MEDI-CLINIC CORPORATION LIMITED

Reg. No. 1983/010725/06 Share code: MDC ISIN-code: ZAE000004370
(Medi-Clinic – Incorporated in the Republic of South Africa)

INTERIM REPORT

Unaudited results of Medi-Clinic Corporation Limited and its subsidiaries for the six months ended 30 September 2005

MEDI-CLINIC
Private hospital group
Committed to Quality Care

HIGHLIGHTS

- **Growth in revenue: 14%**
- **Headline earnings per share growth: 14%**
- **Distribution per share up: 24%**

CONSOLIDATED INCOME STATEMENT

	6 months to 30/09/05 R'000	Increase %	6 months to 30/09/04 R'000	Year to 31/03/05 R'000
Revenue	**2,278,021**	**14**	2,002,263	4,039,907
Cost of sales	**(1,258,035)**		(1,124,189)	(2,236,117)
Administration and other operating expenses	**(548,079)**		(479,441)	(984,603)
Operating profit (EBITDA)	**471,907**	**18**	398,633	819,187
Dividends	**964**		821	1,705
Interest received	**37,873**		26,944	57,051
Income from associates	**13,299**		12,567	24,776
Profit on sale of equipment	**331**		768	667
Consideration for the termination of agreements	**–**		–	50,000
Goodwill impairment	**–**		(2,410)	(2,913)
Depreciation	**(56,348)**		(46,420)	(97,117)
Finance cost	**(12,091)**		(15,141)	(29,450)
Profit before taxation	**455,935**		375,762	823,906
Taxation	**133,288**		103,712	214,154
Profit for the period	**322,647**		272,050	609,752
Attributable to:				
Shareholders of the company	**276,270**		238,255	543,227
Minority interests	**46,377**		33,795	66,525
	322,647		272,050	609,752
Headline earnings reconciliation:				
Attributable earnings	**276,270**		238,255	543,227
Goodwill impairment	**–**		2,410	2,913
Profit on sale of equipment	**(331)**		(768)	(667)
After tax consideration for the termination of agreements	**–**		–	(42,500)
Attributable headline earnings	**275,939**	**15**	239,897	502,973
Headline earnings per ordinary share - cents	**80.3**	**14**	70.2	146.9
Earnings per ordinary share - cents	**80.4**		69.7	158.7
Distribution per ordinary share - cents				
Dividend	**16.5**		-	18.8
Capital distribution	**–**		13.3	26.2
	16.5	**24**	13.3	45.0

CONSOLIDATED BALANCE SHEET

	30/09/05 R'000	30/09/04 R'000	31/03/05 R'000
Assets			
Non-current assets	**2,346,459**	2,195,345	2,246,880
Property, plant and equipment	**2,104,773**	1,967,510	1,997,278
Intangible assets	**47,829**	47,449	48,144
Investments - unlisted	**109,209**	107,105	113,856
Deferred taxation	**84,648**	73,281	87,602
Current assets	**1,616,656**	1,207,768	1,510,170
Inventories	**140,039**	137,579	136,434
Receivables and prepayments	**495,609**	481,284	525,211
Cash and cash equivalents	**981,008**	588,905	848,525
Total assets	**3,963,115**	3,403,113	3,757,050
Equity and liabilities			
Total equity	**3,125,446**	2,640,208	2,928,346
Share capital and reserves	**2,868,243**	2,427,080	2,693,411
Minority interests	**257,203**	213,128	234,935
Total liabilities	**837,669**	762,905	828,704
Long-term interest-bearing debt	**144,357**	174,482	159,214
Long-term interest-free debt	**82,170**	63,892	72,870
Short-term interest-bearing debt	**51,271**	63,922	80,362
Interest-free debt and provisions	**559,871**	460,609	516,258
Total equity and liabilities	**3,963,115**	3,403,113	3,757,050
Number of ordinary shares ('000)	**344,659**	342,646	343,618
Weighted number of ordinary shares ('000)	**343,817**	341,834	342,368
Net asset value per ordinary share - cents	**832**	708	784
Directors' valuation of unlisted investments	**142,112**	152,479	153,333

STATEMENT OF CHANGES IN EQUITY

	30/09/05 R'000	30/09/04 R'000	31/03/05 R'000
Opening balance	**2,928,346**	2,480,459	2,480,459
Distributed to shareholders	**(108,930)**	(96,022)	(141,594)
Distributed to minorities	**(24,133)**	(21,388)	(33,786)
Profit for the period	**322,647**	272,050	609,752
Movement in shares held in treasury	**6,050**	5,659	11,439
Other movements	**1,466**	(550)	2,076
	3,125,446	2,640,208	2,928,346

CONSOLIDATED CASH FLOW STATEMENT

	30/09/05 R'000	30/09/04 R'000	31/03/05 R'000
Cash flow from operating activities	**320,664**	255,431	584,064
Cash generated from operating activities	**562,204**	493,636	922,813
Net finance income	**25,782**	11,803	29,306
Consideration for the termination of agreements	**–**	–	50,000
Taxation paid	**(134,259)**	(132,598)	(242,675)
Distributions to shareholders	**(108,930)**	(96,022)	(141,594)
Distributions to minorities	**(24,133)**	(21,388)	(33,786)
Cash flow from investment activities	**(150,283)**	(100,773)	(178,394)
Cash flow from financing activities	**(37,898)**	(16,821)	(8,213)
Net movement in cash and cash equivalents	**132,483**	137,837	397,457
Opening balance of cash and cash equivalents	**848,525**	451,068	451,068
Closing balance of cash and cash equivalents	**981,008**	588,905	848,525

COMMENTARY

We are pleased to report that the group has maintained its consistent growth pattern. It has increased revenue and its distribution to shareholders while implementing strategic initiatives and investments aimed at expanding the group's operations in South Africa and abroad.

FINANCIAL PERFORMANCE

Revenue, which consists mainly of hospital fees levied, increased by 14% to R2 278 million (2004: R2 002 million) for the six months under review. Operating income before interest, taxation, depreciation and amortisation (EBITDA) was 18% higher at R472 million (2004: R399 million). Headline earnings rose by 15% to R276 million (2004: R240 million) resulting in an increase of 14% in headline earnings per ordinary share to 80,3 cents (2004: 70,2 cents). The interim distribution per ordinary share at 16,5 cents (2004: 13,3 cents) is 24% higher.

BUSINESS PERFORMANCE

ER24 became a wholly-owned subsidiary of the group with effect from 1 April 2005. The current period's results are, therefore, not directly comparable with those of the previous period. Excluding ER24's revenue, the group's revenue growth amounted to 12%.

The revenue growth of 12% was achieved through a 6,6% increase in bed-days, a 4% increase in the average income per bed-day and a 1,4% change in the case profile of patients treated. The increase in utilisation was evident in both surgical and medical cases. The number of patients admitted to our hospitals increased by 6,3% while the average length of stay increased slightly mainly due to an increase in the average length of stay of medical cases.

The increase in the average income per bed-day sold of only 4% is, as alluded to in earlier reports, the result of the successful implementation of the fully transparent net acquisition price model ("NAP model") on all pharmaceutical items. The NAP model enabled the group to focus on both medicines and scheduled drugs and surgical consumables as cost items which resulted in a significant slowdown in pharmaceutical price inflation and in some instances a lowering of cost in the pharmaceutical usage mix. This increase is well below the general and the healthcare inflation experienced over the comparable period and is a trend which is expected to continue.

The group's EBITDA margin increased from 19,9% to 20,7% mainly due to improved operational efficiencies. The improving performance of the Curamed group in Pretoria further contributed to the increased margin.

The group commenced paying dividends instead of making capital distributions out of share premium in the previous reporting period. This resulted in the payment of Secondary Tax on Companies (STC) on the dividends which contributed to the increase in the group's effective tax rate from 27,6% to 29,2%. Although the tax rate payable by companies decreased by 1% to 29%, this decrease had the result that there was an additional once-off charge of 0,7% to the taxation line to adjust the balance of deferred tax, which in the group's case is a debit balance, to the lower tax rate. The payment of STC will have a permanent impact on the group's effective tax rate and will depend on the group's future dividend policy.

Cash flow continued to be strong during the period under review, mainly due to more efficient working capital management. The group converted 119% (2004: 124%) of EBITDA into cash generated from operating activities. Cash and cash equivalents increased to R981 million from R849 million at 31 March 2005 after financing capital expenditure and investments. Interest-bearing debt decreased from R240 million at 31 March 2005 to R196 million resulting in a strengthening of the debt: equity ratio from 8% to 6%. The group's strong cash flow continues to underline the quality of its earnings.

Capital expenditure for the period under review was R144 million (2004: R98 million). Capital commitments (including amounts approved but not yet contracted for) amounted to R373 million (2004: R354 million).

STRATEGIC ISSUES

The group set itself three strategic objectives at the beginning of the year, namely to implement its Black Economic Empowerment (BEE) initiative, to explore alternatives aimed at optimising the capital structure of the group and to intensify its investigation into meaningful opportunities in other countries. Significant progress has been made on each of these issues.

BEE

The group views itself as an integral part of the South African political, social and economic community and as such, embarked on a process aimed at achieving the following objectives:

- transforming Medi-Clinic as a growing company while continuing to fulfil a leadership role in the healthcare sector in South Africa;
- active participation by black partners in the management of Medi-Clinic;
- participation by employees in a share ownership programme;
- maintaining to the extent possible, financial neutrality to existing shareholders; and
- building on a commitment by all shareholders to the joint creation of wealth within Medi-Clinic.

In fulfilment of these objectives, the group has announced an initial BEE transaction with a total value of R1.1 billion, through which an effective 15% of the group will now be owned by a broad-based group of black entities, including Medi-Clinic staff.

The BEE transaction involves the proposed introduction of two strategic black partners, Phodiso Holdings Limited ("Phodiso") and Circle Capital Ventures (Proprietary) Limited ("Circle Capital"), which will together acquire 11% of the group. The Mpilo Trust, an employee share trust, will hold a further 4%. The trust will benefit an estimated 11 000 employees of whom 52% are black and 89% are women.

It is proposed that the BEE transaction, which was announced on 4 October 2005, be implemented at market value, being R18.40 per share, which was calculated as the 30-day volume weighted average price of the group's shares traded on the JSE Limited to close of business on 30 September 2005.

Upon implementation of the initiative, which is expected to be 19 December 2005, Phodiso will hold 6,875% and Circle Capital 4,125% of the group. Their ownership will be effected partly through the purchase of existing shares (4.25%) from shareholders of the group in terms of a scheme of arrangement ("the scheme") in the amount of some R280 million, and partly through the issue of new shares at par valued at about R525 million. The purchase of the existing shares will be financed by the strategic partners themselves by providing R80 million of their own capital and by Standard Bank in the amount of R200 million. In respect of the shares issued at par, the group will be entitled to receive all dividends earned by the strategic partners on their interest of 11% in the group until the R525 million less the par value of the shares so acquired has been repaid to the group.

The Mpilo Trust will be funded through capital contributions by the group's operating subsidiaries in the amount of R290 million which will enable the trust to acquire 4% in the group at market value. The capital contributions plus a coupon of 70% of the prime interest rate from time to time will be recovered by the operating subsidiaries by way of the vesting in them of 80% of all ordinary dividends and 100% of all special dividends earned by the trust on its shareholding in the group. 20% of all ordinary dividends earned by the trust will be paid to participating employees.

A ten-year lock-in period is applicable to both the strategic black partners and the participating employees in the Mpilo Trust.

The BEE transaction remains subject to a number of conditions precedent, being, inter alia, the approval of the scheme by the shareholders of the group and the sanctioning thereof by the Court, as well as shareholder approval of the issue of shares and the creation of the Mpilo Trust. On 27 October 2005, the Cape Town High Court ordered the scheme meeting to be held on 23 November 2005. A circular providing full details of the BEE transaction, the financial effects thereof as well as the proposed timetable was posted to shareholders on 1 November 2005.

To fulfil one of the group's key BEE objectives, namely the active participation by black partners in the management of the group, Dr Nkaki Matlala (a surgeon by training and an executive director of Phodiso) has joined the group on a fulltime basis as Director: Clinical Relations with representation on the Executive Committee. He quickly settled in and has already made positive contributions to the group at various levels and we look forward to his ongoing input and participation.

As previously stated, Medi-Clinic supports the formulation of a Health Charter and will comment on the second draft through the Hospital Association of South Africa ("HASA").

Capital restructuring

Medi-Clinic also announced a capital restructuring programme on 4 October 2005 with the objective of increasing the return on the group's shareholder equity. It entails the introduction of debt funding in the amount of R700 million. The debt will be used to pay down existing inter company indebtedness in the group. The introduction of such debt in relation to the facilities arranged with Standard Bank will leave sufficient capacity to allow the group to fund future strategic initiatives and respond to expansion opportunities.

In addition, a special dividend in the amount of about R1.6 billion was declared which equates to R4.02 per share.

Further details of the capital restructuring, the financial effects thereof as well as the indicative timetable for the special dividend are incorporated in a circular posted to shareholders on 1 November 2005.

Opportunities in other countries

Progress has been made in the group's efforts to investigate opportunities abroad. On 24 September 2005 the group signed a co-operation agreement with the United Eastern Medical Services of Abu Dhabi. It is foreseen that a successful completion of all the necessary studies within a couple of months, could lead to the development of at least one new private hospital in Abu Dhabi.

Further opportunities in Africa and other countries are also being investigated.

AFFORDABILITY OF HEALTHCARE

Affordability will always remain a critical issue in the healthcare industry especially in developing countries.

The group will therefore continue its efforts to improve the affordability of healthcare in South Africa. Medi-Clinic's initiative in relation to the NAP model (referred to above) for medicines and scheduled drugs as well as surgical consumables promotes transparency in the pricing of these items and has gone a long way to bring the spiralling inflation of these prices to an effective standstill.

The private hospital industry has recognised the need to place private hospital costs in proper perspective and to explain the fundamental cost drivers in a typical private hospital in South Africa. To this end, HASA, of which Medi-Clinic has always been a member, has commissioned independent research into the cost drivers and other variable factors influencing private hospital expenditure. The results of this in-depth, comprehensive study are expected to be finalised in the first quarter of 2006. Once completed, the findings and outcomes of this research will be made public.

CHANGES TO THE BOARD OF DIRECTORS

Dr Vincent E Msibi, the chairman of Phodiso, was co-opted to the Board on 9 November 2005 as a non-executive director. We welcome him and look forward to his positive contribution to the group.

PROSPECTS

The group plans to continue its track record of consistent growth based on meeting the needs of the market. This implies increasing the use and expansion of facilities and services in its core competencies along with further 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.

The transaction whereby the group acquired 49.9% of the 190 bed Witwatersrand University Donald Gordon Medical Centre for R60 million along with a management agreement, was approved by the Competition Authorities on 12 October 2005.

Phodiclinics (Proprietary) Limited a company owned 51% by Medi-Clinic and 49% by Phodiso acquired the hospitals of the 200 bed Protector group consisting mainly of the Medivaal MediCentre in Vanderbijlpark. This transaction is still subject to the approval of, inter alia, the Competition Authorities.

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.

The group remains optimistic about its prospects for the next six months.

BASIS OF PREPARATION

The interim results are prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 – Interim Financial Reporting, the requirements of the South African Companies Act and the Listings Requirements of the JSE.

In terms of the Listings Requirements of the JSE the group is required to prepare its consolidated financial statements in accordance with IFRS from 1 April 2005. The date of transition to IFRS is 1 April 2004, which represents the start of the earliest period of comparative information presented and thus the group's opening balance sheet at 1 April 2004 has been restated to reflect all existing IFRS statements expected to be applicable on 31 March 2006.

The effect of the transition from South African Statements of Generally Accepted Accounting Practice (SA GAAP) to IFRS on the group's assets, equity and its net profit are explained on pages 8 to 15.

INTERIM DIVIDEND TO SHAREHOLDERS

The board of directors is pleased to announce that an interim dividend of 16,5 cents per ordinary share was declared.

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

Last date to trade cum dividend	Friday, 2 December 2005
First date of trading ex dividend	Monday, 5 December 2005
Record date	Friday, 9 December 2005
Payment date	Monday, 12 December 2005

Share certificates may not be dematerialised or rematerialised from Monday, 5 December 2005 to Friday, 9 December 2005, both days inclusive.

Signed on behalf of the board of directors:

E DE LA H HERTZOG
Chairman

LJ ALBERTS
Managing Director

Stellenbosch, 9 November 2005

ADMINISTRATION

COMPANY SECRETARY
G C Hattingh

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SPONSOR
Rand Merchant Bank, a division of FirstRand Bank Limited

BOARD OF DIRECTORS

CHAIRMAN
E de la H Hertzog

NON-EXECUTIVE DIRECTOR
W E Bührmann

INDEPENDENT NON-EXECUTIVE DIRECTORS
S Dakile-Hlongwane
W P Esterhuyse
A R Martin
V E Msibi
A A Raath

INDEPENDENT NON-EXECUTIVE DIRECTORS
M A Ramphele
C I Tingle
W L van der Merwe

EXECUTIVE DIRECTORS
L J Alberts
J du T Marais
D P Meintjes
J G Swiegers

MEDI-CLINIC CORPORATION LIMITED

and its subsidiaries

Transition to International Financial Reporting Standards ("IFRS")

Restatement of financial information for the year ended 31 March 2005 and the six months ended 30 September 2004 under International Financial Reporting Standards ("IFRS")

COMMENTS

From 2005 onwards the Medi-Clinic Group ("Group") is required to prepare its consolidated financial statements in accordance with IFRS and JSE Limited's ("JSE") Listing Requirements. This change applies to all financial reporting for accounting periods beginning on or after 1 April 2005 and consequently the Group's first published IFRS results will be its interim results for the six months ended 30 September 2005. The Group's first published full set of financial statements under IFRS will be for the year ending 31 March 2006. As the Group publishes comparative information for one year in its financial statements, the date for the transition to IFRS is 1 April 2004, which represents the start of the earliest period of comparative information.

In order to explain how Medi-Clinic's reported performance and financial position are impacted by IFRS, the Group has restated information previously published under SA GAAP to the equivalent basis under IFRS. This restatement follows the guidelines set out in IFRS 1, First–time Adoption of International Financial Reporting Standards. The adoption of IFRS has resulted in certain adjustments to comparative information that may not be repeated in future reporting periods.

It is important to note that this financial information has been prepared in accordance with IFRS statements that are expected to be effective at 31 March 2006. These are subject to ongoing review and possible amendment by interpretive guidance from the International Accounting Standards Board ("IASB") and may therefore be subject to change. It should further be noted that the ultimate presentation as well as income statement and balance sheet captions could also change.

This document includes the following:

- Basis of preparation and explanation of transitional arrangements and material adjustments
- Consolidated Balance Sheets at 1 April 2004, 30 September 2004 and 31 March 2005
- Consolidated Income Statements for the six months ended 30 September 2004 and the year ended 31 March 2005
- Reconciliation of Shareholders equity at 1 April 2004, 30 September 2004 and 31 March 2005
- Reconciliation of Income Statements for the six months ended 30 September 2004 and the year ended 31 March 2005
- Reconciliation of total assets, liabilities and equity as at 1 April 2004, 30 September 2004 and 31 March 2005

BASIS OF PREPARATION

The Group has prepared the consolidated preliminary balance sheet at 31 March 2005 and the consolidated preliminary income statement for the year then ended, in accordance with IFRS, to establish the financial position and results of operations of the Group necessary to provide the comparative information expected to be included in the Group's first set of IFRS financial statements for the year ending 31 March 2006.

The Board acknowledges its responsibility for the preparation of the preliminary financial information which has been prepared in accordance with IFRS and policies expected to be adopted when the Board prepares the Group's first set of IFRS financial statements for the year ending 31 March 2006.

TRANSITIONAL ARRANGEMENTS

The date of transition to IFRS for the Group is 1 April 2004. The Group's opening balance sheet at 1 April 2004 has been restated to reflect all existing IFRS's expected to be applicable at 31 March 2006. At transition, IFRS 1 allows a number of exemptions to the retrospective application principle. The Group made the following elections relating to the transitional arrangements:

Business combinations

The Group has elected not to apply the retrospective application requirements of IFRS 3, Business Combinations for combinations that occurred prior to 1 April 2004.

Share-based payments

The Group has elected not to apply the provisions of IFRS 2, Share–based Payments to employee share option scheme awards granted on or before 7 November 2002.

Employee benefits

The Group has elected to recognise all cumulative actuarial gains and losses as at 1 April 2004.

Cash flow statement

There have been no material adjustments to the cash flow statement in respect of cash utilised by operating activities before taxation, cash flows from investing activities and cash flows from financing activities (although the composition has changed) as a result of the adoption of IFRS.

Further changes

The possibility exists that the preliminary financial information may require adjustment before its inclusion in the Group's first IFRS financial statements for the year ending 31 March 2006 because of revisions or changes to standards issued by the IASB, and interpretations or guidance on the application of IFRS in a particular industry.

MATERIAL ADJUSTMENTS

The basis of the material adjustments between SA GAAP and IFRS, as shown in the Reconciliation of Equity and Reconciliation of Income Statement tables, is noted below.

Share-based payments

The Group grants share options to employees under an employee share incentive scheme.

In accordance with the requirements of IFRS, the Group adjusted its retained income balance on transition date by R1,1 million and has recognised an expense in the Income Statement of R2,3 million for 2005, with a corresponding increase in the share-based payment reserve. The options are measured at fair value at grant date. The fair value is recognised over the vesting period.

Property, plant and equipment

Following the adoption of IAS 16 Property, Plant and Equipment the useful lives of property, plant and equipment have been reassessed resulting in an increase in retained income on transition date of R46,7 million before tax (R32,7 million after tax), with a corresponding increase in Property, plant and equipment. The Income Statement was credited with R14,8 million before taxation (R10,3 million after taxation) for 2005, with a corresponding increase in Property, plant and equipment.

Employee benefits

The Group has elected to apply the employee benefits exemption. The Group recognised a cumulative actuarial gain on the retirement benefit obligation of R3,2 million before tax (R2,2 million after tax) on transition date and has recognised an expense in the Income Statement of R3,2 million before tax (R2,2 million after tax) for 2005, with a corresponding increase in the Retirement benefit obligation.

CONSOLIDATED BALANCE SHEETS

	Audited 31 March 2005 R'000	Unaudited 30 September 2004 R'000	Audited 1 April 2004 R'000
ASSETS			
Non-current assets	2,250,812	2,198,705	2,117,740
Property, plant and equipment	1,997,278	1,967,510	1,892,806
Intangible assets	48,144	47,449	47,874
Investments in associates	50,132	46,348	53,372
Other investments and loans	63,724	60,757	49,259
Deferred taxation assets	91,534	76,641	74,429
Current assets	1,510,170	1,207,768	1,134,151
Inventories	136,434	137,579	137,846
Receivables and prepayments	525,211	481,284	545,237
Cash and cash equivalents	848,525	588,905	451,068
Total assets	3,760,982	3,406,473	3,251,891
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders			
Share capital	35,007	35,007	35,007
Share premium	45,379	91,937	190,306
Treasury shares	(38,321)	(45,087)	(53,093)
Share-based payment reserve	3,352	2,201	1,051
Capital	45,417	84,058	173,271
Distributable reserves	2,647,994	2,343,022	2,104,767
	2,693,411	2,427,080	2,278,038
Minority interests	234,935	213,128	202,421
Total equity	2,928,346	2,640,208	2,480,459
Non-current liabilities	236,016	241,734	225,536
Interest-bearing debt	159,214	174,482	167,803
Deferred taxation liabilities	3,932	3,360	3,113
Retirement benefit obligations	72,870	63,892	54,620
Current liabilities	596,620	524,531	545,896
Trade and other payables	483,246	442,285	424,887
Current portion of interest-bearing debt	80,362	63,922	74,317
Taxation	33,012	18,324	46,692
Total liabilities	832,636	766,265	771,432
Total equity and liabilities	3,760,982	3,406,473	3,251,891

CONSOLIDATED INCOME STATEMENTS

	Audited 31 March 2005 R'000	Unaudited 30 September 2004 R'000
Revenue	4,039,907	2,002,263
Cost of sales	(2,236,117)	(1,124,189)
Administration and other operating expenses	(1,083,966)	(527,503)
Operating profit	719,824	350,571
Income from associates	24,776	12,567
Consideration for the termination of agreements	50,000	-
Net finance income	29,306	12,624
Dividends	1 705	821
Interest received	57 051	26 944
Finance costs	(29 450)	(15 141)
Profit before taxation	823,906	375,762
Taxation	(214,154)	(103,712)
Profit for the period	609,752	272,050
Attributable to:		
Equity holders of the Company	543,227	238,255
Minority interests	66,525	33,795
	609,752	272,050

HEADLINE EARNINGS RECONCILIATION

	Audited 31 March 2005 R'000	Unaudited 30 September 2004 R'000
Net profit attributable to equity holders of the Company	543,227	238,255
Impairment of goodwill	2,913	2,410
Profit on sale of property, plant and equipment	(667)	(768)
After tax consideration for the termination of agreements	(42,500)	-
	502,973	239,897
Earnings per ordinary share - cents		
Undiluted	158.7	69.7
Headline earnings per ordinary share - cents		
Undiluted	146.9	70.2

RECONCILIATION OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital R'000	Share premium R'000	Treasury shares R'000	Share-based payment reserve R'000	Retained earnings R'000	Minority interests R'000	Total R'000
Audited 1 April 2004							
As previously reported under SA GAAP	35,007	190,306	(53,093)	-	2,073,612	199,700	2,445,532
Adjustments for:							
Share-based payments	-	-	-	1,051	(1,051)	-	-
Retirement benefit obligations	-	-	-	-	2,240	-	2,240
Property, plant and equipment	-	-	-	-	29,966	2,721	32,687
	35,007	190,306	(53,093)	1,051	2,104,767	202,421	2,480,459
Unaudited 30 September 2004							
As previously reported under SA GAAP	35,007	91,937	(45,087)	-	2,311,454	209,575	2,602,886
Adjustments for:							
Share-based payments	-	-	-	2,201	(2,201)	-	-
Property, plant and equipment	-	-	-	-	33,769	3,553	37,322
	35,007	91,937	(45,087)	2,201	2,343,022	213,128	2,640,208
Audited 31 March 2005							
As previously reported under SA GAAP	35,007	45,379	(38,321)	-	2,612,688	230,592	2,885,345
Adjustments for:							
Share-based payments	-	-	-	3,352	(3,352)	-	-
Property, plant and equipment	-	-	-	-	38,658	4,343	43,001
	35,007	45,379	(38,321)	3,352	2,647,994	234,935	2,928,346

RECONCILIATION OF INCOME STATEMENTS

	Audited 31 March 2005 R'000	Unaudited 30 September 2004 R'000
Profit for the period		
As previously reported under SA GAAP	603,979	270,805
Share-based payments	(2,301)	(1,150)
Property, plant and equipment	14,755	6,614
Retirement benefit obligations	(3,200)	(3,200)
Taxation on adjustments	(3,481)	(1,019)
	609,752	272,050

RECONCILIATION OF ASSETS, LIABILITIES AND EQUITY

	Audited 31 March 2005 R'000	Unaudited 30 September 2004 R'000	Audited 1 April 2004 R'000
ASSETS			
As previously reported under SA GAAP	3,714,049	3,365,791	3,217,051
Property, plant and equipment	61,435	53,294	46,680
Deferred taxation			
Property, plant and equipment	(18,434)	(15,972)	(13,993)
Retirement benefit obligations	-	-	(960)
Reclassification	3,932	3,360	3,113
	3,760,982	3,406,473	3,251,891
LIABILITIES			
As previously reported under SA GAAP	828,704	762,905	771,519
Retirement benefit obligations	-	-	(3,200)
Deferred taxation			
Reclassification	3,932	3,360	3,113
	832,636	766,265	771,432
EQUITY			
As previously reported under SA GAAP	2,885,345	2,602,886	2,445,532
Property, plant and equipment	43,001	37,322	32,687
Retirement benefit obligations	-	-	2,240
	2,928,346	2,640,208	2,480,459

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.

AUDIT OPINION ON 2005 RESTATED FINANCIAL INFORMATION

The 30 September 2004 restatements are unaudited. The restatements of the financial information for the opening 2004 and 2005 balance sheets and financial information for the year ended 31 March 2005, as set out on pages 11 to 15, have been audited by the Group's auditors, PricewaterhouseCoopers Inc., and their audit opinion is available for inspection at the Group's registered office. Their report, addressed to the board of directors, includes an emphasis of matter that the scope of their review did not include the presentation and disclosure aspects of IFRS and was limited to the recognition and measurement criteria of IFRS only. They further note that ammendments to the interpretive guidance issues by the IASB, between the date of the announcement and the finalisation of the financial statements for the year ended 31 March 2006, may result in changes to the restatements published.