RESEARCH REPORT

on

General Hospitals

SICCODE: 93111

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Introduction

This report covers the activities of hospitals as defined under the Standard Industrial Classification Code (Siccode) which are described as General Hospitals. Under Siccode 93111, this group includes the activities of:

- general and specialised hospitals
- sanatoria
- preventoria
- asylums
- rehabilitation centres
- leprosaria
- dental centres
- Other health institutions that have accommodation facilities, including military base and prison hospitals.

These activities are aimed mainly at in-patients and carried out under the direct supervision of medical doctors. They comprise the services of medical and paramedical staff, laboratory and technical facilities, including radiological and anaesthesiological services, food and other hospital facilities and resources such as emergency room services.

In the South African context, hospitals are owned and managed by both the private and public sectors. In this regard, a significant majority (±90%) of all private hospitals are owned by three large private hospital groups, namely: Netcare, Medi-Clinic and Life Healthcare which are represented by the Hospital Association of South Africa (HASA). Of the remaining independent private hospitals (±10%), the majority are represented by the National Hospital Network (NHN). Public hospitals are owned by the Government and fall under the direction of the Department of Health.

In order to cover the broad understanding of general hospitals, this report focuses on private hospitals and public hospitals, as these constitute the majority of healthcare institutions that serve the needs of the South African population at large.

Activities not included in this report are (a) Dental activities and (b) activities carried out predominantly for out-patients which are classified under group 9312 (Medical and dental practice activities) and under group 9319 (Other human health activities) respectively.

While not covered under this Siccode, it is worth enlarging briefly on the two above-mentioned groups which are not classed as acute general hospitals, but which cater for the needs for millions of same-day and daily outpatients. In this regard, there is a large network of primary healthcare centres throughout South Africa; some of which are owned by the large private hospital groups. Over the past 15 years, these Medical Centres have seen a substantial growth where additional facilities have also been added, such as same-day theatres, in-house pharmacies, optometry, emergency facilities, radiology and pathology services.

Medicross, which is part of the Netcare group, is a leading player in this sector, where it has in excess of 46 Family Medical and Dental Centres located nationally that provide Fee-For-Service and primary healthcare. Besides 420 General and 200 Dental Practitioners, it has almost 2 000 administrative staff and professional nursing personnel to cater for over 3 million patients that visit its Medical and Dental Centres every year. Their services are offered...
under one roof and are open for extended business hours, seven days a week. Some Medicross Medical Centres also offer visiting specialists, dieticians, psychological counseling, and clinics specialising in chronic diseases such as diabetes, cholesterol, asthma and family planning. In addition, Medicross offers its own managed healthcare scheme, to which there are approximately 40 000 contributors.

Prime Cure, a Netcare Group company, owned by Medicross is another healthcare service provider that consists of 40 full-service medical centres countrywide and staffed by a compliment of 600 personnel. Serviced by a network of 2 300 general practitioners as well as 1 200 associated healthcare professionals, including dentists and optometrists, this doctor-based healthcare provider services more than 1 million patients in urban, peri-urban and rural areas across all socio-economic sectors in the country. Collectively, the primary healthcare facilities of Prime Cure and Medicross care for more than four million South African patients per annum.

The Life Healthcare group is also a key player in the South African primary healthcare sector where it operates an array of same-day surgical centres. Including hospitals, the group has a support base of over 2 700 doctors. In addition to its acute care business, Life Healthcare is also the country’s leading provider of contracted, on-site occupational and primary healthcare services where it manages over 250 clinics and takes care of about 130 000 employees.

The National Hospital Network, amongst its independent members, also has 15 same-day clinics which are predominantly situated in the large metropoles of South Africa.

Description of the Industry

➢ General overview

Healthcare

The Department of Health has the overall responsibility for healthcare in South Africa, with a specific responsibility for the healthcare of the population in the public sector. Because the unemployment and the poverty levels are rather high, the onus of healthcare falls on the state. While there has been an increase in funding for public hospitals, which consume two-thirds of the health budget, the public sector is nevertheless stretched and under-resourced in many hospitals. On the other hand, the rapidly expanding private sector operates on a commercial basis and caters to the middle- and high-income earners who are mostly members of medical schemes.

The healthcare system consists of a small private sector and a large public sector which ranges from basic primary healthcare to highly specialised hi-tech health services available in the both the public and private sectors. The private sector spends about R66bn to service about seven million people. The rest of the population depends on R59bn, which was the total public sector health budget in 2007, and which constitutes 3.05% of GDP (Gross Domestic Product) and 11.08% of Government expenses.

Although the state contributes about 40% of all expenditure on health, the public health sector is under pressure to deliver services to about 80% of the population. Despite this, most resources are concentrated in the private health sector, which sees to the health needs of the
remaining 20% of the population. The private sector also attracts most of the country's health professionals.

Hospitals

The public health sector has undergone some rapid change over the past decade to make it more equitable and accessible to the needy. Since 1994, more than 1,300 clinics have been built or upgraded and free healthcare for children under six has been introduced. To date, there are 396 provincial public hospitals as well as 46 revitalisation projects with 30 already on site and 16 in the planning stages. A number of tertiary hospitals and ten other hospitals have been completed in the past three financial years. As regards to private hospitals and clinics, the number continues to increase. There are 211 private hospitals countrywide, and in addition, the mining industry also has 60 of its own hospitals and clinics.

A policy of universal access to primary healthcare, introduced in 1994, forms the basis of healthcare delivery programmes where primary healthcare clinics fall under the control of district authorities, and public hospitals remain under the control of provincial authorities.

Partnerships between the public and private sectors, although slow, have been formed to address the resource shortages of public hospitals. By agreement, some private hospitals now offer beds and provide medical care to public sector patients.

Medical staff

There has always been a long-standing shortage of doctors in rural areas. In 2006, the Department of Health initiated the National Human Resource Plan to counter the skills shortfall from the loss of experienced health professionals from rural to urban areas, from the public to private sector, and from South Africa to developed countries.

While the Government initially made it difficult for foreign doctors to work in South Africa, the quality of healthcare was being undermined because of a shortage of doctors and specialists, particularly in the rural areas. Some health institutions are operating with less than 50% of the staff that they need, and about 33% of health posts countrywide are vacant.

Over the years, the Government has also entered into several agreements to recruit foreign doctors from such countries as Tunisia, Cuba and Iran to fill vacant posts. Furthermore, newly graduating South African doctors now complete a year of compulsory community service in understaffed public hospitals and clinics. In both the public and private sectors, there are 33,200 doctors registered with the Health Professions Council of South Africa.

Department of Health

The Department of Health, which is responsible for general healthcare in South Africa, is presently trying to transform the public health system. Approximately 11% of the GDP is spent on health, with public sector funding accounting for 3.4% of GDP. Even with this expenditure, it is still not sufficient for the needs of the overburdened public health system. In real terms, there are far too many patients for it to accommodate in public hospitals. The situation has arisen mainly due to the high prevalence of HIV/AIDS, which affects an estimated 12% of the South African population.
In a further effort to alleviate overcrowded Government hospitals, the South African National Defence Force opened the doors of military hospitals to civilians during August 2008. There are only three military hospitals in the country situated in Pretoria, Cape Town and Bloemfontein. Whether this move would alleviate the already overcrowded Government hospitals is yet to be seen, but the Department of Health is nevertheless trying everything possible to increase the number of health facilities and professionals, and retain those at hand.

The agreement between the Department of Defence and the Department of Health would also help military personnel, who reside far from a military hospital, to be able to go to a Government hospital near their place of residence. The joint effort is also to increase healthcare preparations for the FIFA 2010 World Cup where thousands of foreign visitors could have confidence that their healthcare needs will be taken care off properly.

The private health care sector, which operates over 200 private hospitals, is also being asked to play a greater role due to the Government adopting a policy shift towards supporting private health and public-private partnerships

**Medical schemes**

In other initiatives, the Government has also created a low-income medical scheme (LIMS) for employees who were not able to afford health coverage previously, and to place primary health clinics under the control of local health districts. The aim being to standardise basic health services and grant affordable care for all.

Over 80% of South Africans have no medical aid, and thus have no choice but to seek treatment at Government hospitals and clinics. Many sick and injured people are not getting all the necessary care because of a huge shortage of skilled nurses. Ironically, a number of nursing colleges were closed down in the late 1990s as part of Government's cost-cutting measures.

According to the World Health Organisation statistics, the number of hospital beds in South Africa has been reduced from 76 beds per 10 000 patients in 1976 to 27 beds per 10 000 patients last year.

**HIV/AIDS**

Public hospitals in the urban townships struggle to cope with the ever-increasing patient loads, which has resulted from two main factors, namely: the HIV/AIDS epidemic and rapid urbanisation, where a large unknown number of people live in unhealthy conditions in informal settlements. AIDS patients tend to be very sick and need longer and more specialised care than other patients. At some hospitals the medical doctors have to make decisions based on time and resources that are available rather than on medical criteria in order to decide on which AIDS patients they can try to save and those which they cannot assist.

Doctors admit that patients are sometimes discharged prematurely because of the pressure on the need for beds. Nursing at public hospitals can also be highly stressful due to staff shortages, unmanageable workloads and management failures that can and do compromise patient care.
Expenditure

In an effort to upgrade the healthcare system, the Government has a Service Transformation Plan (STP) in place with key priorities, indicators and targets as detailed in the National Health Plan for 2007/2008. Briefly, the plan has medium-term and long-term expenditure estimates for all nine provincial Departments of Health. The expenditure for the medium-term is listed below:

<table>
<thead>
<tr>
<th>Province</th>
<th>2007/8</th>
<th>2008/9</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>8,143</td>
<td>8,551</td>
<td>8,551</td>
</tr>
<tr>
<td>Free State</td>
<td>3,643</td>
<td>3,879</td>
<td>4,156</td>
</tr>
<tr>
<td>Gauteng</td>
<td>12,052</td>
<td>12,189</td>
<td>12,996</td>
</tr>
<tr>
<td>Kwazulu-Natal</td>
<td>13,413</td>
<td>13,719</td>
<td>13,322</td>
</tr>
<tr>
<td>Limpopo</td>
<td>6,096</td>
<td>6,042</td>
<td>7,052</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>3,595</td>
<td>3,947</td>
<td>4,261</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>1,460</td>
<td>1,567</td>
<td>1,692</td>
</tr>
<tr>
<td>North West</td>
<td>3,755</td>
<td>3,983</td>
<td>4,240</td>
</tr>
<tr>
<td>Western Cape</td>
<td>7,095</td>
<td>7,585</td>
<td>7,688</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59,252</strong></td>
<td><strong>62,023</strong></td>
<td><strong>65,059</strong></td>
</tr>
</tbody>
</table>

Dual Healthcare

South Africa in effect operates a dual healthcare system which is distinguished by the large public and private sectors. Public hospitals serve 80% of the population and are funded predominantly by the Government from general tax revenue; comprising 40% of the total health spends. On the other hand, the highly developed private sector serves about 20% of the population which comprises those who are insured and/or are higher income earners, and who are responsible for 60% of the total health expenditure.

Hospitals in South Africa therefore reflect the big divide that exists between health service provision in the public and the private sectors. Government owned public sector hospitals are often perceived as being inefficient and ineffective while the privately owned and managed hospitals are adjudged to be amongst the more profitable of enterprises, and compare with the best in the world. The popular belief is that there is a huge gap between the organisational skills and the management competency levels of the hospital managers of the two sectors.

State of the Industry

Private hospital groups in South Africa deliver a return on average capital of 5.7% which is marginally better than the 5.4% that private hospitals in developed countries deliver. It is however a lower return on investment than the JSE (Johannesburg Securities Exchange) all share index (excluding hospitals) of 13.4%. The question of how much profit is enough for private hospitals that deliver an essential health service is being asked prior to their negotiations with the Department of Health over the 2009 National Health Reference Price List. The list is important as it will constitute the starting point for annual price talks between
healthcare providers and medical schemes if the controversial National Health Amendment Bill is passed by Parliament. By contrast, international diversified pharmaceutical companies deliver a return on investment of over 20%.

> **Health care costs**

The Department of Health would ideally like the private hospitals to keep their medical price increases within that of inflation. Some hospitals had indicated that increases might be as high as 15%. However, HASA which represents more than 90% of the private hospitals in country, believe that the CPIX (consumer price index less mortgage costs) of 8.8% was not an accurate gauge of the costs of healthcare.

Internationally, the measurement of these costs was subject to a medical inflation indicator made up of components relevant to the medical sector such as pharmaceutical products, medical and precision equipment, wholesale food, electricity, gas, rubber and water. Private hospitals were committed to the determination of costing mechanisms for their services that were fair, reasonable and appropriate to the industry. The Ministry of Health has indicated that it intends changing the National Health Act to ensure transparency and fairness in the negotiation of hospital tariffs.

> **International market**

**Expenditure comparison**

In the United Kingdom, the Government expenditure is about 7.8% of GDP on the NHS (National Health Service), which accounts for 85% of total healthcare and the remaining 15% is accounted for by private health insurance. The total healthcare spending amounts to 9.4% of GDP. In real terms, the total healthcare spending in the UK in 2007/2008 is approximately £113.5bn in 2007/08. Of this, £95.5bn represents Government spending on the NHS while an estimated £17bn is spent on private sector healthcare. By comparison, Germany, France and the US are spending 10.7%, 11.1% and 15.3% respectively. Originally, the introduction in the UK of the private healthcare sector as providers of public services was meant to provide additional capacity to the NHS.

However, the healthcare sector was constrained by a lack of health professionals and, consequently, additional private sector capacity came at the expense of public sector capacity as personnel moved from the NHS to the private sector.

**International investment**

Together with a consortium, Netcare acquired a controlling stake of 50.1% of the UK’s General Healthcare Group (GHG) for a total of £2.2bn in 2006. Its investment in GHG involved an equity contribution of £219 million. The other consortium partners were Apax Partners Worldwide (31.7%), London and Regional Properties (7.4%), Brockton Capital (3%) and management (7.4%). Consequently, Netcare UK merged with Amicus Healthcare, GHG’s NHS service arm, but kept the Netcare UK brand.

To illustrate the size of Netcare’s acquisition, GHG owns BMI Healthcare which is the largest private hospital provider in the UK. BMI has 48 hospitals with 2 600 beds, 152 operating theatres and 37 pharmacies. It admits 230 000 patients and attends 892 000 outpatients per annum. In December 2007, GHG acquired nine hospitals with a total of 346 beds from
Nuffield Hospitals for £140 million. These have been merged with BMI and thus increase the number of beds it operates by some 14%. The acquisition makes it the largest private healthcare provider and brought GHG’s share of the UK private hospital market (in beds) to 28.5%.

 Regulations

Private hospitals

The private hospital industry is mainly regulated in terms of licensing requirements implemented at the provincial level. This form of regulation is limited to ensuring that hospital facilities meet quality standards as determined by the Department of Health. Inspections are conducted at the provincial level and a recommendation is made for the license to be issued or declined. Apart from processes discussed above, there is no other form of direct regulation for private hospitals.

National Health Amendment Bill

During the ANC (African National Congress) conference in Polokwane last year, a proposal was tabled where one of the policies to be proposed by the future Government next year is the National Health Amendment Bill. The Bill is aimed at encouraging collective bargaining between funders and providers, and will focus on tariffs. The private hospital sector intended engaging with the Government and participating in policy formation in an effort to take on the challenges facing South Africa’s healthcare, particularly on the debate of a national health insurance.

In the past, the private healthcare sector had struggled to establish a good rapport with the present Government with whom several meetings had failed to yield any positive results, especially on the issues of regulation, but it intended proving that it was committed to being part of ensuring affordable healthcare for all the country’s citizens. Besides affordability, the sector would like areas such as basic primary care, skills shortages and private-public partnership initiatives addressed.

 Price regulation

There is concern in private sector hospitals that price regulation is looming for private healthcare. The Minister of Health is the architect of new rules that could conceivably close and drive private hospitals out of business. The Minister recently promised that 2008 will be the year of regulating private health care, and this has implications for investors in the private healthcare sector. Draft regulations, released for comment at the end of April 2008, will give the Minister unprecedented power to decide how much hospitals and doctors can charge. Unless the regulations are softened, the Minister will be able to appoint a facilitator to oversee price talks between hospitals and medical schemes. In the event that prices cannot be agreed upon, a pricing tribunal chosen by the Minister will make a final ruling, against which no appeals will be allowed. The Minister stated that private hospitals had been requested over several years to find solutions to make health services more affordable but that they have now shown that they are not capable of self-regulation.

The reaction from the private hospitals has been that the proposed regulations amount to price control and the first step to greater state intervention. Effectively, there will be no incentive for medical schemes to engage in real price negotiations because it would go to the tribunal.
anyway. For investors these are ominous signs as the shares of two of the largest private hospital groups, Netcare and Medi-Clinic, have fallen 24% and 16% respectively this year, amounting to a total loss in value of R7.4bn. The fear of greater regulation comes at a time when there is pressure on profits due to rising wage, electricity and other costs.

Though the Government may be trying to lower private healthcare costs, and take stress off the public sector, price regulation may have the opposite effect. If private hospitals downgrade their investments, it will only move more patients to the already strained public sector. With imminent regulation about to become reality, private hospital groups are looking more and more on expanding overseas. Last year, Medi-Clinic spent R17bn on buying control of Switzerland’s largest hospital group, Hirslanden, and Netcare also recently bought control of the UK-based General Healthcare Group (GHG).

**Size of Industry**

- **Private sector**

HASA estimates the annual turnover of the private hospital industry at R17.5bn. This amount is higher than the total amount spent by medical schemes on private hospitals. HASA further estimates the population covered by the private sector to be as high as 10 million but information from the General Household Survey conducted by Statistics South Africa (StatsSA), HASA, and the Council for Medical Schemes (CMS) is not adequate to verify this claim.

Because HASA represents a substantial majority of private hospitals in South Africa, it is accepted by the Government and other stakeholders as the official representative body of the private hospital industry.

As of June 2007, there were 28,426 private sector beds in total, of which 21,202 (74%) are owned by three large hospital groups, namely: Netcare, Medi-Clinic and Life Healthcare. Private beds constitute 21% of total hospital beds in South Africa. 7,224 beds are independently owned; of which 957 beds were within the mining sector (Goldfield and Harmony) and the majority of the balance of 6,267 beds are owned by members belonging to NHN. The following statistics indicate the relative size of the industry per annum.

<table>
<thead>
<tr>
<th>Hospital Group</th>
<th>Number of beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netcare Holdings (Listed Company)</td>
<td>7,576</td>
</tr>
<tr>
<td>Medi-Clinic (Listed Company)</td>
<td>6,732</td>
</tr>
<tr>
<td>Life Healthcare (Unlisted Company)</td>
<td>6,894</td>
</tr>
<tr>
<td>Joint Medical Holdings (Unlisted Company)</td>
<td>357</td>
</tr>
<tr>
<td>Melomed (Unlisted Company)</td>
<td>388</td>
</tr>
<tr>
<td>Clinix (Unlisted Company)</td>
<td>657</td>
</tr>
<tr>
<td>Community Health</td>
<td>781</td>
</tr>
<tr>
<td>Gold Fields</td>
<td>869</td>
</tr>
<tr>
<td>Harmony</td>
<td>88</td>
</tr>
<tr>
<td>Other independents</td>
<td>4,084</td>
</tr>
<tr>
<td><strong>Total Private Sector Beds</strong></td>
<td><strong>28,426</strong></td>
</tr>
</tbody>
</table>

(Source: www.hasa.co.za)
Key players

Netcare

Netcare is regarded as the largest private hospital group in South Africa with its 27% market share of beds, and employs 17,718 personnel at its 68 hospitals, one- and same-day surgical units throughout the country. Within these units, it has 9,046 registered beds, 358 operating theatres and 82 retail and hospital pharmacies. Through its 100% ownership of Medicross and Prime Cure, there is also a network of 106 primary care centres. In addition, Netcare 911, Netcare’s wholly owned subsidiary, operates the largest private emergency service with a fleet of over 500 response vehicles and ambulances, 3 helicopters and 3 fixed-wing aircraft. It also has a 100% interest in (CHG) Community Hospital Group, which operates six hospitals in South Africa. The 2007 annual figures published show that Netcare generated revenue of R8.9bn, with an operating profit of R1.4bn.

Life Healthcare

Life Healthcare operates 62 hospitals and same day surgical centres with a combined 7,300 beds spread throughout South Africa (including one hospital in Botswana). This makes the group the second biggest private hospital operator in the country. As Life Healthcare is not publicly listed, financial information is treated as confidential and is thus unavailable.

Medi-Clinic

The Medi-Clinic Group is an established leader in the private hospital industry in South Africa. With 46 hospitals throughout the country, it commands a market share of some 23%. It has nearly 6,400 beds in its network and 12,000 full-time employees servicing more than 50 hospitals countrywide and in Namibia.

In addition, Medi-Clinic operates an emergency service network, ER24, with over 110 response vehicles. ER24, additionally, contracts with independent ambulance and aero service providers to secure national coverage. ER24 was originally run as a joint venture between Life and Medi-Clinic but became a fully owned subsidiary of the group in 2005. The Group has a 51% stake in a joint venture, Phodiclinics, with Phodiso, a Black Economic Empowerment partner, which has been licensed to build a 140 bed hospital in Cape Town and a 70 bed hospital in Scottburgh, KwaZulu-Natal. Medi-Clinic projects that the number of beds in the group will increase by about 500 beds before 2010 resulting from the building of new hospitals and expansion of existing ones.

Medi-Clinic’s annual revenue reached R5.4bn in 2007, and increased by 79% to R9.6bn in 2008 as a result of its acquisition of:
  ♦ a 51% interest in the 200-bed Protector hospitals,
  ♦ a 49% interest in Tshwane Private Hospitals, which in turn holds a 63% interest in Curamed Holdings, as well as its 49% interest in Phodiclinics.

National Hospital Network

The National Hospital Network (NHN) is the fourth largest private hospital group consisting of 78 independently owned members which includes 38 hospitals, 15 day clinics, 11 psychiatric clinics, 11 ophthalmic clinics and 3 sub acute facilities. The group has comprehensive representation, predominantly in the major cities of South Africa and
represents 17.7% of the private sector’s +28 000 beds. It has an estimated 10% market share of the private hospital sector.

**Public Sector**

The Department of Health, for its part, controls more than 4 100 public clinics and Community Health Centres, 400 hospitals and employs more than 240 000 personnel. It owns 119 310 beds, which comprises 79% of the total South African healthcare sector.

The figures below indicate some spread of the health professionals employed in the public sector during 2007.

- 9 671 student nurses
- 21 379 enrolled nurses
- 9 959 medical practitioners

The health professionals employed in the total (public and private) healthcare sector are listed below to show the comparison with the above

- 40 582 enrolled nurses registered with the Nursing Council
- 34 324 medical practitioners registered the HPCSA
- 103 792 professional nurses registered with the Nursing Council

**Corporate Actions**

On 1 October 2007, Netcare acquired the remaining 56.25% of Community Hospital Group (CHG), a majority black owned entity operating five hospitals in South Africa with 682 registered beds.

**Influencing Factors**

- **Labour Resources**

As with many South African sectors, labour resources are a critical issue. It is widely known that medical professionals are leaving, and have left South Africa in large numbers. It is believed that 10 000 medical students have emigrated and that there are 42 000 vacancies for nursing posts.

More than 25% (12 000) of South Africa’s registered doctors (44 000) have already left the country, and two out of every three of those who have not, will consider leaving if tariffs are fixed by legislation. There are more South African-qualified doctors working abroad than there are in the public health sector. More than 500 qualified South African doctors’ work in New Zealand, over 1 300 in Canada, and many thousands in Britain and United States. Ironically, there are more than 4 000 doctor vacancies in the public sector. Most rural areas are under-resourced and under-served with around 3 doctors for every 100 000 patients. The state health sector does not have the human resources to continue propping up the public health system.
The percentage of public health professional posts which are vacant are to be found below.

- 33.3% of all health professional posts
- 34.1% of medical practitioner posts
- 36.3% of professional nurses’ posts

A great number of South Africa’s more experienced nurses have taken voluntary severance packages and have gone overseas, which leaves young nurses without mentors. The number of registered nurses being trained is limited by the ability of the universities and nursing colleges to accommodate them. With the shortage of experienced staff, South Africa now has to import nurses to meet national demands.

The effect of the shortage of nurses is also being felt in the private sector. In this regard, Medi-Clinic might be recruiting Indian nurses to overcome their shortage. A team from the group will be going to India to conduct interviews and start a selection process of recruiting 60 clinical nurses.

Netcare is also considering an incentive campaign to lure back the South African nursing staff now working in Britain. Poor remuneration initially resulted in large numbers of skilled and experienced nursing staff departing for Europe, and in particular Britain.

The South African Government has expressed its concern at this skills flight, but has given little acknowledgement to the fact that poor working conditions, salaries and lack of equipment in state institutions have fastened this process. The Minister of Health has taken cognisance of the fact that 25 000 health professionals (including nurses) are working abroad and has in the past announced plans to lure them back. Unfortunately, none of these plans have shown any results, nor have they stemmed the still-continuing exodus.

In research carried out by NALEDI (National Labour and Development Institute) on the state of healthcare services, it was confirmed that most state hospitals have a critical problem of severe staff shortages. They reported that these shortages at hospitals came about by underfunding as well as a shortage of professional skills. Besides the essential medical staff of doctors and nurses, there is also a shortage of support workers, such as cleaners and porters, which compounds the problem. It was found that nurses had to step in to do such tasks as inventories, push patients to other departments, clean floors, take trolleys to fetch food and serve meals because of the shortage of support staff. In remote and rural areas, the shortage of nurses was even more critical as nurses preferred to work in urban areas where health working conditions were better.

On the matter of shortages, the Minister of Health believed that overseas countries were poaching healthcare professionals, but private clinics were also tempting nursing staff away from state hospitals.

➤ Key Risks

With the faltering public sector in mind, South Africa is now being faced with another public health threat that can be considered as serious as the HIV/AIDS epidemic. This new threat is TB (Tuberculosis), but more specifically, the extensively drug resistant TB (XDR-TB). This particular form of TB is resistant to the two first-line treatments, and at least three of the six classes of second-line drugs. In the vast majority of cases, XDR-TB is practically untreatable and certainly fatal. Because TB normally affects patients whose immunity is compromised, it
strikes primarily those who are suffering from HIV/AIDS. Should this malady spread further, it would be the public health sector alone that would have to deal with this growing epidemic.

South Africa already has more than 5 million HIV/AIDS infected people. Should even a minimal of those with HIV/AIDS contract XDR-TB, the consequences would be a severe burden on public health. TB is an airborne disease and can be contracted easily, thus the XDR variety would be deadly. An out of control situation could have dire consequences.  

Source: www.politicsweb.co.za

Continental Presence

Although the larger private hospital groups have expanded their operations into Europe and the United Kingdom, their presence in the rest of Africa is not extensive.

The Medi-Clinic group currently has three hospitals in Namibia which are located in the following towns:

- Swakopmund: The Cottage Medi-Clinic with 70 beds.
- Otjiwarongo: Otjiwarongo Medi-Clinic with 20 beds.
- Windhoek: Windhoek Medi-Clinic with 120 beds.

The Life Healthcare group only operates one hospital in the rest of Southern Africa and beyond; that being the Life Private Hospital in Gaborone (Botswana) which has 132 beds, 3 theatres and a 5-bed intensive care unit.

Competition

In view of the fact that the three large private hospital groups, Netcare, Life Healthcare and Medi-Clinic, account for more than 75% of the private health care market share, this sector is not considered competitive.

Barriers to Entry

The barriers to entry for any new participants in the private hospital sector are considerable. The expenditure involved in buying hospitals or setting up other health care facilities is extremely costly. To start, the estimated cost per bed is approximately R1.2 million. The sector already has a well developed structure of institutions and facilities throughout the country which would require that a prospective new entrant would need a national network to compete equitably.

The current three large groups already have existing contractual relationships with medical schemes; hence a new entrant would require quite some time to make any penetration in the market. Creating a supply of patients through referrals from doctors will demand time. Furthermore, a Government sanctioned moratorium on new hospital licences works as an effective barrier to market entry for new providers, while the existing providers have been able to transfer licenses between locations. Lastly, some new licences are being awarded to BEE (Black Economic Empowerment) consortiums which are presently being offered for sale to, or as a basis for joint ventures with the hospital groups. That being said, the current market structures and the barriers to entry are not likely to change in any significant manner, and thus
the big three South African hospital groups will, in all probability, continue to dominate the private hospital sector. [Source: www.diis.dk]

**Future Outlook**

The Government has a hospital revitalisation programme in place, which includes the construction of 29 hi-tech equipped hospitals. Most of these are already under construction across the country, and will cost R1.2bn this financial year. The budget for the programme for the next financial year will be increased to R2bn.

The Pretoria Academic Hospital had already been revamped with a new facility that included equipment of world class healthcare technology. The state-of-the-art medical equipment in the facility includes the latest Magnetic Resonate Imaging (MRI) Scanner, two 64-Slice Computerised Tomography (CT) Scanners, totally digital radiology and a Picture Archiving Communication System. It also boasts more than 22 well-equipped theatres, including specialised cardiothoracic surgery, neurosurgery, reconstructive surgery and gynaecology facilities. According to the Gauteng Premier, Mbhazima Shilowa, the facility was a reflection of Government’s drive to provide better health services to the people of South Africa.

**Industry Associations**

- **The Hospital Association of South Africa (HASA)** is an industry association which represents the collective interests of the majority of private hospital groups and independently owned private hospitals in the Republic of South Africa. Currently, HASA comprises a total of 192 private hospitals representing about 28 500 beds and over 90% of the private hospital industry in South Africa. It is a key role-player in the country’s healthcare environment. Governed by a Board of Directors and under the leadership of Chief Executive Officer, Adv. K. Worrall-Clare, HASA functions as the official mouthpiece of South Africa's private hospital industry.

Contact Details
P O Box 4038, Cresta, 2118
Tel: +27 11 478-0156.
Fax: +27 11 478-0410
Website: www.hasa.co.za

- **The Board of Healthcare Funders (BHF)** is the representative organisation for 95% of medical schemes throughout South Africa, Namibia, Zimbabwe, Botswana as well as Lesotho. As the industry representative body, the organisation relies on the membership of all medical schemes to ensure that it is able to lobby Government and other organisations effectively and to influence policy where necessary on behalf of the entire industry.

Contact Details
P.O. Box 2324, Parklands, 2121
Tel: +27 11 537-0200
Fax: +27 11 880-8798
Website: www.bhfglobal.com
The South African Medical Association (SAMA) is a non-statutory, professional association for public and private sector medical practitioners. Registered as an independent, non-profit Section 21 Company, SAMA acts as a trade union for its public sector members and as a champion for doctors and patients. On behalf of its members, the Association strives for a health care dispensation that will best serve their needs. SAMA membership is voluntary, with some 70% of public and private sector doctors in South Africa currently registered as members of SAMA. The SAMA head office is situated in Pretoria, South Africa. It houses the Foundation for Professional Development, which provides continuing education programs for medical professionals.

Contact Details
P O Box 74789, Lynnwood Ridge, Pretoria, 0040
Tel: +27 12 481-2000
Fax: +27 12 481-2100
E-mail: online@samedical.org
Website: www.samedical.org

References

Websites
- www.mediaclubsouthafrica.com
- www.worldproutassembly.org
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- www.pubmedcentral.nih.gov
- http://allafrica.com
- www.diis.dk
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- http://reports.netcareinvestor.co.za
- http://tmp.hst.org.za
- www.mediclinic.co.za
- www.nhn.co.za
- http://download.microsoft.com
- www.lifehealthcare.co.za
- www.hasa.co.za
- www.bio-medicine.org
- http://naledi.org.za
- www.politicsweb.co.za
- www.news24.com
- www.bhfglobal.com
- http://www.medicross.co.za
- http://www.primecure.co.za
- www.sagoodnews.co.za
### List of National Hospital Network (NHN) Members

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**Ophthalmology**

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**Psychiatric**

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**Sub acute**

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List of Medi-Clinic Hospitals

Free State
- Bloemfontein Medi-Clinic  Hoogland Medi-Clinic
- Welkom Medi-Clinic

Gauteng
- Emfuleni Medi-Clinic  Kloof Medi-Clinic
- Legae Medi-Clinic  Medforum Medi-Clinic
- Medi-Clinic Heart Hospital  Morningside Medi-Clinic
- Muelmed Medi-Clinic  Sandton Medi-Clinic
- Sunnyside Medi-Clinic  Vereeniging Medi-Clinic
- Wits University Donald Gordon Medical Centre

Kwazulu-Natal
- Howick Private Hospital  Newcastle Private Hospital
- Pietermaritzburg Medi-Clinic  Victoria Hospital

Limpopo
- Curamed Thabazimbi  Limpopo Medi-Clinic
- Marapong Private Hospital  Tzaneen Medi-Clinic

Mpumalanga
- Barberton Medi-Clinic  Ermelo Medi-Clinic
- Highveld Medi-Clinic  Nelspruit Medi-Clinic
- Secunda Medi-Clinic

North West Province
- Brits Medi-Clinic  Potchefstroom Medi-Clinic

Northern Cape
- Kathu Medi-Clinic  Kimberley Medi-Clinic
- Upington Medi-Clinic

Western Cape
- Cape Town Medi-Clinic  Constantiaberg Medi-Clinic
- Durbanville Medi-Clinic  Geneva Clinic
- George Medi-Clinic  Hermanus Medi-Clinic
- Klein Karoo Medi-Clinic  Louis Leipoldt Medi-Clinic
- Milnerton Medi-Clinic  Paarl Medi-Clinic
- Panorama Medi-Clinic  Plettenberg Bay Medi-Clinic
- Stellenbosch Medi-Clinic  Strand Private Hospital
- Vergelegen Medi-Clinic  Worcester Medi-Clinic

Namibia
- Cottage Medi-Clinic (Swakopmund)
- Otjiwarongo Medi-Clinic (Otjiwarongo)
- Windhoek Medi-Clinic (Windhoek)
List of Board of Healthcare Funders (BHF) Members

South Africa

♦ AECI Medical Aid Scheme
♦ Alliance Midmed
♦ Altron Medical Aid Scheme
♦ Anglo Medical Scheme
♦ Anglovaal Group Medical Scheme
♦ Aranda Textile Mills Medical Scheme
♦ Bankmed Medical Scheme
♦ Barlow Medical Scheme
♦ BIMAF (Eastern Cape)
♦ BIMAF (Western Cape)
♦ Biz Health Medical Scheme
♦ BMW Employee Medical Aid Scheme
♦ Bonitas Medical Fund
♦ BP SA Medical Aid Society
♦ Building & Construction Industry Medical Scheme
♦ Cape Medical Plan
♦ Chartered Accountant Medical Aid Fund (CAMAF)
♦ Clicks Group Medical Scheme
♦ Comm & Ind Med Aid Scheme
♦ Community Medical Aid Scheme (COMMED)
♦ Compcare Medical Scheme
♦ CSIR Medical Scheme
♦ DC MED Medical Scheme
♦ De Beers Benefit Fund
♦ Discovery Health Medical Scheme
♦ Edcon Medical Aid Scheme
♦ Engen Medical Benefit Scheme
♦ Family Health Medical Scheme
♦ Fedhealth Medical Scheme
♦ Fishing Industry (Fish-med)
♦ Foschini Medical Scheme
♦ Genesis Medical Scheme
♦ Gen-Health Medical Scheme (Promed)
♦ Global Health Medical Scheme (prev.) Natalmed
♦ Good Hope Medical Aid
♦ Grintek Electronics Medical Scheme
♦ Holcim Group Medical Scheme
♦ Hosmed Medical Aid Scheme
♦ IBM SA Medical Aid Scheme
♦ Imperial Medical Scheme
♦ Ingwe Medical Scheme
♦ Kwazulu Natal Medical Aid
♦ LA-Health Medical Scheme
♦ Libcare Medical Scheme
♦ Liberty Medical Scheme
♦ Lifemed Medical Scheme
♦ Malcor Medical Aid Scheme
♦ Massmart Health Plan
♦ Medcor Medical Scheme
♦ Medicover 2000 Medical Scheme
♦ Medihelp Medical Scheme
♦ Medisense Medical Scheme
♦ Medipos Medical Scheme
♦ Medshield Medical Scheme
♦ Metrocare Medical Scheme
♦ Metropolitan Medical Scheme
♦ Momentum Health Medical Scheme
♦ Moremed Medical Scheme
♦ Munimed Medical Scheme
♦ Mutual & Federal Medical Scheme
♦ Nampak Group Medical Scheme
♦ Naspers Medical Scheme
♦ National Independent Medical Aid Society (NIMAS)
♦ Pure Health Medical Scheme
♦ Nedgroup Medical Aid Scheme
♦ Netcare Medical Scheme
♦ Old Mutual Staff Medical Scheme
♦ Openplan Medical Scheme
♦ Opmed Medical Scheme
♦ Oxygen Medical Scheme
♦ P G Bison Medical Scheme
♦ P G Group Medical Scheme
♦ Pathfinder Medical Scheme
♦ Pharos Medical Plan
♦ Pick ’n Pay Medical Scheme
♦ Polmed Medical Scheme
♦ Pro Sano Medical Scheme
♦ Profmed Medical Scheme
- Protea Medical Scheme
- Quantum Medical Scheme
- Rand Water Medical Scheme
- Remedi Medical Scheme
- Resolution Health Medical Scheme
- SAB Medical Scheme
- SABC Medical Scheme
- SAMWUMED Medical Scheme
- SAPPI Medical Aid Scheme
- Sasolmed Medical Scheme
- SEDMED Medical Scheme
- Siemens Medical Scheme
- Sizwe Medical Scheme
- Spectramed Medical Scheme
- Stocksmed Medical Scheme
- Suremed Medical Scheme
- Telemed Medical Scheme
- Thebemed Medical Scheme
- Tiger Brands Medical Scheme
- Topmed Medical Scheme
- Transmed Medical Scheme
- Tsogo Sun Group Med Scheme
- Umed Medical Scheme
- Umvuzo Health
- University of KwaZulu-Natal Medical Scheme
- University of Witwatersrand Medical Scheme
- Witbank Coalfields Medical Scheme
- Woolthru Healthcare Medical Scheme
- Renaissance Health Medical Scheme
- X-Strata Medical Scheme
## List of Netcare Hospitals

### Gauteng

<table>
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<td>Alberton</td>
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<td>Netcare Union Hospital</td>
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<td>Optimed Clinic</td>
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<td>Netcare Bagleyston Day Hospital</td>
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<td>Netcare Garden City Hospital</td>
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<td>Netcare Linkwood Hospital</td>
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<td>Netcare Mulbarton Hospital</td>
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<td>Netcare Olivedale Hospital</td>
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<td>Netcare Optiklin Eye Hospital</td>
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<td>Netcare Rehabilitation Hospital</td>
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<td>Netcare Rosebank Hospital</td>
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<td>Netcare Sunninghill Hospital</td>
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<td>Netcare Sunward Park</td>
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<tr>
<td>Walter Sisulu Paediatric Cardiac Centre</td>
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<td>Netcare Bell Street Hospital</td>
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<td>Netcare Constantia Day Hospital</td>
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<td>Netcare Krugersdorp Hospital</td>
<td>Krugersdorp</td>
<td>Tel: +27 11 9510200</td>
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<td>Netcare Protea Day Hospital</td>
<td>Krugersdorp</td>
<td>Tel: +27 11 6607224</td>
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<tr>
<td>Netcare Akasia Hospital</td>
<td>Pretoria</td>
<td>Tel: +27 12 5221000</td>
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<td>Tel: +27 12 3041700</td>
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<td>Netcare Jakaranda Hospital</td>
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<td>Netcare Moot Hospital</td>
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<td>Netcare Pretoria East Hospital</td>
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<tr>
<td>Netcare N17 Hospital</td>
<td>Springs</td>
<td>Tel: +27 11 3651400</td>
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### KwaZulu-Natal

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<tr>
<td>Alberlito Hospital</td>
<td>Balito</td>
<td>Tel: +27 32 946 6700</td>
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<tr>
<td>Kokstad Private Hospital</td>
<td>Durban</td>
<td>Tel: +27 39 7272167</td>
</tr>
<tr>
<td>Netcare Kingsway Hospital</td>
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<td>Tel: +27 31 9047000</td>
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<td>Netcare Parklands Hospital</td>
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<td>Tel: +27 31 2424000</td>
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<tr>
<td>Netcare St Augustine's Hospital</td>
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<td>Tel: +27 31 2685000</td>
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<tr>
<td>Netcare Margate Hospital</td>
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<td>Tel: +27 39 3173201</td>
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<tr>
<td>Netcare St Anne's Hospital</td>
<td>Pietermaritzburg</td>
<td>Tel: +27 33 8975000</td>
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<tr>
<td>Netcare The Bay Hospital</td>
<td>Richards Bay</td>
<td>Tel: +27 35 780 6111</td>
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<tr>
<td>Netcare Umhlanga Hospital</td>
<td>Umhlanga</td>
<td>Tel: +27 31 5605500</td>
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### Mpumalanga

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<td>Netcare Bronkhorstspruit Hospital</td>
<td>Mpumalanga</td>
<td>Tel: +27 13 932 9700</td>
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<tr>
<td>Name of Hospital</td>
<td>Area</td>
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<tr>
<td><strong>North West Province</strong></td>
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<tr>
<td>Netcare Ferncrest Hospital</td>
<td>Rustenburg</td>
<td>Tel: +27 14 568-4399</td>
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<tr>
<td><strong>Free state</strong></td>
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<tr>
<td>Pelonomi Private Hospital</td>
<td>Bloemfontein</td>
<td>Tel: +27 51 407 1500</td>
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<tr>
<td>Universitas Private Hospital</td>
<td>Bloemfontein</td>
<td>Tel: +27 51 506 3500</td>
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<tr>
<td>Netcare Kroon Hospital</td>
<td>Kroonstad</td>
<td>Tel: +27 56 215 1881</td>
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<tr>
<td>Netcare Vaalpark Hospital</td>
<td>Vaalpark</td>
<td>Tel: +27 16 971 9000</td>
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<tr>
<td><strong>Eastern Cape</strong></td>
<td></td>
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<tr>
<td>Netcare Greenacres Hospital</td>
<td>Port Elizabeth</td>
<td>Tel: +27 41 390 7000</td>
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<tr>
<td>Netcare Cuyler Hospital</td>
<td>Uitenhage</td>
<td>Tel: +27 41 995 9000</td>
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<tr>
<td><strong>Western Cape</strong></td>
<td></td>
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<tr>
<td>Netcare Blaauwberg Hospital</td>
<td>Cape Town</td>
<td>Tel: +27 21 554 9000</td>
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<tr>
<td>Netcare Christiaan Barnard Memorial Hospital</td>
<td>Cape Town</td>
<td>Tel: +27 21 4806111</td>
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<tr>
<td>Netcare N1 City Hospital</td>
<td>Cape Town</td>
<td>Tel: +27 21 5904444</td>
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<tr>
<td>Southern Cross Hospital</td>
<td>Cape Town</td>
<td>Tel: +27 21 7993000</td>
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<tr>
<td>Kuils River Hospital</td>
<td>Kuilsrivier</td>
<td>Tel: +27 21 9006530</td>
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</table>
- List of Life Healthcare Group Hospitals -

**Gauteng**
- Life Bedford Gardens Hospital
- Life Birchmed Surgical Centre
- Life Brenthurst Clinic
- Life Brooklyn Surgical Centre
- Life Carstenshof Clinic
- Life Dalview Clinic
- Life Eugene Marais Hospital
- Life Faerie Glen Hospital
- Life Flora Clinic
- Life Fourways Hospital
- Life Little Company of Mary Hospital
- Life Medgate Sameday Surgical Centre
- Life New Kensington Clinic
- Life Pretoria North Surgical Centre
- Life Riverfield Lodge
- Life Robinson Private Hospital
- Life Roseacres Clinic
- Life Sandton Surgical Centre
- Life Springs Parkland Clinic
- Life St Mary’s Women’s Clinic
- Life Suikerbosrand Clinic
- Life The Glynnwood
- Life Wilgeheuwel Hospital
- Life Wilgers Hospital

**North West Province**
- Life Anncron Clinic
- Life Daylene Clinic
- Life La Femme Clinic
- Life Peglerae Hospital

**Free State**
- Life Pasteur Hospital
- Life Rosepark Hospital

**Mpumalanga**
- Life Cosmos Hospital
- Life Midmed Hospital
- Life Palm Sameday Surgical Centre

**Kwazulu-Natal**
- Life Chatsmed Garden Hospital
- Life Empangeni Garden Clinic
- Life Entabeni Hospital
- Life Hillerest Emergency Unit
- Life Mount Edgecombe Hospital
- Life The Crompton Hospital
- Life Westville Hospital

**Eastern Cape**
- Life East London Private Hospital
- Life Grey Monument Private Clinic
- Life Hunterscraig Private Hospital
- Life Isivivana Private Hospital
- Life Mercantile Hospital
- Life Queenstown Private Hospital
- Life St Dominic’s Hospital
- Life St George’s Hospital
- Life St James Hospital
- Life St Marks Clinic
- Life St Mary’s Private Hospital

**Western Cape**
- Life Claremont Hospital
- Life Kingsbury Hospital
- Life Knysna Private Hospital
- Life Vincent Pallotti Hospital
- Life West Coast Private Hospital

**Botswana**
- Life Gaborone Private Hospital
Organogram

**GENERAL HOSPITALS**

**SICCODE: 93111 - September 2008**

Createes and provides an environment for effective healthcare as well as providing consulting rooms for doctors in private practice and a service for patients.

**Hospitals:**
- Andswa Frail Care Centre, Baneng Care Centre
- Akasia Hospital, Alberlito Hospital
- Andreas Klinik, Barberton Medi-Clinic
- Algoa Frail Care Centre, Lorraine Frail Care Centre, Matikwana Hospital, Nkqubela Centre, Welcare Diagnostic and Treatment Centre, Welcare Eye Centre, Welcare Hospital, Welcare Ambulatory Care Centre, Welcare Diagnostic and Treatment Centre, Welcare Eye Centre, Welcare Hospital, Welcare Ambulatory Care Centre, Welcare Diagnostic and Treatment Centre, Welcare Eye Centre, Welcare Hospital, Welcare Ambulatory Care Centre, Welcare Diagnostic and Treatment Centre, Welcare Eye Centre, Welcare Hospital
- Limpopo Medi-Clinic, Louis Leipoldt Medi-Clinic
- Marapong Private Hospital, Milford Medi-Clinic, Medi-Clinic Heart Hospital, Milnerton Medi-Clinic
- Bagleyston Hospital, Bell Street Hospital, Blauberg Hospital, Bronkhorstspruit Hospital, Christiaan Barnard Memorial Hospital, Clinton Hospital, Constantia Day Hospital, Cuyber Hospital, Femina Hospital, Fermoest Hospital, Garden City Hospital, Greenacres Hospital, Jakaranda Hospital, Kingsway Hospital, Kroon Hospital, Krugersdorp Hospital, Linksfield Hospital, Linkwood Hospital, Limmed Hospital, Margate Hospital, Milpark Hospital, Milnerton Medi-Clinic, Misty Cliffs Hospital, Olivedale Hospital, Optiklin Eye Hospital, Park Lane Hospital, Parklands Hospital, Pelonini Private Hospital, Pretoria East Hospital, Protea Day Hospital, Rand Hospital, Rosebank Hospital, St Augustines Hospital, Sunninghill Hospital, Union Hospital, Unitas Hospital, Universitas Private Hospital, Vaalpark Hospital, Walter Sisulu Paediatric Cardiac Centre, Wierda Park Hospital

**NETCARE LTD**

*Employees: 18 877*

*Turnover: R8,897m (2007)*

Group includes Netcare's hospitals and specialised medical units, collectively representing modern and sophisticated medical facilities, every healthcare service is covered from major organ transplants to the latest diagnostic procedures.

**Hospitals:**
- Akasia Hospital, Alberlito Hospital, Bagleyston Hospital, Bell Street Hospital, Blauberg Hospital, Bronkhorstspruit Hospital, Christiaan Barnard Memorial Hospital, Clinton Hospital, Constantia Day Hospital, Cuyber Hospital, Femina Hospital, Fermoest Hospital, Garden City Hospital, Greenacres Hospital, Jakaranda Hospital, Kingsway Hospital, Kroon Hospital, Krugersdorp Hospital, Linksfield Hospital, Linkwood Hospital, Limmed Hospital, Margate Hospital, Milpark Hospital, Milnerton Medi-Clinic, Misty Cliffs Hospital, Olivedale Hospital, Optiklin Eye Hospital, Park Lane Hospital, Parklands Hospital, Pelonini Private Hospital, Pretoria East Hospital, Protea Day Hospital, Rand Hospital, Rosebank Hospital, St Augustines Hospital, Sunninghill Hospital, Union Hospital, Unitas Hospital, Universitas Private Hospital, Vaalpark Hospital, Walter Sisulu Paediatric Cardiac Centre, Wierda Park Hospital

**LIFE HEALTHCARE GROUP (PTY) LTD**

*Employees: 14 000*

Whilst every care has been taken in compiling this organogram, the company does not accept liability of any nature in the event of errors or omissions.
LIFE HEALTHCARE GROUP (PTY) LTD
2003/024367/07
VAT number: 4850217490

Postal Address | Physical Address | Telephone: 011 219-9000 | Fax Number: 011 219-9001
Private Bag X13 | 21 Chaplin Road | Northlands | Oxford Manor

Email Address: General.Information@lifehealthcare.co.za
Website: www.lifehealthcare.co.za

Contacts: Name | Designation | Contact at: | Date Appointed:
Mr VJ Archer | Non-Executive Director | 23/03/2005
Mr PN Boynton | Alternate Director | 23/03/2005
Mr LZ Brozin | Alternate Director | 23/03/2005
Ms YZ Cuba | Non-Executive Director | 23/03/2005
Mr JPF Dalmeyer | Non-Executive Director | 07/05/2008
Mr MA Enus-Brey | Non-Executive Director | 28/08/2003
Mr CMD Flemming | Managing Director | 23/03/2005
Mr GJ Gerwel | Non-Executive | 03/11/2003
Mr RJ Hogarth | Financial Director | 07/05/2007
Mr RCM Laubscher | Independent Director | 23/03/2005
Mr CWJ Lyons | Alternate Director | 25/07/2007
Mr T Matiwaza | Non-Executive Director | 08/11/2007
Mr EW Mbuthia | Alternate Director | 23/03/2005
Mr MP Ngatane | Non-Executive Director | 25/07/2007
Mr GC Solomon | Non-Executive Director | 23/03/2005
Ms NV Sowazi | Non-Executive Director | 26/05/2005
Mr PP van der Westhuizen | Financial Manager | 23/03/2005

No. of Employees: 14 000
Shareholders: Life Healthcare Group Holdings (Pty) Ltd - 100%
Secretary: Ms Fazila Patel
Bankers: First National Bank
Auditors: PricewaterhouseCoopers
BEE Rating: BBB (Empowerdex)

History of Business
Life Healthcare Group (Pty) Ltd was registered 01 October 2003 following various restructures.

Description of Products:
The Life Healthcare Group is involved in the South African Healthcare Sector. The private hospitals are complemented by related healthcare services that facilitate an integrated healthcare delivery system covering the full spectrum of medical care.

- Life Hospitals: operates facilities in seven South African provinces and Botswana and has approximately 2 700 doctors and specialists. The Group has 60 acute-care facilities, 303 operating theatres, 41 trauma and emergency units, 36 maternity units, 9 cardiac units, 9 oncology units, 7 renal dialysis units, 46 radiology units, 8 fertility units and 7 500 acute care beds.
Life Esidimeni: the oldest and largest public/private partnership in South Africa and provides long-term care to chronically ill patients through its 15 facilities. It has 5 500 long stay chronic care beds, as well as 400 beds for the state in 2 acute care facilities.

Life Rehabilitation offers acute, physical and cognitive rehabilitation for patients disabled by stroke, brain or spinal trauma, and other disabling injuries through 7 rehabilitation units.

Life Occupational Health provides contracted, on-site occupational and primary healthcare services to various employer groups, namely mines, prisons, etc. It manages 285 clinics which cater for healthcare needs of over 140 000 employees.

Life Healthcare Group (Pty) Ltd also has a Life College of Learning with a total of 1214 students. The college offers tertiary academic degrees and certificated nursing courses as well as providing courses to upgrade nursing skills and clinics.

Brandnames:
Algoa Frail Care Centre, Baneng Care Centre, Conradie Care Centre, Hewu Hospital, Kirkwood Care Centre, Life Anncron Clinic, Life Bedford Gardens Hospital, Life Birchmed Surgical Centre, Life Brethrenst Clinic, Life Brooklyn Surgical Centre, Life Carstenshof Clinic, Life Chatsmed Garden Hospital, Life Claremont Hospital, Life Cosmos Hospital, Life Dalview Clinic, Life Daylene Clinic, Life East London Private Hospital, Life Empangeni Garden Clinic, Life Entabeni Hospital, Life Eugene Marais Hospital, Life Flora Clinic, Life Fourways Hospital, Life Gaborone Private Hospital, Life Grey Monument Private Clinic, Life Hillcrest Accident and Emergency Unit, Life Hunterscraig Private Hospital, Life Isivivana Private Hospital, Life Kingsbury Hospital, Life Knybsna Private Hospital, Life La Femme Clinic, Life Little Company of Mary Hospital, Life Medgates Sameday Surgical Centre, Life Mercantile Hospital, Life Midmed Hospital, Life Mount Edgmont Hospital, Life New Kensington Clinic, Life Palm Sameday Surgical Centre, Life Pasteur Hospital, Life Peglerae Hospital, Life Pretoria North Surgical Centre, Life Queenstown Private Hospital, Life Riverfield Lodge, Life Robinson Private Hospital, Life Roseacres Clinic, Life Rosepark Hospital, Life Sandton Surgical Centre, Life Spinal and Orthopaedic Hospital, Life Springs Parkland Clinic, Life St Dominics Hospital, Life St George’s Hospital, Life St James Hospital, Life St Marks Clinic, Life St Mary’s Private Hospital, Life St Mary’s Women’s Clinic, Life Suikerbosrand Clinic, Life The Crompton Hospital, Life The Glynnwood, Life Vincent Pallotti Hospital, Life West Coast Private Hospital, Life Westville Hospital, Life Wilgeheuwe Hospital, Life Wilgers Hospital, Lorraine Frail Care Centre, Matikwana Hospital, Nkqubela Hospital, Randfontein and Randwest Care Centres, Shiluvana Hospital, Siyathuthuka Care Centre, Waverley Care Centre, Witpoort Care Centre
MEDI-CLINIC CORPORATION LTD
1983/010725/06
VAT number: 4760118184

Postal Address
PO Box 456
Stellenbosch

Physical Address
Medi-Clinic Offices
Strand Road

Telephone: 021 809-6500
Fax Number: 021 886-4037

Email Address: medimail@mediclinic.co.za
Website: www.mediclinic.co.za

Code: 7599

Contacts: Name, Designation, Contact at, Date Appointed:

<table>
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<tr>
<th>Name</th>
<th>Designation</th>
<th>Contact at</th>
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<tr>
<td>Louis Alberts</td>
<td>Chief Executive Officer</td>
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<td>26/02/1988</td>
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<tr>
<td>Robert Bider</td>
<td>Executive Director</td>
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<td>Joseph Cohen</td>
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<td>01/02/2008</td>
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<tr>
<td>Edward Hertzog</td>
<td>Chairman</td>
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<td>03/10/1983</td>
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<td>Kabs Makaba</td>
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<td>Zodwa Manase</td>
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<td>Alwyn Martin</td>
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<td>Daniel Meintjes</td>
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<td>Koert Pretorius</td>
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<td>Anton Raath</td>
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<td>Mamphela Ramphele</td>
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<td>Desmond Smith</td>
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<td>Johannes (Gerhard)</td>
<td>Executive Director</td>
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<td>Wynand van der Merwe</td>
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<td>Matthys (Thys) Visser</td>
<td>Non-Executive Director</td>
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<td>10/11/2005</td>
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No. of Employees 12 500 (South Africa; 3500 Switzerland & 740 UAE)
Shareholders Industrial Partnership Investments Ltd (Remgro) - 43.4%; BEE Shareholders - 13.16%; Lehman Brothers International - 10%
Secretary Mr Gert C Hattingh
Bankers ABSA Bank
Auditors PricewaterhouseCoopers
Empowerment Stake % 13.16%
BEE Rating Level 5
Turnover (R million per annum) R9,579m (AR2008)

History of Business
Medi-Clinic was established in 1983 when the group’s Chairman, Dr Edwin Hertzog, was commissioned by the Rembrandt Group to undertake a study on private hospitals. Dr Hertzog’s research was so conclusive that the Rembrandt Group decided to support the development of Panorama Medi-Clinic, which today remains the flagship hospital in the Western Cape. At the same time, Medi-Clinic purchased Leeuwendal and Medipark in Cape Town. This was soon followed by Sandton Clinic. In 1986, Medi-Clinic, consisting of 7 hospitals with 1500 beds, listed on the Johannesburg Stock Exchange. A period of steady growth led to a significant breakthrough in 1995
when the takeover of Medicor Group added another 1100 beds to the Medi-Clinic Group. In December 2002 Medi-Clinic expanded their network of hospitals further by the acquisition of the Curamed group of private hospitals in Pretoria, in association with the black empowerment group Mvelaphanda. In 2005 Medi-Clinic acquired Wits Donald Gordon Medical Centre and Legae Private Hospital in the Tshwane region. In order to expand their service to patients and doctors, Medi-Clinic launched the Doctor Search Facility on their website in 2000. This service provides patients, as well as healthcare providers, with ready access to accurate information regarding medical practitioners practicing in various areas. Medi-Travel International was established during 2002 with its head office on site in Cape Town. Apart from providing a range of medical services, it acts as a registered travel clinic as well as a medi-tourism office which deals with queries from international patients seeking hospital services in South Africa. ER24 had become a wholly owned subsidiary in March 2005. ER24 has since expanded into a nationwide fleet of response and ambulance vehicles and has made inroads into the pre-hospital services market.

**Corporate Governance in relation to Aids Policy**

The MCSA have an HIV/Aids Programme that offers education on HIV/Aids combined with awareness programmes, namely; voluntary counseling and testing; prevention of HIV infection and re-infection; access to appropriate treatment and monitoring; and continuous support.

**Trading Subsidiaries :**

AndreasKlinik AG, Aukland Medicine Distributors (Pty) Ltd, Barberton Medi-Clinic (Pty) Ltd, Beau-Site AG, Clinique Bois-Cerf SA, Clinique Cecil SA, Curamed Hospitals (Pty) Ltd, Emirates Healthcare Holdings Limited BVI, Emirates Healthcare Ltd BVI, ER24 Holdings (Pty) Ltd, Ermelo Medi-Clinic (Pty) Ltd, Hermanus Medi-Clinic Ltd, Hirslanden Klinik Aarau AG, Howick Private Hospital (Pty) Ltd, Howick Private Hospital Holdings Ltd, Kimberley Medi-Clinic (Pty) Ltd, Klinik Belair AG, Klinik Birshof AG, Klinik Hirslanden AG, Klinik Im Park AG, Klinik St. Andreas-Liebfrauenhof AG, Klinik St. Anna AG, Legae Medi-Clinic (Pty) Ltd, Limpopo Medi-Clinic Ltd, Medical Human Resources (Pty) Ltd, Medical Innovations (Pty) Ltd, Medi-Clinic Europe (Pty) Ltd, Medi-Clinic Finance Corporation (Pty) Ltd, Medi-Clinic Holdings (Namibia) (Pty) Ltd, Medi-Clinic Holdings Netherlands B.V., Medi-Clinic Investments (Namibia) (Pty) Ltd, Medi-Clinic Investments Ltd, Medi-Clinic Ltd, Medi-Clinic Luxembourg S.à r.l., Medi-Clinic Middle East (Pty) Ltd, Medi-Clinic Operations (Namibia) (Pty) Ltd, Medi-Clinic Properties (Pty) Ltd, Medi-Clinic Properties (Swakopmund) (Pty) Ltd, Medi-Clinic Properties (Windhoek) (Pty) Ltd, Medi-Clinic Switzerland AG, Medipark Clinic (Pty) Ltd, Newcastle Private Hospital Ltd, Paarl Medi-Clinic (Pty) Ltd, Phodiclinics (Pty) Ltd, Potchefstroom Medi-Clinic (Pty) Ltd, Practice Relief (Pty) Ltd, Reef-Med (Pty) Ltd, Salem-Spital AG, Tshwane Private Hospitals (Pty) Ltd, Tzaneen Private Hospital (Pty) Ltd, Upington Private Hospital (Pty) Ltd, Victoria Hospital Ltd, Welcare Hospitals Ltd BVI, Wits University Donald Gordon Medical Centre (Pty) Ltd

**Description of Products :**

The Medi-Clinic Group is established in the private hospital industry in South Africa. Medi-Clinic creates and provides an environment for effective healthcare as well as providing consulting rooms for doctors in private practice and a service for patients. The group has recently undergone international expansion, where by the management and operational structure of the Group has been divided into three operating platforms, namely Medi-Clinic Southern Africa, Medi-Clinic Switzerland and Medi-Clinic Middle East. South Africa (including Namibia) currently has 6776 registered beds, United Arab Emirates has 120 registered beds and Switzerland has 1301 registered beds. With a total number of 45 hospitals in SA, 3 in Namibia, 6 in United Arab Emirates and 13 in Switzerland.

**Brandnames :**

AndreasKlinik, Barberton Medi-Clinic, Bloemfontein Medi-Clinic, Brits Medi-Clinic, Cape Town Medi-Clinic, Clinique Bois-Cerf, Clinique Cecil, Constantiaberg Medi-Clinic, Cottage Medi-Clinic (Swakopmund), Curamed Thabazimbi Hospital, Durbanville Medi-Clinic, Emfuleni Medi-Clinic, Emirates Diagnostic Clinic, Ermelo Medi-Clinic, Geneva Clinic, George Medi-Clinic, Hermanus Medi-Clinic, Highveld Medi-Clinic, Hoogland Medi-Clinic, Howick Private Hospital, Kathu Medi-Clinic, Kimberley Medi-Clinic, Klein Karoo Medi-Clinic, Klinik Am Rosenberg, Klinik Beau-Site, Klinik Belair, Klinik Birshof, Klinik Hirslanden, Klinik Im Park, Klinik Permanence, Klinik St Anna, Kloof Medi-Clinic, Legae Medi-Clinic, Limpopo Medi-Clinic, Louis Leipoldt Medi-Clinic, Marapong Private Hospital, Medforum Medi-Clinic, Medi-Clinic Heart Hospital, Milnerton Medi-Clinic, Morningside Medi-Clinic, Muelmed Medi-Clinic, Nelspruit Medi-Clinic, Newcastle Private Hospital, Otjiwarongo Medi-Clinic
General Hospitals

SICCODE: 9311

(Otjiwarongo), Paarl Medi-Clinic, Panorama Medi-Clinic, Pietermaritzburg Medi-Clinic, Plettenberg Bay Private Health Centre, Potchefstroom Medi-Clinic, Salem Spital, Sandton Medi-Clinic, Secunda Medi-Clinic, Stellenbosch Medi-Clinic, Strand Private Hospital, Sunnyside Medi-Clinic, Tzaneen Medi-Clinic, Upington Medi-Clinic, Vereeniging Medi-Clinic, Vergelegen Medi-Clinic, Victoria Hospital, Welcare Ambulatory Care Centre, Welcare Diagnostic and Treatment Centre, Welcare Eye Centre, Welcare Hospital, Welcare Qusais Clinic, Welkom Medi-Clinic, Windhoek Medi-Clinic (Windhoek), Wits University Donald Gordon Medical Centre, Worcester Medi-Clinic

**General Comment:**
Black Economic Empowerment shareholders consists of Mpilo Investment Holdings 2 (Pty) Ltd (Phodiso Holdings) - 6.63%; Mpilo Investment Holdings 1 (Pty) Ltd (Circle Capital Ventures) - 3.94% and Mpilo Trusts - 2.6%
## NETCARE LTD
1996/008242/06

### VAT number: 4470239965

**Postal Address**

- Private Bag X34
- Benmore

**Physical Address**

- 76 Maude Street
- Sandton

**Telephone:** 011 301-0000

**Fax Number:** 011 301-0499

**Email Address:** info@netcare.co.za

**Website:** www.netcare.co.za

### Code:

- 2010
- 2196

### Contacts:

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Contact at</th>
<th>Date Appointed</th>
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<tbody>
<tr>
<td>Ingrid Davis</td>
<td>Director: Pharmacy Division</td>
<td></td>
<td>06/11/1999</td>
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<tr>
<td>Vaughan Firman</td>
<td>Acting Chief Financial Officer</td>
<td></td>
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<tr>
<td>Richard Friedland</td>
<td>Chief Executive Officer</td>
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<td>15/05/1997</td>
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<tr>
<td>Azar Jammie</td>
<td>Executive Director</td>
<td></td>
<td>14/12/1998</td>
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<tr>
<td>Meyer Kahn</td>
<td>Executive Director</td>
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</tr>
<tr>
<td>Martin Kuscus</td>
<td>Executive Director</td>
<td></td>
<td>01/07/2008</td>
</tr>
<tr>
<td>Hymie Levin</td>
<td>Non-Executive Director</td>
<td></td>
<td>06/11/1996</td>
</tr>
<tr>
<td>Victor Lithakanyane</td>
<td>Relations</td>
<td></td>
<td>01/12/2004</td>
</tr>
<tr>
<td>Kgomotso Moroka</td>
<td>Executive Director</td>
<td></td>
<td>23/07/2006</td>
</tr>
<tr>
<td>Andile Abner Ngcaba</td>
<td>Executive Director</td>
<td></td>
<td>23/07/2006</td>
</tr>
<tr>
<td>Michael Sacks</td>
<td>Non-Executive Director</td>
<td></td>
<td>25/10/1996</td>
</tr>
<tr>
<td>Jeremiah Vilakazi</td>
<td>Executive Chairman</td>
<td></td>
<td>17/05/2008</td>
</tr>
<tr>
<td>Norman Weltman</td>
<td>Non-Executive Director</td>
<td></td>
<td>03/11/1999</td>
</tr>
</tbody>
</table>

### No. of Employees

- 18877

### Shareholders

- The Public Investment Corporation - 17.2%
- HPFL Trusts - 12.9%

### Secretary

- Mr Joel Wolpert

### Bankers

- Nedbank

### Auditors

- Grant Thornton

### BEE Rating

- Level 5 - Netcare; Level 4 - Prime Cure (Empowerdex)

### Turnover (R million per annum)

- R8,869m (AR2007)

### History of Business

Netcare was established in South Africa on 28 June 1996 under the name Ablab Designs (Pty) Ltd. It changed its name to Network Healthcare Holdings (Pty) Ltd on 8 November 1996. Netcare's shares were listed on the JSE on 4 December 1996. Netcare operates through its subsidiaries, the largest private hospital network in South Africa and the United Kingdom.

### Trading Subsidiaries:

- Alberlito Hospital (Pty) Ltd, Alberlito Hospital Properties (Pty) Ltd, Chaucer Diagnostics Ltd, Clindeb Investments (Pty) Ltd, Clinical Partners (Pty) Ltd, Community Hospital Group (Pty) Ltd, Community Hospital Management Ltd, Constantia Clinic (Pty) Ltd, Garden Hospital MRI Ltd, General Healthcare...
General Hospitals

Group Ltd (UK), Healthshare Health Solutions (Pty) Ltd, KOPM Investment Holdings (Pty) Ltd, Medicross Healthcare Group (Pty) Ltd, Meriden Hospital Advanced Imaging Centre Ltd, National Renal Care (Pty) Ltd, Netcare 911 (Pty) Ltd, Netcare Finance Company (Pty) Ltd, Netcare Health Systems (Pty) Ltd, Netcare Healthcare UK Ltd, Netcare Hospital Group (Pty) Ltd, Netcare Hospital Management (Pty) Ltd, Netcare Hospitals (Pty) Ltd, Netcare Institute of Cellular & Molecular Medicine (Pty) Ltd, Netcare International SA (Pty) Ltd, Netcare Life Ltd, Netcare Management (Pty) Ltd, Netcare Prefshare Holdings (Pty) Ltd, Netcare Pretoria 3 (Pty) Ltd, Netcare Property Holdings (Pty) Ltd, Netcare Redeemable Preference Share Investments (Pty) Ltd, Netcare Waterberg Lodge (Pty) Ltd, Netpartner Investments Ltd, Olivedale Clinic Oncology Centre (Pty) Ltd, Optiklin (Pty) Ltd, Parklands Stereotactic Radiosurgery (Pty) Ltd, Pedalclip Ltd (UK), Prime Cure Holdings (Pty) Ltd, Rand Clinic Oncology Centre (Pty) Ltd, St Augustine’s Hyperbaric Joint Venture (Pty) Ltd, Three Shires Hospital Ltd

Description of Products:
Netcare Hospital Group includes Netcare’s hospitals and specialised medical units, collectively representing modern and sophisticated medical facilities in South Africa. Every healthcare service is covered, from major organ transplants to the latest diagnostic procedures. Specialist core competencies are offered at dedicated hospitals and clinics within the Netcare Hospital Group, most recently breast cancer, endometriosis, cardiology and mother and baby wellness. Specialised Divisions in Netcare include trauma, renal disorders, organ transplants, rape centres, genetic care, mother and child care, cardiology, oncology, HIV, physical rehabilitation, stroke therapy, skin disorders and eye care. Netcare hospitals provide 34 Accident and Emergency Units nationally. Trauma Counsellors are available at all Netcare hospitals. Netcare Travel Clinics, offer a national network of specialized centres catering for the medical needs of the overseas and local traveler. Netcare set up Travel Clinics in Johannesburg, Boksburg, Pretoria, Durban, Cape Town and Port Elizabeth.

Brandnames:
Akasia Hospital, Alberlito Hospital, Bagleyston Hospital, Bell Street Hospital, Blaauwberg Hospital, Bronkhorstspruit Hospital, Christiaan Barnard Memorial Hospital, Clinton Hospital, Constantia Day Hospital, Cuyler Hospital, Femina Hospital, Ferncrest Hospital, Garden City Hospital, Greenacres Hospital, Jakaranda Hospital, Kingsway Hospital, Kroon Hospital, Krugersdorp Hospital, Linksfield Hospital, Linkwood Hospital, Linned Hospital, Margate Hospital, Milpark Hospital, Moot Hospital, Mulbarton Hospital, N1 City Hospital, Netcare Rehabilitation Hospital, Olivedale Hospital, Optiklin Eye Hospital, Park Lane Hospital, Parklands Hospital, Pelonomi Private Hospital, Pretoria East Hospital, Protea Day Hospital, Rand Hospital, Rosebank Hospital, St Anne’s Hospital, St Augustine’s Hospital, Sunninghill Hospital, Sunward Park Hospital, The Bay Hospital, Umhlanga Hospital, Union Hospital, Unitas Hospital, Universitas Private Hospital, Vaalpark Hospital, Walter Sisulu Paediatric Cardiac Centre, Wierda Park Hospital