Company at the twenty-second annual general meeting of the Company to be held on Friday, 29 July 2005 at 15h00 at Medi-Clinic Offices, Strand Road, Stellenbosch ("the annual general meeting").

I/We (please print) ______________________________ (name)

of ______________________________ (address)

being the holder of ______________ ordinary shares in the Company, hereby appoint (see instruction 1 overleaf):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the annual general meeting,

as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the Company to be held on the 29th day of July 2005 or at any adjournment thereof, as follows (see note 2 and instruction 2 overleaf):

	Insert the number of votes exercisable (one vote per share)		
	For	Against	Abstain
Ordinary Resolutions			
1. Consideration of annual financial statements			
2. Approval of directors' remuneration			
3. Ratification of co-option of Dr M A Ramphele			
4. Election of directors:			
4.1 L J Alberts			
4.2 S Dakile-Hlongwane			
4.3 E de la H Hertzog			
4.4 A R Martin			
4.5 D P Meintjes			
4.6 M A Ramphele			
5. Authority to place shares under control of the directors			
6. Authority to issue shares for cash			
Special Resolution			
7. Authority to repurchase shares			

Signed at ______________________ on ______________________ 2005.

Signature/s ______________________________

Assisted by me (where applicable) ______________________________

*** See explanatory note 3 overleaf. (Please read the notes and instructions overleaf.)**

PROXY FORM

(continued)

NOTES:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.

2. Every member present in person or by proxy and entitled to vote at the annual general meeting of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such member holds, but in the event of a poll, every ordinary share in the Company shall have one vote.

3. Members who have dematerialised their shares in the Company and are registered in their own names are members who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own names.

INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. Should this space be left blank, the chairman of the annual general meeting will exercise the proxy. The person whose name appears first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member's voting instructions to the proxy must be indicated by the insertion of the number of votes exercisable by that member in the appropriate spaces provided overleaf. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.

3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

4. To be valid the completed proxy forms must be lodged with the transfer secretaries of the Company, Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001, South Africa or posted to the transfer secretaries at P O Box 61051, Marshalltown, 2107, South Africa, to be received by them not later than **Wednesday, 27 July 2005** at 15h00 (South African time).

5. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.

6. The completion and lodging of this proxy form shall not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.

7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.

8. The chairman of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a member wishes to vote.