

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**Action required**

If you are in any doubt as to what action to take, you should consult your Central Securities Depository Participant ("CSDP"), banker, broker, attorney, accountant or other professional advisor immediately.

If you have disposed of any/all of your ordinary shares in Medi-Clinic Corporation Limited ("Medi-Clinic"), please forward this document to the purchaser to whom or the banker, broker or other agent through whom you disposed of such shares.

Full details of the actions required by the shareholders of Medi-Clinic ("Shareholders") regarding the general meeting and the scheme meeting are set out on pages 3 to 5 of this document.



**MEDI-CLINIC**  
Private hospital group

## Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)

(Registration number 1983/010725/06)

JSE share code: MDC ISIN: ZAE000004370

("Medi-Clinic" or "the Company")

## Circular to Shareholders of the Company

relating to

- a proposed scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act"), proposed by Mpilo Investment Holdings 1 (Proprietary) Limited and Mpilo Investment Holdings 2 (Proprietary) Limited (collectively, "Mpilo Companies") between Medi-Clinic and its ordinary shareholders, for the acquisition by the Mpilo Companies of 4.25 Medi-Clinic ordinary shares for every 100 Medi-Clinic ordinary shares held by each Medi-Clinic ordinary shareholder in return for a consideration of R18.40 per ordinary share acquired;
- the issue of 28 515 026 ordinary shares by Medi-Clinic to the Mpilo Companies at par value;
- the issue of 15 774 209 ordinary shares by Medi-Clinic to the trust founded by Medi-Clinic for the benefit of Medi-Clinic employees ("Mpilo Trust") at market value; and
- the listing of newly issued ordinary shares by Medi-Clinic on the JSE Limited ("JSE"),

and incorporating

- an explanatory statement of the scheme of arrangement in terms of section 312(1)(a)(i) of the Companies Act;
- the scheme of arrangement;
- a valuation statement in terms of section 312(1)(a)(ii) of the Companies Act;
- a statement of directors' interests in terms of section 312(1)(a)(iii) of the Companies Act;
- additional information required by the JSE;
- the Order of Court convening the scheme meeting;
- a notice of scheme meeting;
- a form of proxy in respect of the scheme meeting (for use by certificated ordinary shareholders and dematerialised ordinary shareholders with "own name" registration);
- a form of surrender (for use by certificated ordinary shareholders only);
- a notice of general meeting; and
- a form of proxy in respect of general meeting (for use by certificated ordinary shareholders and dematerialised ordinary shareholders with "own name" registration).

Investment bank to Medi-Clinic



Tax advisor to Medi-Clinic



Sponsor to Medi-Clinic



Corporate advisor to Circle Capital



Attorneys to Medi-Clinic



Corporate advisor to Phodiso



Legal advisor to the Strategic Black Partners



Senior debt arranger and funder to the Mpilo Companies



Reporting accountants and auditors of Medi-Clinic



This Circular is available in English only. Copies may be obtained from the registered office of Medi-Clinic, the sponsors and the Transfer Secretaries whose addresses are set out in the "Corporate Information" section of this document.

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## CORPORATE INFORMATION AND ADVISORS

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### Secretary and registered office

G C Hattingh  
Medi-Clinic Offices, Strand Road  
Stellenbosch, 7600  
(PO Box 456, Stellenbosch, 7599)

### Sponsor to Medi-Clinic

Rand Merchant Bank  
A division of FirstRand Bank Limited  
1 Merchant Place  
Corner Fredman Drive and Rivonia Road  
Sandton, 2196  
(PO Box 786273, Sandton, 2146)

### Attorneys to Medi-Clinic

Hofmeyr Herbstein & Gihwala Inc.  
(Registration number 1997/001523/21)  
21st Floor, 2 Long Street  
Cape Town, 8001  
(PO Box 1221, Cape Town, 8000)

### Auditors to Medi-Clinic

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
19 Oewerpark, Rokewood Avenue  
Stellenbosch, 7600  
(PO Box 57, Stellenbosch, 7599)

### Corporate advisor to Phodiso

PricewaterhouseCoopers Corporate Finance  
(Proprietary) Limited  
(Registration number 1970/003711/07)  
2 Eglin Road  
Sunninghill, 2157  
(Private Bag X36, Sunninghill, 2157)

### Date of incorporation of Medi-Clinic

1983

### Place of incorporation of Medi-Clinic

South Africa

### Investment bank to Medi-Clinic

The Standard Bank of South Africa Limited  
(Registration number 1962/000738/06)  
3 Simmonds Street  
Johannesburg, 2001  
(PO Box 61344, Marshalltown, 2107)

### Transfer secretaries

Computershare Investor Services 2004  
(Proprietary) Limited  
(Registration number 2004/003647/07)  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### Reporting accountants

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
No.1 Waterhouse Place  
Century City, 7441  
(PO Box 2799, Cape Town, 8000)

### Legal advisor to the Strategic Black Partners

Webber Wentzel Bowens  
10 Fricker Road  
Illovo Boulevard  
Johannesburg, 2196  
(PO Box 61771, Marshalltown, 2107)

### Corporate advisor to Circle Capital

Circle Capital Fund Managers (Proprietary) Limited  
1 Thibault Square  
28th Floor  
Cape Town, 8001  
(PO Box 3377, Cape Town, 8001)

### Tax advisor to Medi-Clinic

PricewaterhouseCoopers Tax Advisory Services  
(Proprietary) Limited  
(Registration number 1983/008289/09)  
No.1 Waterhouse Place  
Century City, 7441  
(PO Box 2799, Cape Town, 8000)

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## ACTIONS REQUIRED

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The definitions and interpretations on pages 6 to 9 of this Circular apply, *mutatis mutandis*, to this section on actions required.

### 1. ACTION REQUIRED BY SCHEME MEMBERS REGARDING THE SCHEME MEETING

A meeting of Scheme Members will be held at 10:30 on Wednesday, 23 November 2005 or 10 minutes after the conclusion or adjournment of the General Meeting, whichever is later, at Medi-Clinic Offices, Strand Road, Stellenbosch to consider and, if deemed fit, to approve, with or without modification, the Scheme. A notice convening the Scheme Meeting is attached to and forms part of this Document.

Please take careful note of the following provisions on the action required by Ordinary Shareholders regarding the Scheme Meeting. If you are in any doubt as to what action to take, consult your CSDP, broker, attorney, accountant, banker or other professional advisor immediately.

#### 1.1 If you have dematerialised your Ordinary Shares other than with “own name” registration

##### 1.1.1 ***Voting and attendance at the Scheme Meeting***

Your CSDP or broker should contact you to ascertain how you wish to cast your votes at the Scheme Meeting and thereafter to cast your votes in accordance with your instructions. If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish it with your voting instructions. You must advise your CSDP or broker if you wish to attend the Scheme Meeting.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

You must **not** complete the attached form of proxy for the Scheme Meeting (*blue*).

##### 1.1.2 ***Attendance and representation at the Court hearing***

You must advise your CSDP or broker if you wish to appear or to be represented by Counsel at the Court hearing to sanction the Scheme at 10:00 on Thursday, 1 December 2005, or so soon thereafter as Counsel may be heard, at the High Court of South Africa (Cape of Good Hope Provisional Division), which is located at Queen Victoria Street, Cape Town, and your CSDP or broker will issue the necessary letter of authority to you to attend the Scheme Meeting and/or to appear or to be represented by Counsel at the Court hearing.

You are advised that should you wish to appear or to be represented by Counsel at the Court hearing to sanction the Scheme, you are required in terms of the rules of Court to file the requisite Court notices and supporting affidavits timeously.

##### 1.1.3 ***Surrender of Documents of Title***

Should the Scheme be implemented, safe custody accounts will automatically be updated by your CSDP or broker. You must therefore **not** complete the attached form of surrender (*yellow*).

##### 1.1.4 ***Scheme consideration***

Should the Scheme be implemented, the Scheme Consideration will be credited to the Scheme Participants' accounts held at their CSDP or broker on the Operative Date.

## 1.2 **If you have not dematerialised your Ordinary Shares**

### 1.2.1 ***Voting and attendance at the Scheme Meeting***

You may attend the Scheme Meeting in person and may vote at the Scheme Meeting.

Alternatively, you may appoint a proxy to represent you at the Scheme Meeting by completing the attached form of proxy for the Scheme Meeting (*blue*) in accordance with the instructions it contains and returning it to the Company's Transfer Secretaries, being Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Monday, 21 November 2005. Forms of proxy may also be handed to the chairperson of the Scheme Meeting by no later than 10 minutes before the Scheme Meeting is due to commence.

### 1.2.2 ***Attendance at the Court hearing to sanction the Scheme***

You are entitled to appear or be represented by Counsel at the Court hearing to sanction the Scheme at 10:00 on Thursday, 1 December 2005, or so soon thereafter as Counsel may be heard, in the High Court of South Africa (Cape of Good Hope Provisional Division), which is located at Queen Victoria Street, Cape Town.

You are advised that should you wish to appear or to be represented by Counsel at the Court hearing to sanction the Scheme, you are required in terms of the rules of Court to file the requisite Court notices and supporting affidavits timeously.

### 1.2.3 ***Surrender of Documents of Title***

Your attention is drawn to the fact that if the Scheme is implemented, the share certificates that you currently hold in respect of your Medi-Clinic Ordinary Shares will not be good for delivery and must be surrendered in order to receive a New Share Certificate reflecting your remaining balance of Medi-Clinic Ordinary Shares.

In order to become entitled to receive the Scheme Consideration, you are required to complete the attached form of surrender (*yellow*) and return it, together with the Documents of Title representing all of your Certificated Shares, to the Company's Transfer Secretaries, being Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107). If you wish to anticipate the Scheme becoming operative, you may surrender your Documents of Title representing all of your Certificated Shares at any time on or before the Record Date.

In the event that the Scheme does not become operative for any reason whatsoever, the Transfer Secretaries will, within five Business Days of the date upon which it becomes known that the Scheme will not become operative, return the Documents of Title to the Ordinary Shareholders concerned by registered post at the risk of such Ordinary Shareholders.

### 1.2.4 ***Scheme consideration***

If the Scheme becomes operative and you have surrendered your Documents of Title representing all of your Certificated Shares before 12:00 on the Record Date, the Scheme Consideration will be paid, and New Share Certificates reflecting your remaining balance of Medi-Clinic Ordinary Shares will be posted to you, within five Business Days of the Operative Date. Instead of posting the Scheme Consideration, the Scheme Consideration will be electronically transferred directly into a Certificated Scheme Participant's bank account if details of such account are available to the Transfer Secretaries and the Certificated Scheme Participant concerned has entered into a mandate with the Transfer Secretaries. Such transfer will be affected within five Business Days of the Operative Date, provided such Certificated Scheme Participant has rendered his Documents of Title in respect of all of his Certificated Shares prior to 12:00 on the Record Date.

If the Scheme becomes operative and you surrender your Documents of Title representing all of your Certificated Shares after 12:00 on the Record Date, the Scheme Consideration will be paid, and a New Share Certificate reflecting your remaining balance of Medi-Clinic Ordinary Shares will be posted to you, within five Business Days after receipt by the Transfer Secretaries of your Documents of Title representing all of your Certificated Shares.

1.3 **If you have dematerialised your Ordinary Shares with “own name” registration**, only paragraphs 1.1.3, 1.1.4, 1.2.1 and 1.2.2 above are applicable to you.

**If you wish to dematerialise your Medi-Clinic Ordinary Shares, please contact your CSDP or broker.**

**Ordinary Shareholders are advised to consult their professional advisors about their personal tax positions regarding the Scheme.**

**If you have disposed of any/all of your Medi-Clinic Ordinary Shares, please forward this document to the purchaser to whom or the banker, broker or other agent through whom you disposed of such shares.**

## 2. **ACTION REQUIRED BY ORDINARY SHAREHOLDERS REGARDING THE GENERAL MEETING**

A General Meeting of Ordinary Shareholders will be held at 10:00 on Wednesday, 23 November 2005, at the Medi-Clinic Offices, Strand Road, Stellenbosch to consider and, if deemed fit, pass, *inter alia*, the resolutions required to implement the Proposed SBP Transaction and the Proposed Employees Transaction. A notice convening the General Meeting is attached to and forms part of this Document.

Please take careful note of the following provisions regarding the action required by Ordinary Shareholders regarding the General Meeting. If you are in any doubt as to what action to take, consult your CSDP, broker, attorney, accountant, banker or other professional advisor immediately.

### 2.1 **If you have dematerialised your Ordinary Shares other than with “own name” registration**

#### 2.1.1 ***Voting at the General Meeting***

Your CSDP or broker should contact you to ascertain how you wish to cast your votes at the General Meeting and thereafter to cast your votes in accordance with your instructions. If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish it with your voting instructions.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

You must **not** complete the attached form of proxy for the General Meeting (*green*).

#### 2.1.2 ***Attendance and representation at the General Meeting***

You must advise your CSDP or broker if you wish to attend the General Meeting and your CSDP or broker will issue the necessary letter of authority to you to attend the General Meeting.

### 2.2 **If you have not dematerialised your Ordinary Shares or if you have dematerialised your Ordinary Shares with “own name” registration**

#### 2.2.1 ***Voting and attendance at the General Meeting***

You may attend the General Meeting in person and may vote at the General Meeting.

Alternatively, if you are unable to attend the General Meeting you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy for the General Meeting (*green*) in accordance with the instructions it contains and returning it to Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by no later than 10:00 on Monday, 21 November 2005.

**If you wish to dematerialise your Ordinary Shares, please contact your CSDP or broker.**

**If you have disposed of all/any of your Medi-Clinic Ordinary Shares, please forward this Document to the purchaser to whom, or the banker, broker, or other agent through whom you disposed of such shares.**



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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless the context indicates otherwise:

- reference to the singular shall include the plural and *vice versa* and words denoting one gender include the others;
- expressions denoting natural persons include juristic persons and associations of persons; and
- the words in the first column have the meanings stated opposite them in the second column, as follows:

“A Preference Share”	a variable rate cumulative redeemable preference share with a par value of R1.00 (one Rand) in the authorised share capital of the Mpilo Companies to be allotted and issued to Standard Bank and having the terms and conditions set-out in the articles of association of the Mpilo Companies;
“Black Ownership Initiative”	introduction of the Strategic Black Partners and Participating Employees as shareholders in the Company;
“Black People”	black people as defined in the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended;
“Board”	board of directors of Medi-Clinic;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Capital Restructuring”	restructuring of Medi-Clinic’s balance sheet by optimising the capital structure of Medi-Clinic through the introduction of debt funding in the Medi-Clinic Group, by paying down inter company indebtedness and the declaration of a Special Dividend;
“Certificated Scheme Members”	Scheme Members holding Certificated Shares;
“Certificated Scheme Participants”	Scheme Participants holding Certificated Shares;
“Certificated Shareholders”	Ordinary Shareholders holding Certificated Shares;
“Certificated Shares”	Ordinary Shares that have not been dematerialised, title to which is represented by a share certificate or other physical Document of Title;
“Circle Capital”	Circle Capital Ventures (Proprietary) Limited, a company incorporated in South Africa, registration number 1952/000984/07;
“this Circular” or “this Document”	this bound document dated Tuesday, 1 November 2005, including an explanatory statement, the Scheme, a valuation statement, a statement of the directors’ interests, a section setting out the additional information required in terms of the JSE Listings Requirements and the annexures, notices and forms attached thereto;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	Companies Act, 1973 (Act 61 of 1973), as amended;
“Conditions Precedent”	conditions precedent to which the Scheme is subject, set out in paragraph 4 of the explanatory statement applicable to the Scheme on page 13 of this Circular;
“Court”	High Court of South Africa (Cape of Good Hope Provisional Division), which is located at Queen Victoria Street, Cape Town;
“CSDP”	in relation to any person, a depository institution accepted by STRATE as a participant in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended, with whom the person in question holds a Dematerialised Share account;



“Dematerialised Scheme Members”	Scheme Members holding Dematerialised Shares;
“Dematerialised Scheme Participants”	Scheme Participants holding Dematerialised Shares;
“Dematerialised Shares”	Ordinary Shares that have been dematerialised in accordance with the rules of STRATE, whereby physical share certificates or other Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto the STRATE system by the selected CSDP or broker and the shareholding is recorded electronically;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares, acceptable to Medi-Clinic;
“EPS”	Earnings per Ordinary Share;
“Exchange Control Regulations”	Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Extra Special Preference Share”	a special variable rate cumulative redeemable preference share with a par value of R1.00 (one Rand) in the authorised share capital of Mpilo 2 to be allotted and issued to Standard Bank, having terms and conditions set out in the articles of association of Mpilo 2;
“General Meeting”	a general meeting of Ordinary Shareholders to be held at 10:00 on Wednesday, 23 November 2005, at Medi-Clinic Offices, Strand Road, Stellenbosch;
“Group” or “Medi-Clinic Group”	Medi-Clinic and its subsidiaries;
“HEPS”	Headline EPS;
“JSE”	JSE Limited, a company licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004), as amended, registration number 2005/022939/06;
“Last Practicable Date”	Friday, 28 October 2005, being the last practicable date prior to the finalisation of this Circular;
“Medi-Clinic” or “the Company”	Medi-Clinic Corporation Limited, a company incorporated in South Africa, registration number 1983/010725/06, the shares of which are listed on the JSE;
“Medi-Clinic Ordinary Shares” or “Ordinary Shares”	ordinary shares of R0.10 (ten cents) each in the issued share capital of Medi-Clinic;
“Medi-Clinic Shareholders” or “Ordinary Shareholders”	holders of Medi-Clinic Ordinary Shares;
“Mpilo 1”	Mpilo Investment Holdings 1 (Proprietary) Limited, a company incorporated in South Africa, registration number 2005/015015/07 and a wholly owned subsidiary of Circle Capital;
“Mpilo 2”	Mpilo Investment Holdings 2 (Proprietary) Limited, a company incorporated in South Africa, registration number 2005/015711/07 and a wholly owned subsidiary of Phodiso;
“Mpilo Companies”	Mpilo 1 and Mpilo 2;
“Mpilo Trust”	a trust founded by Medi-Clinic for the benefit of Participating Employees;
“NAV”	net asset value;

“New Share Certificate”	a new share certificate representing the remaining balance of a Certificated Scheme Participant’s Medi-Clinic Ordinary Shares after such Scheme Participant’s Scheme Shares have been acquired by the Mpilo Companies in terms of the Scheme;
“Operative Date”	first Business Day immediately following the Record Date, being the date on which the Scheme becomes operative, which is expected to be Monday, 19 December 2005;
“Participating Employees”	Medi-Clinic employees up to, and including, first line management level to be introduced as Ordinary Shareholders to the Company through the Mpilo Trust;
“Phodiso”	Phodiso Holdings Limited, a company incorporated in the Republic of South Africa, registration number 1997/008728/06;
“Preference Shares”	A Preference Shares, Special Preference Shares and Extra Special Preference Shares;
“Proposed Employees Transaction”	introduction of the Participating Employees as Ordinary Shareholders in the Company through the Mpilo Trust as more fully described on page 41 of this Circular;
“Proposed Shareholding” or “Participation Ratio”	in relation to Mpilo 1: 4.125/11, and in relation to Mpilo 2: 6.875/11, in each case expressed as a percentage;
“Proposed SBP Transaction”	the introduction of Strategic Black Partners as shareholders to Medi-Clinic;
“the Record Date”	17:00 on the last Business Day of the second week following the week in which the last outstanding Condition Precedent is fulfilled, being the latest date and time for the holders of Scheme Shares to be recorded in the register of Medi-Clinic in order to receive the Scheme Consideration, which is expected to be Thursday, 15 December 2005;
“Registrar”	Registrar of Companies;
“Rounding Provisions”	any fraction of a Medi-Clinic Ordinary Share deemed, in terms of the Scheme, to have been disposed of by a Scheme Participant, and any fraction of a Scheme Share acquired by either of the Mpilo Companies, shall be: <ul style="list-style-type: none"> <li>(i) rounded up to the nearest whole number if the fraction is greater than or equal to 0.5 of an Ordinary Share; or</li> <li>(ii) rounded down to the nearest whole number if the fraction is less than 0.5 of an Ordinary Share;</li> </ul>
“Scheme”	scheme of arrangement in terms of section 311 of the Companies Act proposed by the Mpilo Companies between Medi-Clinic and its Ordinary Shareholders, subject to any modification or amendment made thereto to which Medi-Clinic and the Mpilo Companies agree in writing and which is approved, if necessary, by the Court and which, if implemented, will result in the Mpilo Companies acquiring 4.25% of the issued ordinary share capital of Medi-Clinic;
“Scheme Consideration”	consideration payable to each Scheme Participant in terms of the Scheme, being R18.40 per Scheme Share held on the Record Date;
“Scheme Meeting”	meeting of Scheme Members convened pursuant to an Order of Court to be held at 10:30, or 10 minutes after the conclusion or adjournment of the General Meeting, whichever is the later, on Wednesday, 23 November 2005 at the Medi-Clinic Offices, Strand Road, Stellenbosch, at which Scheme Members will consider and vote on the Scheme, the notice of which is attached and forms part of this Circular;

“Scheme Members”	all Medi-Clinic Ordinary Shareholders recorded in the register of Medi-Clinic at 17:00 on the Voting Record Date, being Medi-Clinic Ordinary Shareholders who are entitled to vote at the Scheme Meeting;
“Scheme Participants”	Medi-Clinic Ordinary Shareholders recorded in the register of Medi-Clinic at 17:00 on the Record Date, being Medi-Clinic Ordinary Shareholders who are entitled to receive the Scheme Consideration;
“Scheme Shares”	Medi-Clinic Ordinary Shares to be acquired by the Mpilo Companies in terms of the Scheme, being 4.25 Medi-Clinic Ordinary Shares held for every 100 Medi-Clinic Ordinary Shares held by each Scheme Participant on the Record Date subject in the case of each Scheme Participant to the Rounding Provisions;
“SENS”	Securities Exchange News Service;
“South Africa”	the Republic of South Africa;
“Special Dividend”	a special dividend declared by the Company in the amount of R4.02 per share, which, taking into account the envisaged enlarged number of shares in issue pursuant to the Black Ownership Initiative, will amount to approximately R1.6 billion;
“Special Preference Share”	special redeemable preference share of par value R1.00 (one Rand) in the authorised share capital of each of the Mpilo Companies to be issued to Medi-Clinic, having the terms and conditions set out in the articles of association of the Mpilo Companies;
“Specific Issues”	the specific issues of an aggregate number of 28 515 026 million Medi-Clinic Ordinary Shares to the Mpilo Companies, in their respective Participation Ratios, but subject to the Rounding Provisions, for a subscription price being equal to the aggregate of the par value of such Medi-Clinic Ordinary Shares, which allotment and issue will be effected simultaneously with the implementation of the Scheme;
“Standard Bank”	The Standard Bank of South Africa Limited, a company incorporated in South Africa, registration number 1962/000738/06;
“STC”	Secondary Tax on Companies;
“STRATE”	STRATE Limited, a company incorporated in South Africa which is a registered Central Securities Depository Participant responsible for the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades, registration number 1998/022242/06;
“Strategic Black Partners”	Phodiso and Circle Capital;
“TNAV”	tangible NAV;
“Transfer Secretaries”	Computershare Investor Services 2004 (Proprietary) Limited, a company incorporated in South Africa, registration number 2004/003647/07; and
“Voting Record Date”	latest date and time for Ordinary Shareholders to be recorded in the register of Medi-Clinic in order to vote at the Scheme Meeting, being 17:00 on Friday, 18 November 2005.

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## IMPORTANT DATES AND TIMES

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The definitions and interpretations on pages 6 to 9 of this Document apply to this section on important dates and times.

### 2005

Court Order issued to convene Scheme Meeting	Thursday, 27 October
Anticipated date for posting of the Circular to Medi-Clinic Shareholders	Tuesday, 1 November
Last day to trade Medi-Clinic Ordinary Shares on the JSE in order to be recorded in the register of members of Medi-Clinic to vote at the Scheme Meeting on (note 2)	Friday, 11 November
Voting Record Date for the Scheme Meeting	Friday, 18 November
Last day for receipt of forms of proxy for the General Meeting ( <i>green</i> ) by 10:00 on (note 5)	Monday, 21 November
Last day for receipt of forms of proxy for the Scheme Meeting ( <i>blue</i> ) by 10:00 on (notes 3 and 4)	Monday, 21 November
<b>General Meeting to be held at 10:00 on</b>	Wednesday, 23 November
<b>Scheme Meeting to be held at 10:30 or 10 minutes after the conclusion or adjournment of the General Meeting, whichever is the later, on</b>	Wednesday, 23 November
Announcement of results of the General Meeting and the Scheme Meeting on SENS on	Wednesday, 23 November
Announcement of results of the General Meeting and the Scheme Meeting in the press on	Thursday, 24 November
<b>Court hearing to sanction the Scheme on</b>	Thursday, 1 December
Lodgement of the Court Order	Thursday, 1 December
Announcement on SENS regarding the sanctioning of the Scheme	Thursday, 1 December
Announcement in the press regarding the sanctioning of the Scheme	Friday, 2 December
<b>IF THE SCHEME IS SANCTIONED AND IMPLEMENTED:</b>	
Expected last day to trade in Medi-Clinic Ordinary Shares on the JSE in order for Medi-Clinic Ordinary Shareholders to be eligible to receive the Scheme Consideration on	Thursday, 8 December
Expected first day to trade in Medi-Clinic Shares under new ISIN ZAE000074142 on the JSE ex-entitlement to the Scheme Consideration on	Friday, 9 December
Expected Record Date, being the date on which Medi-Clinic Shareholders must be recorded on the register of members of Medi-Clinic in order to be Scheme Participants and so become entitled to receive the Scheme Consideration, at 17:00 on	Thursday, 15 December
Expected Operative Date of the Scheme, at the commencement of trading on the JSE on	Monday, 19 December
The Scheme Consideration is expected to be transferred or posted (as the case may be), and New Share Certificates expected to be posted, to Certificated Scheme Participants whose Documents of Title are received by the Transfer Secretaries before 12:00 on 15 December 2005 on or about	Monday, 19 December
Or	
failing receipt of Documents of Title before 12:00 on 15 December 2005, within five Business Days of receipt thereof by the Transfer Secretaries.	

The Scheme Consideration is expected to be credited to the Dematerialised Scheme Participants' accounts held at their CSDP or broker and share balances updated on

Monday, 19 December

### **SALIENT DATES RELATING TO SPECIAL DIVIDEND**

(Assuming the Scheme is sanctioned by the Court on 1 December 2005)

Last date to trade <i>cum</i> Special Dividend	Thursday, 15 December
Shares to commence trading <i>ex</i> Special Dividend	Monday, 19 December
Record Date in respect of the Special Dividend	Friday, 23 December
Payment Date of the Special Dividend	Tuesday, 27 December

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#### **Notes:**

1. The abovementioned times and dates are South African times and dates, and are subject to change. Any such change will be published on SENS and published in the press.
2. Shareholders are advised that as trading in shares on the JSE is settled within the STRATE environment five Business Days following the trade, shareholders acquiring Dematerialised Shares after Friday, 11 November 2005 will not be eligible to vote at the Scheme Meeting.
3. If a form of proxy for the Scheme Meeting is not received by the time and date shown above, it may be handed to the chairperson of the Scheme Meeting by not later than 10 minutes before the Scheme Meeting is due to commence.
4. If the date of the Scheme Meeting is adjourned or postponed, forms of proxy must be received by no later than 24 hours prior to the time of the adjourned or postponed Scheme Meeting, provided that for the purposes of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and public holidays will be excluded.
5. If the date of the General Meeting is adjourned or postponed, forms of proxy must be received by no later than 24 hours prior to the time of the adjourned or postponed General Meeting, provided that for the purposes of calculating the latest time by which forms of proxy must be received, Saturdays, Sundays and public holidays will be excluded.
6. Medi-Clinic Shareholders may not dematerialise or rematerialise their existing shares under the ISIN ZAE000004370 after Thursday, 8 December 2005.



# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)  
(Registration number 1983/010725/06)

JSE share code: MDC ISIN: ZAE000004370

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## Directors

E de la H Hertzog (*Chairman*)

L J Alberts

W E Bührmann†

S Dakile-Hlongwane\*

W P Esterhuysen\*

J du T Marais

A R Martin\*

D P Meintjes

A A Raath\*

M A Ramphela\*

J G Swiegers

C I Tingle\*

W L van der Merwe\*

\*Independent Non-executive

†Non-executive

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## EXPLANATORY STATEMENT APPLICABLE TO THE SCHEME IN TERMS OF SECTION 312(1)(a)(i) OF THE COMPANIES ACT

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### 1. DEFINITIONS AND INTERPRETATIONS

The definitions and interpretations applicable to this explanatory statement can be found on pages 6 to 9 of this Circular.

### 2. INTRODUCTION

In an announcement dated 4 October 2005, released on SENS and published in the press, Medi-Clinic Shareholders were advised that Medi-Clinic intends to conclude, *inter alia*, the Proposed SBP Transaction that will facilitate the acquisition of an effective 11% interest in the issued Ordinary Share capital of the company by the Strategic Black Partners.

As part of the Proposed SBP Transaction, approximately 14.9 million Ordinary Shares in issue need to be acquired from Medi-Clinic Shareholders. Accordingly, the Mpilo Companies have proposed the Scheme. If the Scheme becomes operative, the Mpilo Companies will, in their respective Participation Ratios, acquire, from each Scheme Participant, 4.25 Ordinary Shares for every 100 Ordinary Shares held by such Scheme Participant (adjusted in accordance with the Rounding Provisions in respect of fractions of shares to be sold by a Scheme Participant and/or to be acquired by either of the Mpilo Companies) on the Record Date for a total consideration of approximately R273.5 million or R18.40 per Ordinary Share. As at the Last Practicable Date, approximately 14.9 million Ordinary Shares represented 4.25% of the issued Ordinary Share capital of Medi-Clinic.

A table of entitlements is contained in Annexure 1 of this Circular.

The implementation of the Scheme is subject to the fulfilment of the Conditions Precedent set out in paragraph 4 of this explanatory statement. If all the Conditions Precedent are fulfilled:

- Phodiso will, indirectly through Mpilo 2, acquire approximately 9.2 million Ordinary Shares; and
- Circle Capital will, indirectly through Mpilo 1, acquire approximately 5.6 million Ordinary Shares.

This explanatory statement sets out the reasons for, and the effects and procedures of, the Scheme and does not constitute the Scheme itself. The full text of the Scheme is set out in the grey section of this Document commencing on page 19.

### 3. **RATIONALE FOR THE SCHEME**

The Scheme is proposed so that the Mpilo Companies can acquire in aggregate approximately 4.25% of the issued ordinary share capital of Medi-Clinic Ordinary Shareholders, on a *pro rata* basis from Ordinary Shareholders.

Medi-Clinic believes that the Scheme represents the most practical and equitable method of procuring the requisite number of Ordinary Shares from all Ordinary Shareholders for purposes of the Proposed SBP Transaction as the shares are acquired from shareholders on a *pro rata* basis.

If the Scheme is implemented, Medi-Clinic will then be able to implement the Proposed SBP Transaction which would facilitate the acquisition of an effective 11% interest in its operations by the Mpilo Companies. Medi-Clinic therefore considers the acquisition in terms of the Scheme as an essential element of its Black Ownership Initiative. Further details of the Black Ownership Initiative are contained in the section on Additional Information required by the JSE set out on pages 37 to 48 of this Circular.

The Scheme Consideration of R18.40 per share was calculated based on the 30-day volume weighted average price of the Medi-Clinic Shares as traded on the JSE to the close of business on 30 September 2005.

### 4. **CONDITIONS PRECEDENT**

The Scheme is conditional upon the fulfilment of the following Conditions Precedent:

- 4.1 the Scheme being agreed to, with or without modification, by a majority representing not less than three-fourths (75%) of the votes exercisable by the Scheme Members present and voting, either in person or by proxy, at the Scheme Meeting;
- 4.2 obtaining of any necessary approvals from the South African Reserve Bank for the implementation of the Scheme;
- 4.3 sanctioning of the Scheme by the Court;
- 4.4 registration of a certified copy of the Order of Court sanctioning the Scheme by the Registrar; and
- 4.5 passing of resolutions approving the Specific Issues at the General Meeting by a majority representing not less than three-fourths (75%) of the votes exercisable by Ordinary Shareholders present and voting, either in person or by proxy, at the General Meeting,

all by not later than Wednesday, 14 December 2005, or such later date as may be agreed between Medi-Clinic and the Mpilo Companies or such later date to which Medi-Clinic in its sole and unfettered discretion extends the date for fulfilment of any Condition Precedent, provided such date shall never be later than 31 March 2006.

### 5. **IMPLEMENTATION AND EFFECTS OF THE SCHEME**

- 5.1 It is expected that the Scheme will become operative on Monday, 19 December 2005, subject to fulfilment of the Conditions Precedent.
- 5.2 In terms of the Scheme, each Scheme Participant (whether he voted in favour of the Scheme or not) will be deemed to have disposed of his Scheme Shares to the Mpilo Companies, which shall be deemed to have acquired ownership of the Scheme Shares, in their respective Participation Ratios, on the Operative Date.
- 5.3 In the case of Certificated Shares, each Certificated Scheme Participant shall be deemed, on the Operative Date, to have transferred and ceded all of the Scheme Shares held by such Scheme Participant to the Mpilo Companies in their respective Participation Ratios, without any further act or action being required.



- 5.4 In the case of Dematerialised Shares, the transfer of ownership from each Dematerialised Scheme Participant of his Scheme Shares to the Mpilo Companies in their respective Participation Ratios shall be effected on the Operative Date, by the debiting of the account of the Scheme Participant or its nominee in Medi-Clinic's sub-register maintained by the Scheme Participant's CSDP or broker and the crediting of the account of each of the Mpilo Companies in Medi-Clinic's sub-register maintained by the CSDP of each of the Mpilo Companies.
- 5.5 In terms of the Scheme, each Certificated Scheme Participant authorises Medi-Clinic to:
- 5.5.1 cause the Scheme Shares disposed of by the Certificated Scheme Participants in terms of the Scheme to be transferred and registered in the name of the relevant Mpilo Company on or as soon as possible after the Operative Date; and
- 5.5.2 receive the Certificated Scheme Participants' surrender, or procure that the Transfer Secretaries as agent for and on behalf of Medi-Clinic receive the Certificated Scheme Participants' surrender, of the Documents of Title relating to all of the Certificated Scheme Participants' Certificated Shares.
- 5.6 In terms of the Scheme, each Dematerialised Scheme participant authorises Medi-Clinic to instruct the Dematerialised Scheme Participants' CSDP or broker to cause the Scheme Shares disposed of by the Dematerialised Scheme Participants in terms of the Scheme to be transferred to the relevant Mpilo Company on the Operative Date in accordance with the requirements of the Scheme.

## 6. PROCEDURE

### 6.1 The Scheme Meeting

- 6.1.1 The Scheme will be put to a vote at the Scheme Meeting to be held at 10:30 or 10 minutes after the conclusion or adjournment of the General Meeting, whichever is the later, at Medi-Clinic's Offices, Strand Road, Stellenbosch. The notice convening the Scheme Meeting is attached to, and forms part of, this Circular.
- 6.1.2 Section 311(2)(b) of the Companies Act requires that the Scheme be agreed to by a majority representing not less than three-fourths (75%) of the votes exercisable by Scheme Members who are present and voting, either in person or by proxy, at the Scheme Meeting.
- 6.1.3 Each Certificated Scheme Member and Dematerialised Scheme Member with "own name" registration can attend and vote at the Scheme Meeting or appoint a proxy (including the chairperson of the Scheme Meeting) to represent him at the Scheme Meeting.
- 6.1.4 Forms of proxy (*blue*) must be lodged with or posted to the Transfer Secretaries to be received by no later than 10:00 on Monday, 21 November 2005. Forms of proxy may also be handed to the chairperson of the Scheme Meeting no later than 10 minutes before the Scheme Meeting is due to commence.
- 6.1.5 A Dematerialised Scheme Member who does not have "own name registration" must arrange with his CSDP or broker to give the Dematerialised Scheme Member authority to attend and vote at the Scheme Meeting or if he does not wish to attend the Scheme Meeting, he should provide his CSDP or broker with voting instructions in accordance with the mandate between him and his CSDP or broker in order that his votes may be represented at the Scheme Meeting. Should such Dematerialised Scheme Member's CSDP or broker not obtain voting instructions from him, the CSDP or broker will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between the Dematerialised Scheme Member and his CSDP or broker.
- 6.1.6 Scheme Members who do not want to support the Scheme will be given an opportunity to state their views at the Scheme Meeting.

### 6.2 Court hearing

- 6.2.1 Subject to the Scheme being agreed to by the requisite majority of Scheme Members present in person or by proxy at the Scheme Meeting and to the fulfilment or waiver of the Conditions Precedent referred to in paragraph 4 of this explanatory statement (other than

the Conditions Precedent referred to in paragraphs 4.3 and 4.4), application will be made to Court to sanction the Scheme at 10:00, or so soon thereafter as Counsel may be heard, on Thursday, 1 December 2005. Ordinary Shareholders are entitled to attend Court in person, or to be represented by Counsel, and to be heard concerning any objections they may have to the Scheme. Ordinary Shareholders are advised that should you wish to appear or to be represented by Counsel at the Court hearing to sanction the Scheme, you are required in terms of the rules of Court to file the requisite Court notices and supporting affidavits timeously.

6.2.2 If the Scheme is sanctioned by the Court, then the Order of Court sanctioning the Scheme will be lodged with the Registrar for registration. When the Order of Court sanctioning the Scheme is registered, which is expected to happen on Thursday, 1 December 2005, the Scheme will become binding on all Scheme Participants, even those who voted against it.

### 6.3 **Settlement of the Scheme Consideration**

6.3.1 If the Scheme becomes operative, each Scheme Participant will be entitled to the Scheme Consideration.

6.3.2 Each Scheme Participant authorises Medi-Clinic as principal, but with the power to appoint agents, to collect the Scheme Consideration from the Mpilo Companies and to set aside and pay the Scheme Consideration in respect of the Scheme Shares to the Scheme Participant concerned in accordance with the provisions of the Scheme.

6.3.3 Each of the Mpilo Companies shall, on the Operative Date and in their respective Participation Ratios, deliver to Medi-Clinic as principal, or the Transfer Secretaries as agent for and on behalf of Medi-Clinic, the total Scheme Consideration to which Scheme Participants are entitled and which shall be paid to Scheme Participants in accordance with paragraph 8 of the Scheme, included on pages 25 to 26 of this Document.

#### 6.3.4 ***Dematerialised Scheme Participants***

Dematerialised Scheme Participants will have the Scheme Consideration deposited into the account of the relevant CSDP or broker and their accounts held at their respective CSDP or broker will on the Operative Date be updated and credited with the Scheme Consideration due to them in accordance with the custody agreement between such Dematerialised Scheme Participants and their respective CSDP or broker.

#### 6.3.5 ***Certificated Scheme Participants***

6.3.5.1 Subject to the Exchange Control Regulations referred to in paragraph 7 of this explanatory statement and provided Certificated Scheme Participants have surrendered their Documents of Title on or before 12:00 on the Record Date, being Thursday, 15 December 2005, the Scheme Consideration and the New Share Certificates will be posted to Certificated Scheme Participants recorded in the Register within five Business Days of the Operative Date.

6.3.5.2 The Scheme Consideration will be paid to Certificated Scheme Participants by cheque. Alternatively, those Certificated Scheme Participants who wish to do so, and who surrender their Documents of Title prior to 12:00 on the Record Date, being Thursday, 15 December 2005, may submit their bank account details to the Transfer Secretaries to facilitate the electronic transfer of the Scheme Consideration into such bank accounts. The attached form of surrender (*yellow*) provides a space for the insertion of such bank account details.

6.3.5.3 If Certificated Scheme Participants do not surrender their Documents of Title before 12:00 the Record Date, being Thursday, 15 December 2005, cheques and New Share Certificates will be posted to such Certificated Scheme Participants within five Business Days of receipt of the Documents of Title and the completed attached form of surrender (*yellow*). The facility of having the Scheme Consideration paid into Certificated Scheme Participants' bank accounts will not be available to those Certificated Scheme Participants who surrender their Documents of Title after 12:00 on the Record Date.

- 6.3.5.4 The cheques and New Share Certificates will be posted, by registered post, to the addresses of Certificated Scheme Participants recorded in the Register, at the risk of such Certificated Scheme Participants, unless written instructions to the contrary are furnished in the attached form of surrender (*yellow*).
- 6.3.5.5 If the Scheme Consideration is not sent to the Certificated Scheme Participants entitled thereto because the relevant Documents of Title have not been surrendered, or, if having been sent, is returned, such Scheme Consideration will be held in Trust by Medi-Clinic or by the Transfer Secretaries on behalf of Medi-Clinic until claimed. No interest will accrue or be paid on any Scheme Consideration so held.
- 6.3.5.6 The rights of the Scheme Participants to receive the Scheme Consideration will be a right enforceable by Scheme Participants against Medi-Clinic only and then only to the extent necessary to require Medi-Clinic to enforce its rights in terms of the Scheme against the Mpilo Companies.
- 6.3.5.7 Settlement of the Scheme Consideration will be discharged, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Medi-Clinic and/or the Mpilo Companies may be or claim to be entitled against any Scheme Participant.

#### 6.4 **Surrender of Documents of Title**

- 6.4.1 Certificated Scheme Participants must surrender their Documents of Title in order to receive the Scheme Consideration.
- 6.4.2 Certificated Scheme Participants must use the attached form of surrender (*yellow*) to surrender their Documents of Title and return same as soon as possible to the Transfer Secretaries together with their Documents of Title. This can be done before the Operative Date, in which case paragraph 6.4.4 below will apply.
- 6.4.3 No receipts will be issued for Documents of Title surrendered unless specifically required.
- 6.4.4 Documents of Title surrendered by holders of Certificated Shares prior to the Operative Date in anticipation of the Scheme becoming operative must return same to the Transfer Secretaries together with the form of surrender (*yellow*) so as to be received by them by no later than 12:00 on the Record Date, being Thursday, 15 December 2005. The Documents of Title will be held in trust by the Transfer Secretaries pending the Scheme becoming operative. Should the Scheme not become operative for any reason whatsoever, then the Transfer Secretaries will, within five Business Days of the date upon which it becomes known that the Scheme will not become operative, return the Documents of Title to the holders of the Certificated Shares concerned, by registered post to the registered addresses of Certificated Shareholders recorded in the register of Medi-Clinic, at the risk of such shareholders.
- 6.4.5 The attention of Ordinary Shareholders is drawn to the fact that if the Documents of Title in respect of Certificated Shares are surrendered in advance, it will not be possible to dematerialise or trade those shares between the date of surrender and the Operative Date. In addition, no dematerialisation or rematerialisation of existing Share Certificates will take place after Thursday, 8 December 2005.
- 6.4.6 If the Documents of Title have been lost or destroyed and the holder produces evidence to this effect to Medi-Clinic's satisfaction, Medi-Clinic may dispense with the surrender of Documents of Title against provision of an acceptable indemnity by the relevant Certificated Scheme Participant, the cost of which indemnity will be borne by the Certificated Scheme Participant concerned.
- 6.4.7 The Ordinary Shares may only be traded on the JSE in dematerialised form. Scheme Participants who, at the time of dematerialisation, elected to retain their physical share certificates should note that they do not need to submit their Share Certificates for dematerialisation in order to receive the Scheme Consideration.
- 6.4.9 Dematerialised Scheme Participants do not have to surrender any Documents of Title.

## 7. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations insofar as they have application to Scheme Participants. Should Scheme Participants have any doubts, they must consult their professional advisors without delay.

### 7.1 Emigrants from the Common Monetary Area

The Scheme Consideration accruing to the Scheme Participants who are emigrants from the Common Monetary Area will:

- 7.1.1 in the case of Certificated Scheme Participants, whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealers in foreign exchange in South Africa controlling such Scheme Participants' blocked assets in terms of the Exchange Control Regulations. The attached form of surrender (*yellow*) makes provision for the details of the authorised dealer concerned to be given; or
- 7.1.2 in the case of Dematerialised Scheme Participants, be paid to their CSDP or broker, who shall arrange for the Scheme Consideration to be credited directly to the Scheme Participants' blocked Rand bank accounts held with the authorised dealers in foreign exchange in South Africa who control such Scheme Participants' blocked Rand bank accounts.

The New Share Certificates due to Certificated Scheme Participants who are emigrants and whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, will, on the surrender of the appropriate Documents of Title, be similarly endorsed and sent to the authorised dealers controlling the blocked assets of the emigrant Scheme Participants concerned.

### 7.2 All other non-residents of the Common Monetary Area

The Scheme Consideration accruing to the Scheme Participants whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 7.2.1 in the case of Certificated Scheme Participants, whose Documents of Title have been restrictively endorsed in terms of Exchange Control Regulations, be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and an address is provided or an instruction for the electronic transfer of the Scheme Consideration is received. The attached form of surrender (*yellow*) makes provision for a substitute address or bank details; or
- 7.2.2 in the case of Dematerialised Scheme Participants, be paid to their duly appointed CSDP or broker and credited directly to the bank accounts nominated by the Scheme Participants in terms of the provisions of the custody agreement with their CSDP or broker.

The New Share Certificates due to Certificated Scheme Participants who are non-residents and who have never resided in South Africa, whose registered addresses are outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, on the surrender of the appropriate Documents of Title, will be similarly endorsed and sent to the registered addresses of the Certificated Scheme Participants concerned unless written instructions to the contrary are received and addresses provided.

### 7.3 Information not provided

If the information regarding authorised dealers is not given or the instructions are not given as required in terms of paragraphs 7.1 and 7.2 above, the Scheme Consideration and New Share Certificates will be held by Medi-Clinic or the Transfer Secretaries on behalf of Medi-Clinic for the Scheme Participants concerned, pending receipt of the necessary information or instruction. No interest will be paid on the Scheme Consideration held.

All CSDPs/brokers with whom shares have been dematerialised should note that they are required to comply with the South African Exchange Control Regulations set out above.

## 8. LISTING ON THE JSE

The Scheme Shares will not be cancelled and there will be no application for the termination of the listing of the Scheme Shares on the JSE.

## 9. SPECIAL ARRANGEMENTS

- 9.1 No arrangements, undertakings or agreements have been made by Medi-Clinic, or persons acting in concert with Medi-Clinic, in relation to the Scheme Shares.
- 9.2 No arrangements or undertakings (including any compensation arrangements), which have any connection with or dependence on the Scheme, exist between Medi-Clinic (or any person acting in concert with Medi-Clinic) and any director of Medi-Clinic or any person who was a director of Medi-Clinic within the period commencing 12 months prior to the Operative Date, or any person who is or was a holder of shares within the period commencing 12 months prior to the Operative Date.
- 9.3 Other than as referred to in paragraphs 4.2 and 20 of the Additional Information on the Black Ownership Initiative commencing on page 37 of this Circular, no arrangements have been made between Medi-Clinic and its directors in connection with the Proposed SBP Transaction.

## 10. VARIATION

The Scheme may be varied, modified or amended, by written agreement between Medi-Clinic and the Mpilo Companies, either:

- 10.1 prior to or at the Scheme Meeting; or
- 10.2 after the Scheme Meeting, but only if the variation, modification or amendment has been approved or proposed by the Court and provided that no such variation, modification or amendment may be made after the Scheme Meeting which has the effect of diminishing any entitlement of a Scheme Participant to the Scheme Consideration or, generally, of diminishing any right of a Scheme Participant in terms of the Scheme.

## 11. TAXATION CONSIDERATIONS

Medi-Clinic Shareholders are advised to consult their professional advisors about their personal tax positions regarding the Scheme and in particular the receipt by them of the Scheme Consideration.

For and on behalf of

### **MEDI-CLINIC CORPORATION LIMITED**

**Johannes Gerhardus Swiegers**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

### **MPILO INVESTMENT HOLDINGS 1 (PROPRIETARY) LIMITED**

**Hlumelo Biko**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

### **MPILO INVESTMENT HOLDINGS 2 (PROPRIETARY) LIMITED**

**Dr Nkaki Sydwell Matlala**

*Duly authorised*

Pretoria

26 October 2005



# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)

(Registration number 1983/010725/06)

JSE share code: MDC ISIN: ZAE000004370

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## Directors

E de la H Hertzog (*Chairman*)

L J Alberts

W E Bührmann†

S Dakile-Hlongwane\*

W P Esterhuysen\*

J du T Marais

A R Martin\*

D P Meintjes

A A Raath\*

M A Ramphela\*

J G Swiegers

C I Tingle\*

W L van der Merwe\*

\*Independent Non-executive

†Non-executive

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## SCHEME OF ARRANGEMENT IN TERMS OF SECTION 311 OF THE COMPANIES ACT PROPOSED BY THE MPIO COMPANIES BETWEEN MEDI-CLINIC AND ITS ORDINARY SHAREHOLDERS

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### 1. DEFINITIONS AND INTERPRETATIONS

In this Scheme, unless otherwise stated or the context otherwise requires:

- reference to the singular includes the plural and *vice versa*;
- words and expressions denoting one gender include the others;
- words and expressions denoting natural persons include legal persons and associations of persons; and
- the following words shall have the meanings stated opposite them:

“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Scheme Members”	Scheme Members holding Certificated Shares;
“Certificated Scheme Participants”	Scheme Participants holding Certificated Shares;
“Certificated Shareholders”	Ordinary Shareholders holding Certificated Shares;
“Certificated Shares”	Ordinary Shares which have not been dematerialised, title to which is represented by a share certificate or other physical Document of Title;
“Circle Capital”	Circle Capital Ventures (Proprietary) Limited, a company incorporated in South Africa, registration number 1952/000984/07;



“the Circular”	the bound document dated Tuesday, 1 November 2005, including an explanatory statement, the Scheme, a valuation statement, a statement of the directors’ interests, a section setting out the additional information required in terms of the JSE Listings Requirements and the annexures, notices and forms attached thereto, which will be sent to Medi-Clinic Shareholders;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	Companies Act, 1973 (Act 61 of 1973), as amended;
“Conditions Precedent”	conditions precedent to which the Scheme is subject, set out in paragraph 4 to the Scheme;
“Court”	High Court of South Africa (Cape of Good Hope Provisional Division), which is located at Queen Victoria Street, Cape Town;
“CSDP”	in relation to any person, a depository institution accepted by STRATE as a participant in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended, with whom the person in question holds a Dematerialised Share account;
“Dematerialised Scheme Members”	Scheme Members holding Dematerialised Shares;
“Dematerialised Scheme Participants”	Scheme Participants holding Dematerialised Shares;
“Dematerialised Shares”	Ordinary Shares that have been dematerialised in accordance with the rules of STRATE, whereby physical share certificates or other Documents of Title have been validated and cancelled by the Transfer Secretaries and captured onto the STRATE system by the selected CSDP or broker and the shareholding is recorded electronically;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares, acceptable to Medi-Clinic;
“Exchange Control Regulations”	Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“General Meeting”	a general meeting of Ordinary Shareholders to be held at 10:00 on Wednesday, 23 November 2005, at Medi-Clinic Offices, Strand Road, Stellenbosch;
“JSE”	JSE Limited, a company licensed as an exchange under the Securities Services Act, 2004 (Act 36 of 2004), as amended, registration number 2005/022939/06;
“Last Practicable Date”	Friday, 28 October 2005, being the last practicable date prior to the finalisation of the Circular;
“Medi-Clinic” or “the Company”	Medi-Clinic Corporation Limited, a company incorporated in South Africa, registration number 1983/010725/06, the shares of which are listed on the JSE;
“Medi-Clinic Ordinary Shares” or “Ordinary Shares”	ordinary shares of R0.10 (ten cents) each in the issued share capital of Medi-Clinic;
“Medi-Clinic Shareholders” or “Ordinary Shareholders”	holders of Medi-Clinic Ordinary Shares;
“Mpilo 1”	Mpilo Investment Holdings 1 (Proprietary) Limited, a company incorporated in South Africa, registration number 2005/015015/07 and a wholly owned subsidiary of Circle Capital;



“Mpilo 2”	Mpilo Investment Holdings 2 (Proprietary) Limited, a company incorporated in South Africa, registration number 2005/015711/07 and a wholly owned subsidiary of Phodiso;
“Mpilo Companies”	Mpilo 1 and Mpilo 2;
“New Share Certificate”	a new share certificate representing the remaining balance of a Certificated Scheme Participant’s Medi-Clinic Ordinary Shares after such Scheme Participant’s Scheme Shares have been acquired by the Mpilo Companies in terms of the Scheme;
“Participation Ratio”	in relation to Mpilo 1: 4.125/11, and in relation to Mpilo 2: 6.875/11, in each case expressed as a percentage;
“Phodiso”	Phodiso Holdings Limited, a company incorporated in South Africa, registration number 1997/008728/06;
“the Press”	the Business Day, Beeld, Die Burger, Volksblad and Business Report;
“R” or “Rand”	South African Rand, the official currency of South Africa;
“the Register”	the register of Medi-Clinic shareholders;
“Registrar”	Registrar of Companies;
“Rounding Provisions”	any fraction of a Medi-Clinic Ordinary Share deemed, in terms of the Scheme, to have been disposed of by a Scheme Participant, and any fraction of a Scheme Share acquired by either of the Mpilo Companies, shall be: <ul style="list-style-type: none"> <li>(i) rounded up to the nearest whole number if the fraction is greater than or equal to 0.5 of an Ordinary Share; or</li> <li>(ii) rounded down to the nearest whole number if the fraction is less than 0.5 of an Ordinary Share;</li> </ul>
“Scheme”	scheme of arrangement in terms of section 311 of the Companies Act proposed by the Mpilo Companies between Medi-Clinic and its Ordinary Shareholders, subject to any modification or amendment made thereto to which Medi-Clinic and the Mpilo Companies agree in writing and which is approved, if necessary, by the Court and which, if implemented, will result in the Mpilo Companies acquiring 4.25% of the issued Ordinary Share capital of Medi-Clinic;
“Scheme Consideration”	consideration payable to each Scheme Participant in terms of the Scheme, being R18.40 per Scheme Share held on the Scheme Consideration Record Date;
“Scheme Consideration Record Date”	17:00 on the last Business Day of the second week following the week in which the last outstanding Condition Precedent is fulfilled, being the latest date and time for the holders of Scheme Shares to be recorded in the Register in order to receive the Scheme Consideration, which is expected to be Thursday, 15 December 2005;
“Scheme Meeting”	the meeting of Scheme Members convened pursuant to an Order of Court to be held at 10:30, or 10 minutes after the conclusion or adjournment of the General Meeting, whichever is the later, on Wednesday, 23 November 2005, at the Medi-Clinic Offices, Strand Road, Stellenbosch, at which meeting Scheme Members will consider and vote on the Scheme, the notice of which is attached to and forms part of the Circular;

“Scheme Members”	all Medi-Clinic Ordinary Shareholders, recorded in the Register at 17:00 on the Voting Record Date, being Medi-Clinic Ordinary Shareholders who are entitled to attend and vote at the Scheme Meeting;
“Scheme Operative Date”	the first business day immediately following the Scheme Consideration Record Date, being the date on which the Scheme becomes operative, which is expected to be Monday, 19 December 2005;
“Scheme Participants”	Medi-Clinic Ordinary Shareholders recorded in the Register at 17:00 on the Scheme Consideration Record Date, who are entitled to receive the Scheme Consideration;
“Scheme Shares”	Medi-Clinic Ordinary Shares to be acquired by the Mpilo Companies in terms of the Scheme, being 4.25 Medi-Clinic Ordinary Shares held for every 100 Medi-Clinic Ordinary Shares held by each Scheme Participant on the Scheme Consideration Record Date subject in the case of each Scheme Participant to the Rounding Provisions;
“SENS”	Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Specific Issues”	the specific issues of an aggregate number of 28 515 026 Medi-Clinic Ordinary Shares to the Mpilo Companies, in their respective Participation Ratios, but subject to the Rounding Provisions, for a subscription price being equal to the aggregate of the par value of such Medi-Clinic Ordinary Shares, which allotment and issue will be effected simultaneously with the implementation of the Scheme;
“Standard Bank”	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, (registration number 1962/000738/06), a public company incorporated in South Africa;
“STRATE”	STRATE Limited, a company incorporated in South Africa which is a registered Central Securities Depository Participant responsible for the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades, registration number 1998/022242/06;
“Transfer Secretaries”	Computershare Investor Services 2004 (Proprietary) Limited, a company incorporated in South Africa, registration number 2004/003647/07; and
“Voting Record Date”	latest date and time for Ordinary Shareholders to be recorded in the Register in order to vote at the Scheme Meeting, being 17:00 on Friday, 18 November 2005.

## 2. SHARE CAPITAL OF MEDI-CLINIC

2.1 The authorised and issued share capital and share premium of Medi-Clinic on the Last Practicable Date is as set out below:

	<b>R</b>
<b>Authorised share capital</b>	
450 000 000 ordinary shares of 10 cents each	45 000 000
<b>Issued share capital</b>	
350 065 992 ordinary shares of 10 cents each	35 006 599
Share premium	220 269
<b>Treasury shares</b>	
5 407 160 ordinary shares of 10 cents each	(31 439 960)
<b>Total</b>	<b>3 786 908</b>

2.2 All the issued Ordinary Shares are listed on the JSE.

## 3. THE OBJECT OF THE SCHEME

The object of the Scheme is to procure that the Scheme Shares are acquired by the Mpilo Companies from the Scheme Participants in return for the Scheme Consideration.

## 4. CONDITIONS PRECEDENT

The Scheme is conditional upon the fulfilment of the following Conditions Precedent:

- 4.1 the Scheme being agreed to, with or without modification, by a majority representing not less than three-fourths (75%) of the votes exercisable by the Scheme Members present and voting, either in person or by proxy, at the Scheme Meeting;
- 4.2 obtaining of any necessary approvals from the South African Reserve Bank for the implementation of the Scheme;
- 4.3 sanctioning of the Scheme by the Court;
- 4.4 registration of a certified copy of the Order of Court sanctioning the Scheme by the Registrar; and
- 4.5 passing of resolutions approving the Specific Issues at the General Meeting by a majority representing not less than three-fourths (75%) of the votes exercisable by Ordinary Shareholders present and voting, either in person or by proxy, at the General Meeting,

all by not later than Wednesday, 14 December 2005, or such later date as may be agreed between Medi-Clinic and the Mpilo Companies or such later date to which Medi-Clinic in its sole and unfettered discretion extends the date for fulfilment of any Condition Precedent, provided such date shall never be later than 31 March 2006.

## 5. THE SCHEME

- 5.1 The Scheme will be put to the vote at the Scheme Meeting.
- 5.2 In terms of the Scheme, Medi-Clinic and the Scheme Participants agree that, on and with effect from the Scheme Operative Date:
  - 5.2.1 each of the Scheme Participants shall be deemed to have disposed of its Scheme Shares to the Mpilo Companies, which shall be deemed to have acquired ownership of the Scheme Shares, free of any encumbrances, options or similar restrictions, in exchange for the Scheme Consideration, in their respective Participation Ratios, such that the total number of Scheme Shares acquired by each of the Mpilo Companies is as follows:

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**Number of Scheme Shares**

---

Mpilo Investment Holdings 1 (Proprietary) Limited	5 574 018
Mpilo Investment Holdings 2 (Proprietary) Limited	9 290 030
	14 864 048

---

provided that the numbers referred to above and consequently the Participation Ratios may be adjusted in accordance with the Rounding Provisions;

- 5.2.2 the disposal and transfer by each Scheme Participant of the Scheme Shares held by the Scheme Participant to the Mpilo Companies, and the acquisition of ownership of those shares by the Mpilo Companies, pursuant to the provisions of 5.2.1 above, shall be effected on the Scheme Operative Date in accordance with the following provisions:
- 5.2.2.1 in the case of Certificated Shares, each Certificated Scheme Participant shall be deemed, on the Scheme Operative Date, to have transferred and ceded all of the Scheme Shares held by such Scheme Participant to the Mpilo Companies in their respective Participation Ratios, without any further act or action being required; and
- 5.2.2.2 in the case of Dematerialised Shares, the transfer of ownership from each Dematerialised Scheme Participant of his Scheme Shares to any of the Mpilo Companies, shall be effected on the Scheme Operative Date in accordance with the requirements of section 91A(4) of the Companies Act and the rules of STRATE, by the debiting of the account of the Scheme Participant or its nominee in Medi-Clinic's sub-register maintained by the Scheme Participants' CSDP or broker and the crediting of the account of each of the Mpilo Companies in Medi-Clinic's sub-register maintained by the CSDP of each of the Mpilo Companies;
- 5.2.3 each Scheme Participant shall become entitled to receive the Scheme Consideration from Medi-Clinic only, in terms of paragraphs 6, 7, 8 and 9 below;
- 5.2.4 the Mpilo Companies shall, in their respective Participation Ratios, deliver to Medi-Clinic as principal, or the Transfer Secretaries as agent for and on behalf of Medi-Clinic, on the Scheme Operative Date, the total Scheme Consideration to which Scheme Participants are entitled and Medi-Clinic or the Transfer Secretaries as agent for and on behalf of Medi-Clinic, will pay the Scheme Consideration due to the Scheme Participants in accordance with paragraph 6, 7, 8 and 9 below.
- 5.3 Each Certificated Scheme Participant irrevocably and in *rem suam* authorises Medi-Clinic, with power of substitution, to:
- 5.3.1 cause the Scheme Shares disposed of by the Certificated Scheme Participants in terms of the Scheme to be transferred and registered in the name of the relevant Mpilo Company on or as soon as possible after the Scheme Operative Date and to do all such things and take all such steps (including the signing of any transfer form) as Medi-Clinic in its discretion considers necessary in order to effect that transfer and registration; and
- 5.3.2 receive the Certificated Scheme Participants' surrender, or procure that the Transfer Secretaries as agent for and on behalf of Medi-Clinic receive the Certificated Scheme Participants' surrender, of the Documents of Title relating to all of the Certificated Scheme Participants' Certificated Shares.
- 5.4 Each Dematerialised Scheme Participant irrevocably and in *rem suam* authorises Medi-Clinic, with power of substitution, to instruct the Dematerialised Scheme Participants' CSDP or broker to cause the Scheme Shares disposed of by the Dematerialised Scheme Participants in terms of the Scheme to be transferred in terms of section 91A(4) of the Companies Act and the rules of STRATE to the relevant Mpilo Company on the Scheme Operative Date in accordance with the requirements of the Scheme, and to do all such things and take all such steps as Medi-Clinic in its discretion considers necessary in order to effect that transfer.
- 5.5 Each Scheme Participant irrevocably and in *rem suam* authorises Medi-Clinic as principal, but with the power to appoint agents, to collect the Scheme Consideration from the Mpilo Companies and to set aside and pay the Scheme Consideration in respect of the Scheme Shares to the Scheme Participant concerned in accordance with the provisions of the Scheme.

- 5.6 Delivery by a Mpilo Company to Medi-Clinic, as principal, or its agent of its share of the Scheme Consideration equal to such Mpilo Company's Participation Ratio shall be the sole and exclusive manner of discharge by that Mpilo Company of its obligations in respect of the Scheme. The obligations of the Mpilo Companies to deliver the Scheme Consideration shall be joint, but proportionate to their respective Participation Ratios.
- 5.7 The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants against Medi-Clinic only and then only to the extent necessary to require Medi-Clinic to enforce its rights in terms of the Scheme against the Mpilo Companies.
- 5.8 Medi-Clinic undertakes in favour of the Scheme Participants that it will, as principal, enforce all rights which it may have in terms of the Scheme against the Mpilo Companies.
- 5.9 If the Scheme is agreed to in terms of the Companies Act at the Scheme Meeting and the Conditions Precedent set out in paragraph 4 above (other than the Conditions Precedent set out in paragraphs 4.3 and 4.4 above) are fulfilled or waived, then Medi-Clinic will apply to the Court for an Order sanctioning the Scheme.
- 5.10 If all the Conditions Precedent are fulfilled or waived, then the Scheme will be implemented on the Scheme Operative Date. Any change in the expected dates will be released on SENS and published in the press.

## **6. THE SCHEME CONSIDERATION**

- 6.1 If the Scheme becomes operative, each Scheme Participant will be entitled to receive the Scheme Consideration.
- 6.2 In the event that either of the Mpilo Companies becomes entitled to a fraction of an Ordinary Share from a Scheme Participant, then such fraction will be subject to the Rounding Provisions.
- 6.3 A table of entitlements is contained in Annexure 1 to the Circular.

## **7. SCHEME CONSIDERATION RECORD DATE**

Scheme Participants who will be entitled to participate in the Scheme and to receive the Scheme Consideration will be those recorded in the Register as such on the Scheme Consideration Record Date.

## **8. SETTLEMENT OF THE SCHEME CONSIDERATION**

- 8.1 Dematerialised Scheme Participants will have the Scheme Consideration deposited into the account of the relevant CSDP or broker and their accounts held at the relevant CSDP or broker will on the Scheme Operative Date be updated and credited with the Scheme Consideration due to them in accordance with the custody agreement between such Dematerialised Scheme Participants and the relevant CSDP or broker.
- 8.2 The following provisions apply to Certificated Scheme Participants:
  - 8.2.1 subject to Exchange Control Regulations as set out in paragraph 10 below, the Scheme Consideration and New Share Certificates will be posted by registered post to the registered addresses of Certificated Scheme Participants recorded in the Register, at the risk of the Scheme Participants concerned, by the Transfer Secretaries on behalf of Medi-Clinic, within five Business Days of the Scheme Operative Date, if the Documents of Title have been surrendered prior to 12:00 on Thursday, 15 December 2005, and within five Business Days of receipt of the Documents of Title, if such documents are surrendered after 12:00 on Thursday, 15 December 2005, unless written instructions to the contrary are furnished in the form of surrender (*yellow*) attached to the Circular. Instead of posting the Scheme Consideration, the Scheme Consideration will be electronically transferred directly into a Certificated Scheme Participant's bank account if details of such account are available to the Transfer Secretaries and the Certificated Scheme Participant concerned has entered into a mandate with the Transfer Secretaries. Such transfer will be effected within five Business Days of the Scheme Operative Date, provided such Certificated Scheme Participant has surrendered his Documents of Title in respect of all his Certificated Shares prior to 12:00 on Thursday, 15 December 2005. Medi-Clinic accepts no responsibility for verifying bank account details provided by a Certificated Scheme Participant to the Transfer Secretaries; and

- 8.2.2 where, on or subsequent to the Scheme Operative Date, a person who was not a registered holder of Scheme Shares on the Scheme Consideration Record Date tenders to the Transfer Secretaries Documents of Title together with a duly stamped form of transfer purporting to have been executed on or before the Scheme Consideration Record Date by or on behalf of the registered holder of such Scheme Shares and, provided that the Scheme Consideration shall not already have been posted to or deposited directly into the bank account of the registered holder, then such transfer shall be accepted by Medi-Clinic as if it were a valid transfer to such person of the Scheme Shares concerned. The Scheme Consideration and the New Share Certificates will be posted to such person in accordance with the provisions of this paragraph 8 and paragraph 9 below within five Business Days of receipt of such tender, subject to proof satisfactory to Medi-Clinic to the payment of any stamp duty payable and provided that Medi-Clinic is, if so required, given an indemnity on terms acceptable to it in respect of such Scheme Consideration.
- 8.3 If:
- 8.3.1 the Scheme Consideration is not sent to the Certificated Scheme Participants entitled thereto, because the relevant Documents of Title have not been surrendered; or
- 8.3.2 the Scheme Consideration is returned unclaimed to the Transfer Secretaries,
- then such Scheme Consideration will be held in trust by Medi-Clinic or by the Transfer Secretaries on behalf of Medi-Clinic until claimed. No interest will accrue or be paid on any amount payable to the Scheme Participant arising from the Scheme Consideration so held in trust.
- 8.4 The Scheme Consideration will be discharged in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Medi-Clinic and/or the Mpilo Companies may be or claim to be entitled against any Scheme Participant.

## 9. SURRENDER OF DOCUMENTS OF TITLE

- 9.1 Certificated Scheme Participants must surrender their Documents of Title in order to receive the Scheme Consideration. **The surrender of Documents of Title only applies to Certificated Shareholders.**
- 9.2 Certificated Scheme Participants who wish to surrender their Documents of Title in anticipation of the Scheme becoming operative should complete the form of surrender (*yellow*) attached to the Circular and return same as soon as possible to the Transfer Secretaries together with their Documents of Title so as to be received by them by no later than 12:00 on Thursday, 15 December 2005.
- 9.3 Alternatively, Certificated Scheme Participants can wait until the Scheme Operative Date, which is expected to be on Monday, 19 December 2005, and surrender their Documents of Title under cover of the completed attached form of surrender (*yellow*) at that time or notify their broker accordingly.
- 9.4 No receipts will be issued for Documents of Title surrendered unless specifically requested. In order to comply with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts if required.
- 9.5 Documents of Title surrendered by Certificated Shareholders prior to the Scheme Operative Date in anticipation of the Scheme becoming operative will be held in trust by the Transfer Secretaries pending the Scheme becoming operative. Should the Scheme not become operative for any reason whatsoever, then the Transfer Secretaries will, within five Business Days of the date upon which it becomes known that the Scheme will not become operative, return the Documents of Title to the Certificated Shareholders concerned, by registered post to the registered addresses of Certificated Shareholders recorded in the Register, at the risk of such Certificated Shareholders.
- 9.6 The attention of Certificated Shareholders is drawn to the fact that if the Documents of Title in respect of the Certificated Shares are surrendered in advance, it will not be possible to dematerialise or trade those share certificates between the date of surrender and the Scheme Operative Date. In addition, no dematerialisation or rematerialisation of existing Share Certificates will take place after Thursday, 8 December 2005.



- 9.7 If Documents of Title have been lost or destroyed and the holder produces evidence to this effect to Medi-Clinic's satisfaction, Medi-Clinic may dispense with the requirement to surrender Documents of Title against provision of an acceptable indemnity by the relevant Certificated Scheme Participant, the costs of which indemnity will be borne by the Certificated Scheme Participant concerned.
- 9.8 Medi-Clinic Ordinary Shares may only be traded on the JSE in dematerialised form. Scheme Participants who, at the time of dematerialisation, elected to retain their physical share certificates should note that they need not submit their share certificates for dematerialisation in order to participate in the Scheme.

## 10. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations insofar as they have application to Scheme Participants. Should Scheme Participants have any doubts, they must consult their professional advisors without delay.

### 10.1 Emigrants from the Common Monetary Area

The Scheme Consideration accruing to the Scheme Participants who are emigrants from the Common Monetary Area will:

- 10.1.1 in the case of Certificated Scheme Participants, whose Documents of Title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to their respective authorised dealers in foreign exchange in South Africa controlling such Scheme Participants blocked assets in terms of the Exchange Control Regulations. The attached form of surrender (*yellow*) makes provision for the details of the authorised dealer concerned to be given; or
- 10.1.2 in the case of Dematerialised Scheme Participants, be paid to their respective CSDP or broker, who shall arrange for the Scheme Consideration to be credited directly to the Scheme Participants' blocked Rand bank accounts held with the authorised dealers in foreign exchange in South Africa who control such Scheme Participants' blocked Rand bank accounts.

The New Share Certificates due to Certificated Scheme Participants who are emigrants and whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, will, on the surrender of the appropriate Documents of Title, be similarly endorsed and sent to the authorised dealers controlling the blocked assets of the emigrant Scheme Participants concerned.

### 10.2 All other non-residents of the Common Monetary Area

The Scheme Consideration accruing to the Scheme Participants whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 10.2.1 in the case of Certificated Scheme Participants, whose Documents of Title have been restrictively endorsed in terms of Exchange Control Regulations, be posted to the registered address of the non-resident Certificated Scheme Participant concerned, unless written instructions to the contrary are received and an address is provided or an instruction for the electronic transfer of the Scheme Consideration is received. The attached form of surrender (*yellow*) makes provision for a substitute address or bank details; or
- 10.2.2 in the case of Dematerialised Scheme Participants, be paid to their respective duly appointed CSDP or broker and credited directly to the bank accounts nominated by the Scheme Participants in terms of the provisions of the custody agreement with their respective CSDP or broker.

The New Share Certificates due to Certificated Scheme Participants who are non-residents and who have never resided in South Africa, whose registered addresses are outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed in terms of the Exchange Control Regulations, on the surrender of the appropriate Documents of Title, will be similarly endorsed and sent to the registered addresses of the Certificated Scheme Participants concerned unless written instructions to the contrary are received and addresses provided.



### 10.3 Information not provided

If the information regarding authorised dealers is not given or the instructions are not given as required in terms of paragraphs 10.1 and 10.2 above, the Scheme Consideration and New Share Certificates will be held by Medi-Clinic or the Transfer Secretaries on behalf of Medi-Clinic for the Scheme Participants concerned, pending receipt of the necessary information or instruction. No interest will be paid on the Scheme Consideration held.

All CSDPs/brokers with whom shares have been dematerialised should note that they are required to comply with the South African Exchange Control Regulations set out above.

### 11. LISTING ON THE JSE

The Scheme Shares will not be cancelled and there will be no application for the termination of the listing of the Scheme Shares on the JSE.

### 12. UNDERTAKINGS BY MEDI-CLINIC AND THE MPILO COMPANIES

Medi-Clinic, Mpilo 1 and Mpilo 2 have agreed that upon implementation of the Scheme, they will give effect to the terms and conditions of the Scheme insofar as they apply to them, sign and procure the signing of all documents and carry out and procure the carrying out of all acts which may be necessary to give effect to the Scheme.

### 13. INSTRUCTIONS AND AUTHORITIES

13.1 Medi-Clinic shall be entitled to accept and act on all documents relating to the status and capacity of any Scheme Participant and shall be empowered to act on behalf of any Scheme Participant as if such documents had been registered with Medi-Clinic.

13.2 Each mandate and instruction in regard to the Scheme Shares recorded with Medi-Clinic at the Scheme Consideration Record Date will be deemed, unless and until revoked, to be a mandate and instruction to Medi-Clinic in respect of any rights accruing in respect of the Scheme Consideration.

### 14. GENERAL

14.1 Medi-Clinic and the Mpilo Companies may agree in writing –

14.1.1 before or at the Scheme Meeting, to any amendment, variation or modification of the Scheme; or

14.1.2 after the Scheme Meeting, to any amendment, variation or modification which the Court may think fit to approve, propose or impose, provided that no amendment, variation or modification may be made after the Scheme Meeting which may have the effect of diminishing any of the rights which will accrue to a Scheme Participant in terms of the Scheme.

14.2 A certificate signed by the company secretary or any director of Medi-Clinic confirming that all the Conditions Precedent of the Scheme have been fulfilled and that the Scheme has become operative shall be binding on Medi-Clinic, the Mpilo Companies and the Scheme Participants.

14.3 When the Order of Court sanctioning the Scheme is registered, the Scheme will be binding on all Scheme Participants, including those who voted against it.

14.4 Medi-Clinic will be entitled, and will have the authority on behalf of itself and each Scheme Participant (including persons referred to in paragraph 8.2.2 above) to authorise any person nominated by Medi-Clinic to sign all documents required to carry the Scheme into effect.

14.5 Notwithstanding anything to the contrary contained in paragraph 14.1.2 above, all dates and times referred to in the Scheme may, at any time, even after the approval thereof by Scheme Members and the sanctioning thereof by the Court, be changed by written agreement between Medi-Clinic and the Mpilo Companies, without any approval of Scheme Members or the Court being required for such change. Details of any such change will be published in the press and on SENS. All times are South African local times.

14.6 In terms of the Companies Act, a certified copy of the Order of Court is required to be and will be lodged with the Registrar.

15. **COSTS**

15.1 Medi-Clinic will pay the costs of the Scheme, excluding any costs contemplated in 15.2.

15.2 Each of the Mpilo Companies shall pay the stamp duty and uncertificated securities tax which may be payable on the transfer of Scheme Shares to it.

For and on behalf of

**MEDI-CLINIC CORPORATION LIMITED**

**Johannes Gerhardus Swiegers**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

**MPILO INVESTMENT HOLDINGS 1  
(PROPRIETARY) LIMITED**

**Hlumelo Biko**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

**MPILO INVESTMENT HOLDINGS 2  
(PROPRIETARY) LIMITED**

**Dr Nkaki Sydwell Matlala**

*Duly authorised*

Pretoria

26 October 2005



# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)

(Registration number 1983/010725/06)

JSE share code: MDC ISIN: ZAE000004370

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## Directors

E de la H Hertzog (*Chairman*)

L J Alberts

W E Bührmann†

S Dakile-Hlongwane\*

W P Esterhuysen\*

J du T Marais

A R Martin\*

D P Meintjes

A A Raath\*

M A Ramphele\*

J G Swiegers

C I Tingle\*

W L van der Merwe\*

\*Independent Non-executive

†Non-executive

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## VALUATION STATEMENT APPLICABLE TO THE SCHEME IN TERMS OF SECTION 312(1)(a)(ii) OF THE COMPANIES ACT

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### 1. DEFINITIONS AND INTERPRETATIONS

The definitions and interpretations set out on pages 6 to 9 of the Circular apply to this Valuation Statement.

### 2. UNAUDITED *PRO FORMA* FINANCIAL EFFECTS

The unaudited *pro forma* financial effects set out below have been prepared to assist Medi-Clinic Shareholders to assess the impact of the Black Ownership Initiative and the Capital Restructuring on the EPS, HEPS, NAV and TNAV per share. These unaudited *pro forma* financial effects do not constitute a representation of the future financial position of the Company on implementation of the Black Ownership Initiative and Capital Restructuring nor its future earnings. The material assumptions are set out in the notes following the tables. These unaudited *pro forma* financial effects are the responsibility of the Board and are provided for illustrative purposes only.

For the purposes of clarity, the financial effects are presented under the following scenarios:

- the sole implementation of the Black Ownership Initiative;
- the implementation of the Capital Restructuring after the Black Ownership Initiative;
- the cumulative effect of the Black Ownership Initiative and Capital Restructuring; and
- the cumulative effect of the Black Ownership Initiative and Capital Restructuring excluding the once-off effect of STC charged on the Special Dividend.

## BLACK OWNERSHIP INITIATIVE

	<b>Audited before the Black Ownership Initiative and Capital Restructuring<sup>1</sup></b>	<b>Unaudited <i>pro forma</i> adjustments Black Ownership Initiative</b>	<b>Unaudited <i>pro forma</i> after the Black Ownership Initiative</b>	<b>Percentage change</b>
EPS (cents)	157.5	(1.8) <sup>2</sup>	155.7	(1.1)
HEPS (cents)	145.7	(1.8) <sup>2</sup>	143.9	(1.2)
NAV per share (cents)	772.6	(1.2) <sup>3</sup>	771.4	(0.2)
TNAV per share (cents)	758.6	(1.2) <sup>3</sup>	757.4	(0.2)

## CAPITAL RESTRUCTURING

	<b>Unaudited <i>pro forma</i> after the Black Ownership Initiative</b>	<b>Unaudited <i>pro forma</i> adjustments Capital Restructuring</b>	<b>Unaudited <i>pro forma</i> after the Capital Restructuring</b>	<b>Percentage change</b>
EPS (cents)	155.7	(77.7) <sup>4</sup>	78.0	(49.9)
HEPS (cents)	143.9	(77.3) <sup>4</sup>	66.6	(53.7)
NAV per share (cents)	771.4	(449.8) <sup>5</sup>	321.6	(58.3)
TNAV per share (cents)	757.4	(449.5) <sup>5</sup>	307.9	(59.3)

## CUMULATIVE EFFECT OF THE BLACK OWNERSHIP INITIATIVE AND CAPITAL RESTRUCTURING

	<b>Audited before the Black Ownership Initiative and Capital Restructuring<sup>1</sup></b>	<b>Unaudited <i>pro forma</i> adjustments Black Ownership Initiative</b>	<b>Unaudited <i>pro forma</i> adjustments Capital Restructuring</b>	<b>Unaudited <i>pro forma</i> after the Black Ownership Initiative and Capital Restructuring</b>	<b>Percentage change</b>
EPS (cents)	157.5	(1.8) <sup>2</sup>	(77.7) <sup>4</sup>	78.0	(50.5)
HEPS (cents)	145.7	(1.8) <sup>2</sup>	(77.3) <sup>4</sup>	66.6	(54.3)
NAV per share (cents)	772.6	(1.2) <sup>3</sup>	(449.8) <sup>5</sup>	321.6	(58.4)
TNAV per share (cents)	758.6	(1.2) <sup>3</sup>	(449.5) <sup>5</sup>	307.9	(59.4)

## CUMULATIVE EFFECT OF THE BLACK OWNERSHIP INITIATIVE AND CAPITAL RESTRUCTURING EXCLUDING THE ONCE-OFF EFFECT OF STC

	<b>Audited before the Black Ownership Initiative and Capital Restructuring<sup>1</sup></b>	<b>Unaudited <i>pro forma</i> adjustments Black Ownership Initiative</b>	<b>Unaudited <i>pro forma</i> adjustments Capital Restructuring (excluding STC)</b>	<b>Unaudited <i>pro forma</i> after the Black Ownership Initiative and Capital Restructuring</b>	<b>Percentage change</b>
EPS (cents)	157.5	(1.8) <sup>2</sup>	(25.6) <sup>4</sup>	130.1	(17.4)
HEPS (cents)	145.7	(1.8) <sup>2</sup>	(25.6) <sup>4</sup>	118.3	(18.8)

### Notes and assumptions:

1. Extracted from the audited published results of Medi-Clinic for the year ended 31 March 2005.
2. For the purposes of calculating EPS and HEPS in respect of the Black Ownership Initiative, it was assumed that:
  - (a) The Black Ownership Initiative was effected on 1 April 2004.
  - (b) In terms of the application of IFRS 2 on the Proposed Employees Transaction, the income statement will, over the 10-year vesting period of the shares, be debited with an employee benefit expense of R5.9 million per year.
3. For the purposes of calculating NAV per share and TNAV per share in respect of the Black Ownership Initiative, it was assumed that:
  - (a) The Black Ownership Initiative was effected on 31 March 2005.
  - (b) 15 774 209 new shares will be issued to the Mpilo Trust at R18.40 per share in terms of the Proposed Employees Transaction.
  - (c) 28 515 026 new shares will be issued to the Mpilo Companies at 10 cents per share.
  - (d) The 15 774 209 Medi-Clinic Ordinary Shares to be issued to the Mpilo Trust at R18.40 per share, totalling R290.2 million are treated as treasury shares due to the consolidation of the Mpilo Trust.
  - (e) Estimated transaction costs amounting to R5.7 million will be paid in cash and set off directly against reserves.
4. For the purposes of calculating EPS and HEPS in respect of the Capital Restructuring, it was assumed that:
  - (a) The Capital Restructuring was effected on 1 April 2004.
  - (b) The payment of the Special Dividend of R1 585.3 million in terms of the Capital Restructuring will attract a net once-off STC charge of R198.2 million.
  - (c) Dividends to be returned by the Mpilo Trust and the Mpilo Companies will contribute to future STC savings of R29.7 million.
  - (d) The Capital Restructuring will result in an increase in net finance cost of R90.1 million after taxation. An interest rate of 6.7% (after tax 4.7%) on surplus funds and 10.3% (after tax 7.2%) on new debt was assumed.
5. For the purposes of calculating NAV per share and TNAV per share in respect of the Capital Restructuring, it was assumed that:
  - (a) The Capital Restructuring was effected on 31 March 2005.
  - (b) The Special Dividend of R1 585.3 million and the related STC charge of R198.2 million will reduce reserves by R1 783.5 million.
  - (c) Dividends of R63.4 million are to be returned by the Mpilo Trust and dividends of R174.4 million are to be returned by the Mpilo Companies. These dividends and related future STC savings of R29.7 million will increase reserves by R267.5 million.
  - (d) A Standard Bank long-term loan of R700 million will be raised.
6. For the purposes of calculating the unaudited *pro forma* financial effects, the weighted and issued number of Ordinary Shares is reduced by 34 656 818 shares, treated as treasury shares, being 15 774 209 shares attributable to the consolidation of the Mpilo Trust and 18 882 609 shares being the portion of the total amount of shares issued to the Mpilo Companies for which settlement of the transaction consideration remains outstanding.
7. The South African Institute of Chartered Accountants ("SAICA") has issued two exposure drafts, ED 199 and ED 200 which deal with the accounting for BEE transactions. ED 200 is based on the International Financial Reporting Interpretations Committee document D16 ("IFRIC D16"). Based on these, the International Financial Reporting Standard 2 ("IFRS 2") may in future become applicable to the Proposed SBP Transaction.

The implementation of the proposed interpretation statement, IFRIC D16, on IFRS 2 may have the potential effect of a once-off charge to the income statement of Medi-Clinic, with a corresponding increase in equity (a separate reserve), for the fair value of shares issued at nominal value.

If ED199 and ED200 only become effective, prospectively, after 31 March 2006, it should have no impact on Medi-Clinic's income statement. However, if it is implemented before 31 March 2006, or if it is implemented retrospectively after 31 March 2006, a charge to Medi-Clinic's income statement for the financial year ended 31 March 2006 will realise.

The accounting treatment of the Black Ownership Initiative can only be finalised once comments have been received from the public on these exposure drafts, by IFRIC and SAICA, and the related interpretation and/or South African Statement of Generally Accepted Accounting Practice has been issued.

### 3. SHARE CAPITAL OF MEDI-CLINIC BEFORE AND AFTER ISSUE OF NEW SHARES

#### Before issues of new shares

	R
<b>Authorised share capital</b>	
450 000 000 ordinary shares of 10 cents each	45 000 000
<b>Issued share capital</b>	
350 065 992 ordinary shares of 10 cents each	35 006 599
Share premium	220 269
<b>Treasury shares</b>	
5 407 160 ordinary shares of 10 cents each	(31 439 960)
Total	3 786 908

#### After issue of new shares

	R
<b>Authorised share capital</b>	
450 000 000 ordinary shares of 10 cents each	45 000 000
<b>Issued share capital</b>	
394 355 227 ordinary shares of 10 cents each	39 435 523
Share premium	288 888 294
<b>Treasury shares</b>	
5 407 160 ordinary shares of 10 cents each	(31 439 960)
Total	296 883 857

### 4. AUTHORSHIP

The authors of this valuation statement are the directors of Medi-Clinic.

For and on behalf of

#### **MEDI-CLINIC CORPORATION LIMITED**

**Johannes Gerhardus Swiegers**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

#### **MPILO INVESTMENT HOLDINGS 1 (PROPRIETARY) LIMITED**

**Hlumelo Biko**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

#### **MPILO INVESTMENT HOLDINGS 2 (PROPRIETARY) LIMITED**

**Dr Nkaki Sydwell Matlala**

*Duly authorised*

Pretoria

26 October 2005



# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)

(Registration number 1983/010725/06)

JSE share code: MDC ISIN: ZAE000004370

## Directors

E de la H Hertzog (*Chairman*)

L J Alberts

W E Bührmann†

S Dakile-Hlongwane\*

W P Esterhuysen\*

J du T Marais

A R Martin\*

D P Meintjes

A A Raath\*

M A Ramphela\*

J G Swiegers

C I Tingle\*

W L van der Merwe\*

\*Independent Non-executive

†Non-executive

## STATEMENT OF DIRECTORS' INTERESTS IN TERMS OF SECTION 312(1)(a)(iii) OF THE COMPANIES ACT

### 1. DEFINITIONS AND INTERPRETATIONS

The definitions and interpretations set out on pages 6 to 9 of the Circular apply to this Statement of Directors' Interests.

### 2. DIRECTORS' INTERESTS IN MEDI-CLINIC'S SHARES

At 30 September 2005, the directors of Medi-Clinic beneficially held 2 131 934 Ordinary Shares directly and indirectly in the issued ordinary share capital of Medi-Clinic. Details of their individual shareholdings are set out in the table below.

	Direct	Indirect
E de la H Hertzog	–	1 709 000
L J Alberts	181 700	25 500
W E Bührmann	–	–
S Dakile-Hlongwane	–	–
W P Esterhuysen	–	–
J du T Marais	2 000	3 900
A R Martin	2 000	–
D P Meintjes	30 500	–
A A Raath	–	–
M A Ramphela	–	–
J G Swiegers	40 000	136 334
C I Tingle	–	–
W L van der Merwe	1 000	–
	257 200	1 874 734



The effect of the Scheme on the Medi-Clinic Ordinary Shares held by directors of Medi-Clinic as set out in paragraph 2 of the valuation statement on pages 30 to 32 of this Document is no different from the effect of the Scheme on the interests of other Ordinary Shareholders.

### 3. DIRECTORS' EMOLUMENTS AND SERVICE CONTRACTS

#### 3.1 Directors' remuneration

The remuneration of the directors of Medi-Clinic for the year ended 31 March 2005 is set out in the table below.

<b>Detail for 2005:</b>	<b>Salaries, fees and bonus</b>	<b>Retirement fund</b>	<b>Other benefits**</b>	<b>Share options</b>	<b>Total</b>
<b>Executive</b>					
E de la Hertzog *	1 819	321	146	–	2 286
L J Alberts	1 800	148	25	–	1 973
J du T Marais	1 365	114	26	–	1 505
D P Meintjes	1 323	113	125	–	1 561
J G Swiegers	1 236	118	230	378	1 962
	7 543	814	552	378	9 287
<b>Non-executive fees</b>					547
W E Bührmann					108
W P Esterhuyse					57
S D Hlongwane					52
A R Martin					88
A A Raath					84
C I Tingle					95
W L van der Merwe					63
					9 834
<b>Paid by:</b>					
Subsidiaries					7 548
Management company *					2 286
					9 834

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

\* Remgro Finance Services Limited ("RFS") paid the emoluments of Dr E de la H Hertzog relating to his services rendered to the Group. He also earned a further R1 143 000 from RFS relating to other duties.

\*\* Other benefits include medical aid and vehicle benefits.

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

#### 3.2 Share option Scheme

<b>Number of outstanding share options as at 30 September 2005</b>	<b>Offer price</b>	<b>Number</b>
J G Swiegers	2.80	40 000

There has been no change in the interests shown above between 30 September 2005 to the Last Practicable Date.

4. **AUTHORSHIP**

The authors of this statement of directors' interests are the directors of Medi-Clinic.

For and on behalf of

**MEDI-CLINIC CORPORATION LIMITED**

**Johannes Gerhardus Swiegers**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

**MPILO INVESTMENT HOLDINGS 1  
(PROPRIETARY) LIMITED**

**Hlumelo Biko**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

**MPILO INVESTMENT HOLDINGS 2  
(PROPRIETARY) LIMITED**

**Dr Nkaki Sydwell Matlala**

*Duly authorised*

Pretoria

26 October 2005



# Medi-Clinic Corporation Limited

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JSE share code: MDC ISIN: ZAE000004370

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## ADDITIONAL INFORMATION ON THE BLACK OWNERSHIP INITIATIVE

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### 1. DEFINITIONS AND INTERPRETATIONS

The definitions and interpretations set out on pages 6 to 9 of the Circular apply to this section on additional information required by the JSE.

### 2. INTRODUCTION

#### 2.1 Black Ownership Initiative

Shareholders are referred to the Medi-Clinic detailed terms announcement which was released on SENS on Tuesday, 4 October 2005 and published in the press on Wednesday, 5 October 2005 in which it was indicated that the Board has entered into agreements aimed at the implementation of the Black Ownership Initiative and that a Special Dividend was declared. The Black Ownership Initiative is aimed at introducing the Strategic Black Partners and Participating Employees as shareholders to Medi-Clinic.

The proposed Black Ownership Initiative will result in the transfer, in aggregate, of 15% of Medi-Clinic's entire issued ordinary share capital to the Strategic Black Partners and Participating Employees. The Strategic Black Partners will jointly hold 11% and the Participating Employees 4% of Medi-Clinic Shares. On implementation of the Proposed SBP Transaction, Phodiso, via Mpilo 2, will hold approximately 6.875% and Circle Capital, via Mpilo 1, approximately 4.125% of Medi-Clinic Ordinary Shares.

The Proposed SBP Transaction will be effected through a scheme of arrangement in terms of Section 311 of the Companies Act and the issue of new Medi-Clinic Ordinary Shares at par as detailed in paragraph 5.3 below. The Proposed SBP Transaction will be implemented through the Mpilo Companies. "Mpilo" is derived from a Nguni word "Impilo" which means "health".

The introduction of Participating Employees will be effected through the issue of new Medi-Clinic Ordinary Shares to the Mpilo Trust, formed specifically for that purpose.

The total value of the proposed Black Ownership Initiative is approximately R1.1 billion, which value is based on the transaction price of R18.40 per share. The price was calculated as the 30-day volume weighted average price of the Medi-Clinic Shares as traded on the JSE to the close of business on 30 September 2005.

#### 2.2 Capital Restructuring

As indicated in the profit announcement for the year ended 31 March 2005, Medi-Clinic has been exploring various alternatives aimed at optimising its capital structure. In addition, the Board has investigated several alternatives through which excess capital can be distributed to shareholders. In this regard, the Board has decided to introduce into the Group debt funding in the amount of R700 million arranged by Standard Bank. This 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 by Standard Bank will leave sufficient capacity to allow the Group to fund future strategic initiatives and respond to expansion opportunities.

In addition, the Board has declared a Special Dividend in the amount of R4.02 per share, which, taking into account the envisaged enlarged number of shares in issue pursuant to the Black Ownership Initiative, will amount to approximately R1.6 billion. The Special Dividend will be paid to all Medi-Clinic Shareholders upon the successful completion and implementation of the Black Ownership Initiative. Further details of the Special Dividend are incorporated in paragraph 9 below.

### 3. **RATIONALE FOR THE BLACK OWNERSHIP INITIATIVE AND CAPITAL RESTRUCTURING**

#### 3.1 **Black Ownership Initiative**

The Medi-Clinic Group operates in the private healthcare sector. Its main business is to enhance the quality of life of patients by providing comprehensive, high quality hospital services on a cost-effective basis.

The Board views Medi-Clinic as an integral part of the South African political, social and economic community. The Board, therefore, endorses the process of democratisation and strives to support this process through a policy of business practices that enhance broad-based black economic empowerment, which is regarded as a strategic opportunity to strengthen the economic base of South Africa. The Board regards the rapid capital accumulation at all levels of society involving human, social, intellectual and physical capital, as a key success factor.

Medi-Clinic accordingly embarked on a process aimed at achieving the following objectives:

- transforming Medi-Clinic as a growing company, and fulfilling 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;
- to the extent possible, financial neutrality to existing shareholders; and
- a commitment by all shareholders to the joint creation of wealth within Medi-Clinic.

The Board believes that employee share ownership presents a unique opportunity to achieve broad-based black economic empowerment. For this reason, the Mpilo Trust will be established and will subscribe for Medi-Clinic Ordinary Shares that will be held for the benefit of approximately 10 927 Participating Employees (of which 52% are black and 89% are women), which will include, *inter alia*, nursing staff, support staff and administrative staff.

Medi-Clinic views the role of its people as crucial to the business success of the Group. In offering participation to employees, Medi-Clinic aims to reward the contribution, loyalty and dedication of its employees. Therefore, the level of participation will be linked to length of service in the Group. In addition, employee participation is aimed at encouraging greater transparency and aligning the interests of Participating Employees with that of Medi-Clinic Shareholders.

A draft Health Charter was released for comment to all industry participants on 12 July 2005. Medi-Clinic, as a significant stakeholder in the industry, has, together with other industry participants, entered into a process of consultation in respect of, *inter alia*, the stipulated black ownership targets. In view of this process, the Board has decided to adopt a phased approach in respect of black economic empowerment, aimed at transferring an initial 15% to black partners, with a view to increasing such stake in due course.

#### 3.2 **Capital Restructuring**

The Board has, as a separate strategic initiative, sought to optimise the capital structure of the Company. In this regard, the declaration of the Special Dividend, together with the introduction of new debt, is aimed at restructuring the capital position of the Company with the ultimate objective of increasing the return on Medi-Clinic Shareholders' equity.

## 4. BACKGROUND INFORMATION ON THE STRATEGIC BLACK PARTNERS

### 4.1 Phodiso

Phodiso is a focused healthcare group which owns and operates a number of successful businesses centred on the provision of quality healthcare services. Phodiso is owned and operated by a group of 64 healthcare practitioners and business people, and has a black ownership component of 94.4%.

Phodiso was originally established by the current group of shareholders in 1989 to launch a new healthcare facility, the Legae Private Clinic, to service the emerging markets north-west of Pretoria. Today, Legae Private Clinic is a significant participant in the region's private healthcare market and a highly successful business operation.

In the 1990s Phodiso began to implement a strategy to develop new businesses which would support its core hospital services offering, these include:

- pharmaceuticals and medical supplies; and
- Independent Practitioner network management.

In the last few years Phodiso has expanded its presence in the hospital services industry through a series of joint initiatives with Medi-Clinic, which include:

- a 20.6% interest in Curamed; and
- a 49.0% interest in Protector.

Phodiso's involvement in Medi-Clinic's Black Ownership Initiative is a natural progression from their existing working relationship with the Company and is a key strategic imperative for Phodiso.

Two of Phodiso's directors, Dr Nkaki Matlala and Dr Vincent Msibi will be involved in the future management of Medi-Clinic. Dr Matlala has already assumed a full time senior executive position in Medi-Clinic as Director of Clinical Relations and Dr Msibi will be available for nomination to the Medi-Clinic Board.

Phodiso is well positioned to be Medi-Clinic's long-term value adding Strategic Black Partner given its focus, in-depth experience and successful track record in the healthcare sector.

### 4.2 Circle Capital

Circle Capital, a new order, blue chip investment holding company, aims to add value to and grow established companies, assisting them in systematically navigating the challenges of transformation to increase shareholder value. Circle Capital participates in investments in companies of various sizes with varying needs such as Black Economic Empowerment ("BEE"), strategic leadership, access to capital and operational management.

Circle Capital was founded by Hlumelo Biko and Blessing Rugara in 2002. Its main shareholders are Circle Capital Holdings Limited ("Cicap") and Rowmoor (Proprietary) Limited which holds 74.9% and 25.1%, respectively. Since inception, a highly skilled and experienced executive management team has been assembled with a demonstrated track record of success in the private equity and empowerment investment arenas. Circle Capital enjoys significant private and institutional investor support of its acquisition programme.

Circle Capital's sustainable partnership philosophy is cemented in its commitment to help create opportunities for black South Africans by making strategic investments in companies where it will be able to exert influence in human capital and transformation. Its investment philosophy is based on investing in businesses that will deliver sound business returns while enhancing transformation in the South African business landscape.

Circle Capital's business development initiatives are based on its Integrated Service Platform ("ISP") model to drive growth and shareholder value. The core elements of the ISP that are instilled within Circle Capital and its investment companies are the development of human capital, intellectual capital, social capital and physical capital.

The Circle Capital investment strategy is a diversified one and the company actively pursues opportunities in the financial services, telecommunications, manufacturing, healthcare, consumer goods and the information, communications & technology sectors.

Circle Capital has identified the healthcare sector as one of the fastest growing and most important sectors in the new South African economy. As Chairperson of Circle Capital, Dr Ramphele's vast experience both locally and globally in the fields of healthcare and human development makes for a mutually beneficial partnership between Circle Capital and Medi-Clinic. Dr Ramphele is already a member of the Board.

## 5. SUGGESTED MECHANICS FOR THE PROPOSED SBP TRANSACTION

### 5.1 Capitalisation

The Mpilo Companies are wholly owned subsidiaries of the Strategic Black Partners and will be capitalised as follows:

- Standard Bank will subscribe for A Preference Shares in each of the Mpilo Companies *pro rata* to their Proposed Shareholding in Medi-Clinic for an aggregate amount of R200 million.
- The Strategic Black Partners will subscribe for Ordinary Shares in each of the Mpilo Companies *pro rata* to their Proposed Shareholding in Medi-Clinic for an aggregate amount of R80 million.

The equity contribution to Mpilo 2 from Phodiso will be funded by Phodiso selling certain healthcare interests to Medi-Clinic. This transaction may, in certain instances, require regulatory approval and, in such circumstances, if regulatory approval is not obtained by the Operative Date, Standard Bank will also subscribe for Extra Special Preference Shares in the amount of R50 million in Mpilo 2 in order to bridge the funding of the equity contribution.

### 5.2 The Scheme

In terms of the Scheme, the Mpilo Companies will, in aggregate, acquire from each Scheme Participant the Scheme Shares on the Record Date for a consideration of R18.40 per Medi-Clinic Share.

A total of approximately 14.9 million Scheme Shares will be acquired by the Strategic Black Partners *pro rata* to their Proposed Shareholding in Medi-Clinic, through their respective Mpilo Companies for an aggregate consideration of approximately R273.5 million.

The implementation of the Scheme is subject to the fulfilment of the Conditions Precedent to the Scheme.

### 5.3 Specific Issues of Medi-Clinic Shares

Medi-Clinic will issue approximately 28.5 million Ordinary Shares to the Mpilo Companies, *pro rata* to their Proposed Shareholding in Medi-Clinic, at par, with an estimated market value of approximately R524.7 million (R18.40 per Medi-Clinic Share).

At the same time, Medi-Clinic will subscribe, at a nominal consideration, for a Special Preference Share in each of the Mpilo Companies, which entitles Medi-Clinic to receive dividends in the aggregate amount of R524.7 million from the Mpilo Companies proportionate to their Proposed Shareholding. The Special Preference Share in Mpilo 1 will rank ahead of the A Preference Shares and the Ordinary Shares in respect of cash flow. The Special Preference Share in Mpilo 2 will rank behind the Extra Special Preference Share, if issued, but ahead of the A Preference Shares and the Ordinary Shares in respect of cash flow. Accordingly, therefore, the monies accruing to the Mpilo Companies through, *inter alia*, the Special Dividend will, via the Special Preference Shares, be paid back to Medi-Clinic as a payment in terms of such Special Preference Shares.

### 5.4 Salient terms of Shareholders' Agreements

Medi-Clinic has, *inter alia*, entered into a shareholders' agreement with each of the Strategic Black Partners in respect of their shareholding in the Mpilo Companies. The salient terms of such shareholders' agreements include the following:

- the Strategic Black Partners will each nominate one person to the Board;
- the shareholding of the Strategic Black Partners in the Mpilo Companies, and the shareholding of the Mpilo Companies in Medi-Clinic, will be subject to a lock-in period of at least ten years. This lock-in period is intended to establish a long-term working relationship between Medi-Clinic and the Strategic Black Partners to the benefit of all Medi-Clinic Shareholders; and
- the Strategic Black Partners have, *inter alia*, undertaken not to have any involvement in any organisation that competes with any of Medi-Clinic's businesses.

## 6. INTRODUCTION OF EMPLOYEES AS SHAREHOLDERS IN MEDI-CLINIC

### 6.1 Proposed terms of the Mpilo Trust

All employees of the Company up to, and including, first line management level will participate in the Black Ownership Initiative through the Mpilo Trust. It is intended that the mechanism for such participation will be for the benefit of current and, to a limited extent, future employees. The total current Participating Employees will be approximately 10 927, of which 52% are black and 89% are women.

Upon implementation, participation rights will be awarded to the Participating Employees. The participation rights will legally vest on day one and will entitle Participating Employees to full economic rights attaching to a specified number of Medi-Clinic Shares. It is envisaged that the participation rights will be allocated as to:

- a minimum of 1 000 Medi-Clinic Shares per employee; and
- a further allocation of approximately 80 Medi-Clinic Shares for every completed year of service.

There will be a total of five trustees to the Mpilo Trust, selected as follows:

- as a general rule, three trustees will be elected from the ranks of the Participating Employees and they will hold office based on a rotational basis. For ease of implementation, the first three trustees representing the Participating Employees will be legal professionals and they will hold such office for a period less than a year; and
- two trustees will be appointed by the Board.

The trustees shall be responsible for, *inter alia*, the day-to-day administration of the Mpilo Trust and voting the Medi-Clinic Shares held by the Mpilo Trust. Participating Employees will have the opportunity to direct the trustees as to the manner in which such Medi-Clinic Shares are to be voted.

After the expiry of a ten-year period from the date upon which the Mpilo Trust acquires the Medi-Clinic Shares, the Employees will, individually, be able to:

- choose to remain as a participant in the Mpilo Trust on the same terms and conditions;
- direct the trustees to sell all his allocated Medi-Clinic Shares and receive the net proceeds of such realisation; or
- take delivery of all or some of the allocated Medi-Clinic Shares by satisfying any outstanding capital contribution.

### 6.2 Proposed mechanism

The Mpilo Trust will be formed through contributions totalling approximately R290.2 million a major portion of which will comprise of a capital contribution from a Medi-Clinic operating subsidiary. The operating subsidiary will be a corporate beneficiary of the Mpilo Trust and will have a right to the distribution of dividends to it.

The funds received as a result of the contributions will be used to subscribe for approximately 15.8 million Medi-Clinic Shares at a market value of R18.40 per share, which will represent a 4.0% shareholding in the enlarged issued share capital of Medi-Clinic.

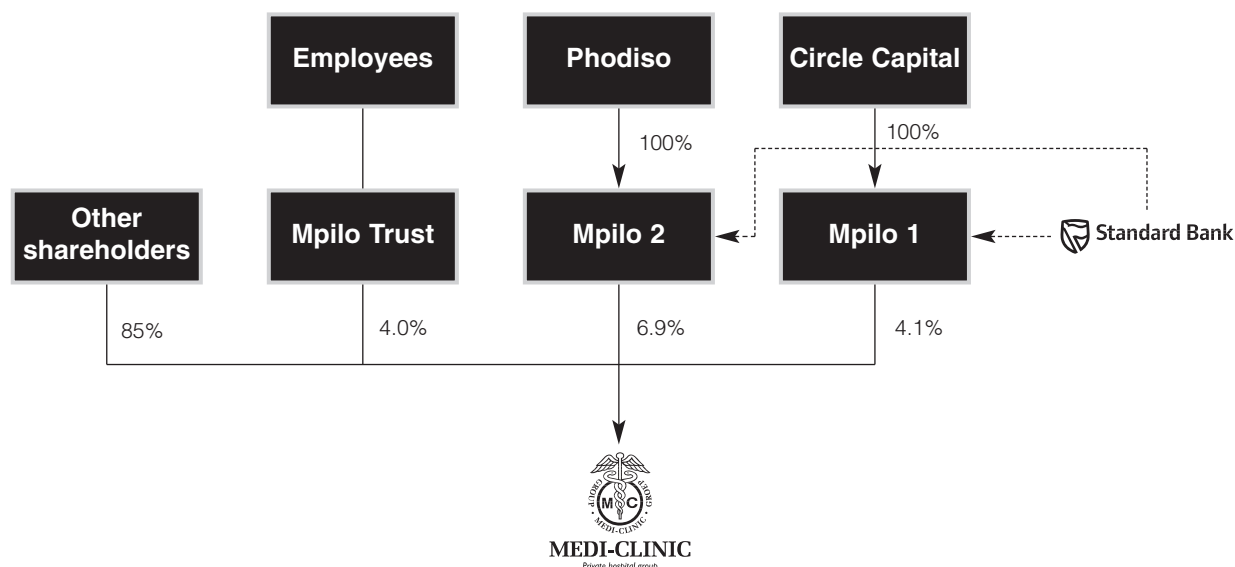
The dividends earned by the Mpilo Trust on the Medi-Clinic Shares prior to satisfying any outstanding Medi-Clinic's capital contribution will be utilised as follows:

- 100% of any special dividends will be distributed to the aforesaid operating subsidiary and where appropriate to other operating subsidiaries of Medi-Clinic, as corporate beneficiaries of the Mpilo Trust;
- 80% of any ordinary dividends will be distributed to the aforesaid operating subsidiary and where appropriate to other operating subsidiaries of Medi-Clinic, as corporate beneficiaries of the Mpilo Trust; and
- 20% of any ordinary dividends will be paid in cash to the relevant Participating Employees in accordance with their participation rights.



## 7. GROUP STRUCTURE

The diagram below illustrates the Group structure subsequent to the implementation of the Black Ownership Initiative.



## 8. CONDITIONS PRECEDENT

- 8.1 The Proposed SBP Transaction is subject to the fulfilment of the following conditions precedent:
- 8.1.1 fulfilment of the Conditions Precedent relating to the Scheme as detailed in paragraph 4 of the Scheme, included in this Document on page 23;
  - 8.1.2 signature of all relevant agreements relating to the Proposed SBP Transaction;
  - 8.1.3 obtaining of any other regulatory approvals required for the implementation of the Proposed SBP Transaction; and
  - 8.1.4 obtaining of all approvals from Medi-Clinic Shareholders for the implementation of the Proposed SBP Transaction, including shareholder approval required by the JSE Listings Requirements to authorise the issue of Medi-Clinic Shares.
- 8.2 The Proposed Employees Transaction is subject to the fulfilment of the following conditions precedent:
- 8.2.1 obtaining of any other regulatory approvals required for the implementation of the Proposed Employees Transaction; and
  - 8.2.2 obtaining of all approvals from Medi-Clinic Shareholders for the implementation of the Proposed Employees Transaction, including shareholder approval required by the JSE Listings Requirements to authorise the issue of Medi-Clinic Shares as contemplated in paragraph 6.2 above.

## 9. SPECIAL DIVIDEND

As discussed in paragraph 2.2 above, the Board has resolved to declare a Special Dividend in the amount of R4.02 per Medi-Clinic Ordinary Share subsequent to the implementation of the Black Ownership Initiative. The salient dates for the Special Dividend are set out on page 11 of this Circular. The decision to pay the Special Dividend after the successful implementation of the Black Ownership Initiative was carefully considered by the Board and approved for the following reasons:

- the share price movements following the declaration of a special dividend are unpredictable;
- to establish certainty as to the transaction price and, thereby, adding to the sustainability of the Black Ownership Initiative; and
- the size of the Special Dividend per share to all shareholders was positively impacted by the circular flow of funds back to Medi-Clinic in respect of the Special Preference Shares and capital contributions to the Mpilo Trust.

## 10. ECONOMIC COST

Medi-Clinic has estimated the economic cost of the Black Ownership Initiative to be approximately R224.1 million. This translates into approximately 3.48% of the market capitalisation of Medi-Clinic calculated with reference to the Medi-Clinic Ordinary Share price of R18.40 per share. The estimate does not include any costs or taxes that may be directly attributable to Medi-Clinic Ordinary Shareholders.

## 11. LISTING ON THE JSE

It is intended that all new Medi-Clinic Shares issued to the Strategic Black Partners, through the Mpilo Companies, and the Mpilo Trust will be listed on the JSE on Monday, 19 December 2005. An application for listing of such shares was submitted to the JSE on Monday, 17 October 2005.

## 12. INFORMATION RELATING TO MEDI-CLINIC

### 12.1 Incorporation

Medi-Clinic was incorporated in South Africa in 1983 as a limited liability company. The company was listed on the JSE in 1986.

### 12.2 Background

Medi-Clinic was founded in 1983 when the current Chairman, Dr Edwin Hertzog, was commissioned by the then Rembrandt Group to undertake a feasibility 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 Medi-Clinic's flagship hospital in the Western Cape.

At the same time, Medi-Clinic purchased Leeuwendal and Medipark, two small private hospitals in Cape Town. This was soon followed by the acquisition of the then largest private hospital in the country, the Sandton Clinic. In 1986, Medi-Clinic, with 7 hospitals including 1500 beds, listed on the JSE.

A period of steady growth led to a significant breakthrough in 1995 when the takeover of the Medicor Group added another 1 100 beds to Medi-Clinic. Thereafter the Hydromed and Hospiplan Groups were acquired.

In December 2002 Medi-Clinic expanded its network of hospitals further by the acquisition of the Curamed Group of private hospitals in Pretoria, in association with a black empowerment group. Since then, Phodiso has taken over the interest of the black empowerment group.

### 12.3 Nature of business

Medi-Clinic is an established leader in the private hospital industry in South Africa, holding a market share of approximately 24%. It has more than 6 400 beds and approximately 11 500 full-time employees servicing 46 hospitals countrywide and in Namibia. Medi-Clinic also provides consulting rooms for doctors in private practice and a one-stop service for patients.

### 12.4 Directors

The full names, ages and profiles of the directors as at 30 September 2005 are set out below.

#### **CHAIRMAN**

#### **E de la H Hertzog**

Age: 56

Qualifications: M.B.Ch.B., M.Med., F.F.A. (SA)

Profile: Appointed in 1983 as Managing Director, in 1990 as Executive Vice-Chairman and in 1992 as Chairman of the Company. Other directorships include Distell, Remgro, Total (SA) and Trans Hex Group.

## **NON-EXECUTIVE DIRECTOR**

### **W E Bührmann**

Age: 50  
Qualifications: B.Comm, CA(SA)  
Profile: Executive Director of Remgro. Appointed in 2001 as Director of the Company. Other directorships include Dorbyl, Gencor, Rainbow Chicken and Trans Hex Group.

## **INDEPENDENT NON-EXECUTIVE DIRECTORS**

### **S Dakile-Hlongwane**

Age: 55  
Qualifications: BA, MA  
Profile: Executive Director of Nozala Investments. Appointed in 2000 as Director of the Company.

### **W P Esterhuyse**

Age: 69  
Qualifications: BA (Hons), MA, D.Phil  
Profile: Professor in Business Ethics at the Postgraduate Management School of Stellenbosch University. Appointed in 1992 as Director of the Company. Other directorships include Metropolitan Health and Barinor Holdings.

### **A R Martin**

Age: 67  
Qualifications: B.Comm, CA(SA)  
Profile: Appointed in 2002 as Director of the Company. Other directorships include Trans Hex Group, Santam and Credit Guarantee Insurance of Africa.

### **A A Raath**

Age: 50  
Qualifications: B.Comm, CA(SA)  
Profile: Chief Executive Officer of Innofin, a subsidiary of Sanlam. Appointed in 1996 as Director of the Company.

### **M A Ramphele**

Age: 57  
Qualifications: M.B.Ch.B., Diploma in Tropical Health and Hygiene, B.Comm, Diploma in Public Health, Ph.D.  
Profile: Chairperson of Circle Capital Ventures. Appointed in March 2005 as Director of the Company.

### **C I Tingle**

Age: 46  
Qualifications: B.Sc (For), B.Compt (Hons), CA(SA)  
Profile: Partner of Michaelides Tingle & Co audit firm. Appointed in 1992 as Financial Director of the Company. After his resignation as Financial Director in 1999, he stayed on as Non-executive Director.

### **W L van der Merwe**

Age: 53  
Qualifications: M.B.Ch.B., M.Med., F.F.A. (SA), MD  
Profile: Dean of the Faculty Health Sciences of Stellenbosch University. Appointed in 2001 as Director of the Company.

## EXECUTIVE DIRECTORS

<b>L J Alberts</b>	Managing Director
Age:	58
Qualifications:	B.Comm, CA(SA)
Profile:	Appointed in 1988 as Director of the Company and in 1990 as Managing Director.
<b>J du T Marais</b>	Technical Director
Age:	54
Qualifications:	H.N.T.D. (Mec)
Profile:	Appointed in 1985 as Director of the Company.
<b>D P Meintjes</b>	Human Resources Director
Age:	49
Qualifications:	B.PI (Hons)
Profile:	Joined the Company in 1985 and appointed in 1996 as Director of the Company.
<b>J G Swiegers</b>	Financial Director
Age:	50
Qualifications:	B.Acc (Hons), B.Comm (Hons)(Taxation), CA(SA)
Profile:	Appointed in 1994 as Non-executive Director of the Company and in 1999 as Financial Director.

### 12.5 Unaudited *pro forma* financial effects

The unaudited *pro forma* financial effects have been set out on pages 30 to 32 of this Document.

### 12.6 Financial information

The extracts of Medi-Clinic's historical financial information for the three years ended 31 March 2005 is set out in Annexure 5 to this Circular.

### 12.7 Unaudited *pro forma* income statement and balance sheet

The unaudited *pro forma* income statement and balance sheet have been set out in Annexure 4 to this Circular. The reporting accountant's report on the *pro forma* income statement and balance sheet is set out in Annexure 3 to the Circular.

### 12.8 Share capital of Medi-Clinic

The authorised and issued share capital and share premium account of Medi-Clinic before and after the issue of shares in terms of the Specific Issues and the Proposed Employee Transaction is set out in paragraph 3 on page 33 of this Circular.

### 12.9 Major shareholders

The names of persons who are reflected in Medi-Clinic's register of shareholders as holding an interest in 5% or more of the issued share capital of Medi-Clinic, as at 30 September 2005, are set out below.

	Number of shares	Percentage holding
Remgro Limited	178 577 982	51.01%
Public Investment Commissioner (SA)	22 209 470	6.34%

## 12.10 Trading history of Medi-Clinic Ordinary Shares

The trading history of Medi-Clinic Ordinary Shares is set out in Annexure 2 to this Circular.

## 12.11 Interests of the directors

The direct and indirect interests of directors in Medi-Clinic Ordinary Shares as at 30 September 2005 are set out on pages 34 to 35 of this Circular.

## 13. PROSPECTS

The following statement by the Board on the prospects of the Company was included in the Company's annual report published in May 2005. This statement is still considered by the Board to be substantially relevant in considering the Company's prospects and is thus quoted on an unchanged basis:

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

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

## 14. COSTS OF THE BLACK OWNERSHIP INITIATIVE AND THE CAPITAL RESTRUCTURING

Medi-Clinic will bear all advisory costs incurred in relation to the Black Ownership Initiative and the Capital Restructuring, including the costs of this Circular. The total advisory costs, as detailed below, are estimated to be R4.1 million and relate, *inter alia*, to:

	<b>Amount (R'000)</b>
Standard Bank	2 000
Hofmeyr Herbststein & Gihwala Inc.	1 000
PricewaterhouseCoopers Inc.	400
PricewaterhouseCoopers Tax Advisory Services (Proprietary) Limited	475
JSE documentation fees	6
Bairds Renaissance	260
	<b>4 141</b>

All the fees payable to the parties above are exclusive of VAT.

## 15. TAXATION CONSIDERATIONS

The tax treatment of Scheme Participants is dependent on their individual circumstances and on the tax jurisdiction applicable to such Scheme Participants. It is recommended that Scheme Participants seek appropriate advice in this regard.

## 16. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Medi-Clinic since the year end results for the period ended 31 March 2005 and the Last Practicable Date.

## 17. LITIGATION STATEMENT

Medi-Clinic is not, and has not in the 12 months preceding the date of the publication of the annual financial results been involved in any legal or arbitration proceedings, nor is it aware of any proceedings that are pending or threatened which may have or have had a material effect on the financial position of Medi-Clinic.

## 18. EXPERTS' CONSENTS

The investment bank, sponsor, legal advisors, reporting accountants, corporate advisors and auditor have consented in writing to act in the capacities stated and to their names being included in this Document and have not withdrawn their consent prior to the publication of this Document.

## 19. DIRECTORS' RESPONSIBILITY STATEMENT

All the directors of Medi-Clinic, whose names are set out herein, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this document contains all information required by the JSE Listings Requirements.

## 20. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

The Board is of the opinion that the terms and conditions of the Black Ownership Initiative are fair and reasonable to the Ordinary Shareholders of Medi-Clinic. Accordingly, the Board recommends that Ordinary Shareholders vote in favour of the Scheme and the resolutions to be proposed at the General Meeting of Ordinary Shareholders of Medi-Clinic. In respect of their personal holdings in Medi-Clinic, the Board members intend to vote in favour of the Scheme and the resolutions to be proposed at the General Meeting.

Dr Mamphela Ramphele is a beneficiary to the Ramphele Family Trust which holds 24.7% in Cicap. Cicap holds a 64% interest in Circle Capital. Accordingly, Dr Ramphele recused herself from the decision-making process of the Board in respect on the Black Ownership Initiative.

## 21. NOTICE OF MEETINGS

### 21.1 General Meeting

A General Meeting of Medi-Clinic Shareholders will be held at 10:00 on Wednesday, 23 November 2005 at Medi-Clinic Offices, Strand Road, Stellenbosch to consider and, if deemed fit, pass, *inter alia*, the resolutions necessary to effect the Black Ownership Initiative.

### 21.2 The Scheme Meeting

The Scheme Meeting of Medi-Clinic Shareholders recorded in the register of members of Medi-Clinic at the close of business on the Record Date will be held at 10:30 or 10 minutes after the conclusion or adjournment of the general meeting, whichever is the later, on Wednesday, 23 November 2005 at Medi-Clinic Offices, Strand Road, Stellenbosch to consider and, if deemed fit, to approve the Scheme.

## 22. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Medi-Clinic during normal office hours from 1 November 2005 up to and including the date on which the Scheme is sanctioned by the Court:

- a copy of this document, incorporating a signed copy of the Scheme and the explanatory statement;
- a copy of the independent accountants' report on the unaudited *pro forma* financial effects of the Scheme and the Black Ownership Initiative;
- a copy of the Order of Court convening the Scheme Meeting;

- the audited annual financial statements of Medi-Clinic for each of the three financial years ended 31 March 2003 to 31 March 2005;
- the memorandum and articles of association of Medi-Clinic;
- the memorandum and articles of association of the Mpilo Companies;
- all agreements relating to the Black Ownership Initiative;
- Mpilo Trust deed; and
- consent letters of the investment bank, sponsor, the legal advisors, the independent reporting accountants, auditor, tax advisors and corporate advisors.

For and on behalf of

**MEDI-CLINIC CORPORATION LIMITED**

**Johannes Gerhardus Swiegers**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

**MPILO INVESTMENT HOLDINGS 1  
(PROPRIETARY) LIMITED**

**Hlumelo Biko**

*Duly authorised*

Cape Town

26 October 2005

For and on behalf of

**MPILO INVESTMENT HOLDINGS 2  
(PROPRIETARY) LIMITED**

**Dr Nkaki Sydwell Matlala**

*Duly authorised*

Pretoria

26 October 2005



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**TABLE OF ENTITLEMENTS**


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The following table sets out the number of shares to be purchased for every 100 shares held on the Record Date.

<b>Number of Ordinary Shares held</b>	<b>Number of Ordinary Shares purchased</b>	<b>Number of Ordinary Shares held</b>	<b>Number of Ordinary Shares purchased</b>	<b>Number of Ordinary Shares held</b>	<b>Number of Ordinary Shares purchased</b>	<b>Number of Ordinary Shares held</b>	<b>Number of Ordinary Shares purchased</b>
1	0	34	1	67	3	200	8
2	0	35	1	68	3	300	13
3	0	36	2	69	3	400	17
4	0	37	2	70	3	500	21
5	0	38	2	71	3	1 000	42
6	0	39	2	72	3	10 000	425
7	0	40	2	73	3		
8	0	41	2	74	3		
9	0	42	2	75	3		
10	0	43	2	76	3		
11	0	44	2	77	3		
12	1	45	2	78	3		
13	1	46	2	79	3		
14	1	47	2	80	3		
15	1	48	2	81	3		
16	1	49	2	82	3		
17	1	50	2	83	4		
18	1	51	2	84	4		
19	1	52	2	85	4		
20	1	53	2	86	4		
21	1	54	2	87	4		
22	1	55	2	88	4		
23	1	56	2	89	4		
24	1	57	2	90	4		
25	1	58	2	91	4		
26	1	59	3	92	4		
27	1	60	3	93	4		
28	1	61	3	94	4		
29	1	62	3	95	4		
30	1	63	3	96	4		
31	1	64	3	97	4		
32	1	65	3	98	4		
33	1	66	3	99	4		
				100	4		

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**TRADING HISTORY OF MEDI-CLINIC SHARES ON THE JSE**


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The trading history of Medi-Clinic Ordinary Shares on the JSE is set out below:

		<b>High (cents)</b>	<b>Low (cents)</b>	<b>Close (cents)</b>	<b>Volume</b>
<b>Quarterly</b>					
2004	March	1 330	1 110	1 200	15 591 765
	June	1 286	1 180	1 220	8 946 337
	September	1 301	1 150	1 301	13 765 173
	December	1 520	1 285	1 425	10 811 107
2005	March	1 585	1 400	1 530	10 160 638
	June	1 700	1 420	1 615	19 400 705
	September	2 000	1 600	1 900	22 383 226
<b>Monthly</b>					
2004	May	1 275	1 180	1 275	2 716 007
	June	1 270	1 180	1 220	3 193 994
	July	1 250	1 180	1 195	4 502 991
	August	1 300	1 150	1 281	5 045 113
	September	1 301	1 235	1 301	4 217 069
	October	1 447	1 285	1 380	2 657 131
	November	1 520	1 350	1 410	5 273 100
	December	1 450	1 300	1 425	2 880 876
2005	January	1 507	1 400	1 430	1 644 991
	February	1 530	1 400	1 485	4 464 572
	March	1 585	1 461	1 530	4 051 075
	April	1 550	1 420	1 470	5 113 724
	May	1 675	1 435	1 580	4 830 572
	June	1 700	1 565	1 615	9 456 409
	July	1 806	1 600	1 750	5 994 513
	August	1 825	1 730	1 730	9 796 007
	September	2 000	1 725	1 900	6 592 706
<b>Daily</b>					
2005	3 October	1 970	1 920	1 930	115 850
	4 October	2 050	1 950	2 049	899 360
	5 October	2 085	2 025	2 035	122 238
	6 October	2 045	2 000	2 000	15 458
	7 October	1 970	1 920	1 930	115 850
	10 October	2 050	1 950	2 049	899 360
	11 October	2 085	2 025	2 035	122 238
	12 October	2 045	2 000	2 000	15 458
	13 October	2 000	1 960	1 995	319 584
	14 October	2 050	1 995	2 021	174 285
	17 October	2 020	2 000	2 000	112 678
	18 October	2 030	2 020	2 020	108 068
	19 October	2 020	1 990	1 990	131 470
	20 October	1 990	1 945	1 960	163 454
	21 October	1 960	1 955	1 960	47 400
	24 October	2 000	1 965	2 000	164 735
25 October	2 000	1 985	2 000	500 968	
26 October	2 000	1 975	2 000	201 399	
27 October	2 000	1 980	1 980	67 070	
28 October	1 980	1 950	1 970	33 395	

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## INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

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"The Directors  
Medi-Clinic Corporation Limited  
PO Box 456  
Stellenbosch  
7599

19 October 2005

Ladies and Gentlemen

### REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS, INCOME STATEMENT AND BALANCE SHEET (COLLECTIVELY REFERRED TO AS "THE *PRO FORMA* FINANCIAL INFORMATION") OF MEDI-CLINIC CORPORATION LIMITED ("MEDI-CLINIC")

#### 1. INTRODUCTION

We report on the unaudited *pro forma* financial information of Medi-Clinic set out in paragraph 2 of the Valuation Statement and Annexure 4 of the circular to Medi-Clinic shareholders to be dated on or about 1 November 2005 ("the Circular").

The unaudited *pro forma* financial information has been prepared for illustrative purposes only to provide information on how the proposed introduction of strategic black partners and Medi-Clinic employees as shareholders of Medi-Clinic (the "Black Ownership Initiative") and the proposed capital restructuring (the "Capital Restructuring") would have impacted on the consolidated financial results and position of Medi-Clinic had the Black Ownership Initiative and Capital Restructuring occurred at an earlier date. Because of its nature, the unaudited *pro forma* financial information may not give a fair reflection of Medi-Clinic's financial position after the completion of the Black Ownership Initiative and the Capital Restructuring, nor of the effect on its future earnings.

At your request, and for purposes of the circular, we present our report on the unaudited *pro forma* financial information in compliance with the Listings Requirements of JSE Limited ("JSE"). We are not responsible for expressing any other opinion on the *pro forma* financial information or on any of its constituent elements.

#### 2. RESPONSIBILITIES

The directors of Medi-Clinic are solely responsible for the preparation of the unaudited *pro forma* financial information to which this independent reporting accountants' report relates, and for the financial statements and financial information from which it has been prepared.

It is our responsibility to express an opinion on the basis of preparation of the unaudited *pro forma* financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited *pro forma* financial information beyond that owed to those to whom those reports were addressed at their dates of issue.

#### 3. BASIS OF OPINION

We conducted our examination in accordance with International Standards on Assurance Engagements having regard to the Listings Requirements of the JSE. Our work, which did not involve any independent examination of any of the underlying financial information, consisted primarily of agreeing the unadjusted

financial information to the audited annual financial statements of Medi-Clinic for the year ended 31 March 2005, considering the evidence supporting the adjustments to the financial information, recalculating the amounts based on the information obtained and discussing the unaudited *pro forma* financial information with the directors and management of Medi-Clinic.

#### 4. **OPINION**

Based on our examination, in our opinion:

- the unaudited *pro forma* financial information has been properly compiled on the basis stated;
- such basis is consistent with the accounting policies of Medi-Clinic; and
- the adjustments are appropriate for the purposes of the unaudited *pro forma* financial information, in terms of the Black Ownership Initiative and the Capital Restructuring; and in terms of paragraph 8.17 of the JSE Listings Requirements.

Yours faithfully

**PRICEWATERHOUSECOOPERS INC**

*Chartered Accountants (SA)*

*Registered Accountants and Auditors*

Cape Town”

## UNAUDITED *PRO FORMA* INCOME STATEMENT AND BALANCE SHEET

The unaudited *pro forma* income statement and balance sheet of the Medi-Clinic Group for the year ended 31 March 2005 are set out below. The unaudited *pro forma* consolidated income statement and balance sheet have been prepared for illustrative purposes only to provide information on how the Black Ownership Initiative and Capital Restructuring would have impacted on the financial results and position of Medi-Clinic. Because of their nature, the unaudited *pro forma* income statement and balance sheet may not be a fair reflection of Medi-Clinic's financial position after the Black Ownership Initiative and Capital Restructuring, nor of its future earnings. The directors of Medi-Clinic are responsible for the preparation of the unaudited *pro forma* financial information.

The unaudited *pro forma* income statement for the year ended 31 March 2005 has been prepared on the assumption that the Black Ownership Initiative and Capital Restructuring were effected on 1 April 2004.

### UNAUDITED *PRO FORMA* INCOME STATEMENT OF THE MEDI-CLINIC GROUP

	Audited before the Black Ownership Initiative and Capital Restructuring <sup>(1)</sup> R'000	Unaudited <i>pro forma</i> adjustments: Black Ownership Initiative R'000	Unaudited <i>pro forma</i> adjustments: Capital Restructuring R'000	Unaudited <i>pro forma</i> after the Black Ownership Initiative and Capital Restructuring R'000
Revenue	4 039 907	–	–	4 039 907
Cost of sales	(2 236 117)	–	–	(2 236 117)
Administration and other operating expenses	(1 093 220)	(5 934) <sup>(2)</sup>	–	(1 099 154)
Operating profit	710 570	(5 934)	–	704 636
Income from associates	24 776	–	–	24 776
Dividends	1 705	–	–	1 705
Consideration for the termination of agreements	50 000	–	–	50 000
Net finance income/(cost)	27 601	–	(128 741) <sup>(5)</sup>	(101 140)
Net profit before taxation	814 652	(5 934)	(128 741)	679 977
Taxation	(210 673)	–	(129 817) <sup>(3/4/5)</sup>	(340 490)
Net profit after taxation	603 979	(5 934)	(258 558)	339 487
Minority interests	(64 903)	–	–	(64 903)
Attributable earnings	539 076	(5 934)	(258 558)	274 584
<i>Headline earnings reconciliation:</i>				
Attributable earnings	539 076	(5 934)	(258 558)	274 584
After tax consideration for the termination of agreements	(42 500)	–	–	(42 500)
Impairment of goodwill	2 913	–	–	2 913
Profit on sale of property, plant and equipment	(667)	–	–	(667)
Headline earnings	498 822	(5 934)	(258 558)	234 330
Earnings per ordinary share – cents				
Undiluted	157.5	(1.8)	(77.7)	78.0 <sup>(6)</sup>
Headline earnings per ordinary share – cents				
Undiluted	145.7	(1.8)	(77.3)	66.6 <sup>(6)</sup>

**Notes:**

1. Extracted from the audited published results of Medi-Clinic for the year ended 31 March 2005.
2. In terms of the application of IFRS 2 on the Proposed Employees Transaction, the income statement will, over the 10-year vesting period of the Ordinary Shares, be debited with an employee benefit expense of R5.9 million per year.
3. The payment of the Special Dividend of R1.6 billion in terms of the Capital Restructuring will attract a once-off STC charge of R198.2 million.
4. Dividends to be returned by the Mpilo Trust and Strategic Black Partners will contribute to future STC savings of R29.7 million.
5. The Capital Restructuring will result in an increase in net finance cost of R90.1 million after taxation. An interest rate of 6.7% (after tax 4.7%) on surplus funds and 10.3% (after tax 7.2%) on new debt was assumed.
6. For the purposes of calculating the unaudited *pro forma* financial effects, the weighted and issued number of ordinary shares is reduced by 34 656 818 shares, treated as treasury shares, being 15 774 209 shares attributable to the consolidation of the Mpilo Trust and 18 882 609 shares being the portion of the total amount of shares issued to the Strategic Black Partners for which settlement of the transaction consideration remains outstanding.

## UNAUDITED *PRO FORMA* BALANCE SHEET OF THE MEDI-CLINIC GROUP

The unaudited *pro forma* balance sheet for the year ended 31 March 2005 has been prepared on the assumption that the Black Ownership Initiative and Capital Restructuring were effected on 31 March 2005.

	<b>Audited before the Black Ownership Initiative and Capital Restructuring<sup>(1)</sup> R'000</b>	<b>Unaudited <i>pro forma</i> adjustments: Black Ownership Initiative R'000</b>	<b>Unaudited <i>pro forma</i> adjustments: Capital Restructuring R'000</b>	<b>Unaudited <i>pro forma</i> after the Black Ownership Initiative and Capital Restructuring R'000</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	2 203 879	–	29 725	2 233 604
Property, plant and equipment	1 935 843	–	–	1 935 843
Intangible assets	48 144	–	–	48 144
Investments – unlisted	113 856	–	–	113 856
Deferred taxation	106 036	–	29 725 <sup>(6)</sup>	135 761
<b>Current assets</b>	1 510 170	(2 848)	(845 677)	661 645
Inventories	136 434	–	–	136 434
Receivables and prepayments	525 211	–	–	525 211
Cash and cash equivalents	848 525	(2 848)	(845 677)	–
<b>Total assets</b>	3 714 049	(2 848)	(815 952)	2 895 249
<b>EQUITY AND LIABILITIES</b>				
Capital and reserves				
Share capital	35 007	4 429 <sup>(2)</sup>	–	39 436
Share premium	45 379	288 668 <sup>(3)</sup>	–	334 047
Treasury shares	(38 321)	(290 245) <sup>(4)</sup>	–	(328 566)
Capital	42 065	2 852	–	44 917
Reserves	2 612 688	(5 700) <sup>(5)</sup>	(1 515 952) <sup>(7)(8)</sup>	1 091 036
Shareholders' funds	2 654 753	(2 848)	(1 515 952)	1 135 953
Minority interests	230 592	–	–	230 592
Long-term interest-bearing debt	159 214	–	700 000 <sup>(9)</sup>	859 214
Short-term interest-bearing debt	80 362	–	–	80 362
Interest-free debt and provisions	589 128	–	–	589 128
<b>Total equity and liabilities</b>	3 714 049	(2 848)	(815 952)	2 895 249
Net asset value per share (cents) <sup>(10)</sup>	772.6	(1.2)	(449.8)	321.6
Tangible net asset value per share (cents) <sup>(10)</sup>	758.6	(1.2)	(449.5)	307.9

### Notes:

1. Extracted from the audited published results of Medi-Clinic for the year ended 31 March 2005.
2. Par value of new Ordinary Shares issued to the Mpilo Trust (15 774 209 shares) and the Strategic Black Partners (28 515 026 shares).
3. Share premium on 15 774 209 shares issued to the Mpilo Trust at R18.40 per share.
4. The 15 774 209 Medi-Clinic Ordinary Shares to be issued to the Mpilo Trust at R18.40 per share, totalling R290.2 million, are treated as treasury shares due to the consolidation of the Mpilo Trust.
5. Estimated transaction costs amounting to R5.7 million will be paid in cash and set off directly against reserves.
6. Deferred taxation assets relating to STC credits on dividends to be received from the Mpilo Trust and the Strategic Black Partners.
7. The Special Dividend of R1.6 billion and the related STC charge of R198.2 million will reduce reserves by R1.8 billion.
8. Dividends of R63.4 million are to be returned by the Mpilo Trust and dividends of R174.4 million are to be returned by the Strategic Black Partners. These dividends and the related future STC savings of R29.7 million will increase reserves by R267.5 million.
9. A Standard Bank long-term loan of R700 million will be raised.



10. For the purposes of calculating the unaudited *pro forma* financial effects, the weighted and issued number of Ordinary Shares is reduced by 34 656 818 shares, treated as treasury shares, being 15 774 209 shares attributable to the consolidation of the Mpilo Trust and 18 882 609 shares being the portion of the total amount of shares issued to the Strategic Black Partners for which settlement of the transaction consideration remains outstanding.
11. The South African Institute of Chartered Accountants ("SAICA") has issued two exposure drafts, ED 199 and ED 200 which deal with the accounting for BEE transactions. ED 200 is based on the International Financial Reporting Interpretations Committee document D16 ("IFRIC D16"). Based on these, the International Financial Reporting Standard 2 ("IFRS 2") may in future become applicable to the Proposed SBP Transaction.

The implementation of the proposed interpretation statement, IFRIC D16, on IFRS 2 may have the potential effect of a once-off charge to the income statement of Medi-Clinic, with a corresponding increase in equity (a separate reserve), for the fair value of shares issued at nominal value.

If ED199 and ED200 only become effective, prospectively, after 31 March 2006, it should have no impact on Medi-Clinic's income statement. However, if it is implemented before 31 March 2006, or if it is implemented retrospectively after 31 March 2006, a charge to Medi-Clinic's income statement for the financial year ended 31 March 2006 will realise.

The accounting treatment of the Black Ownership Initiative can therefore only be finalised once comments have been received from the public on these exposure drafts, by IFRIC and SAICA, and the related interpretation and/or South African Statement of Generally Accepted Accounting Practice has been issued.

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**EXTRACTS OF THE HISTORIC FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 MARCH 2005**


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**BALANCE SHEET**

	Notes	2005 R'000	2004 R'000	2003 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>2 203 879</b>	<b>2 082 900</b>	<b>1 805 067</b>
Property, plant and equipment	2	1 935 843	1 846 126	1 610 597
Intangible assets	3	48 144	47 874	35 964
Investments in associates	4	50 132	53 372	43 295
Other investments and loans	5	63 724	49 259	49 210
Deferred taxation	6	106 036	86 269	66 001
<b>Current assets</b>		<b>1 510 170</b>	<b>1 134 151</b>	<b>890 735</b>
Inventories	7	136 434	137 846	139 462
Receivables and prepayments	8	525 211	545 237	524 143
Cash and cash equivalents		848 525	451 068	227 130
<b>Total assets</b>		<b>3 714 049</b>	<b>3 217 051</b>	<b>2 695 802</b>
<b>EQUITY AND LIABILITIES</b>				
Capital	9	42 065	172 220	286 503
Reserves	10	2 612 688	2 073 612	1 630 773
Share capital and reserves		2 654 753	2 245 832	1 917 276
Minority interests	11	230 592	199 700	172 010
Long-term interest-bearing debt	12	159 214	167 803	112 083
Short-term interest-bearing debt	12	80 362	74 317	66 618
Interest-free debt and provisions	13, 14	589 128	529 399	427 815
<b>Total equity and liabilities</b>		<b>3 714 049</b>	<b>3 217 051</b>	<b>2 695 802</b>

**INCOME STATEMENT**

	<b>Notes</b>	<b>2005 R'000</b>	<b>2004 R'000</b>	<b>2003 R'000</b>
<b>Revenue</b>		<b>4 039 907</b>	<b>3 642 763</b>	<b>2 924 229</b>
Cost of sales		(2 236 117)	(2 046 544)	(1 694 980)
Administration and other operating expenses	15, 16	(981 088)	(873 791)	(658 744)
<b>Operating profit</b>		<b>822 702</b>	<b>722 428</b>	<b>570 505</b>
Dividends	18	1 705	–	–
Interest received	20	57 051	45 618	42 650
Income from associates	17	24 776	17 331	18 678
Profit on sale of equipment		667	514	314
Consideration for the termination of agreements	19	50 000	–	–
Goodwill		(2 913)	(2 969)	(1 997)
Depreciation		(109 886)	(101 018)	(74 180)
Finance cost	20	(29 450)	(31 349)	(16 034)
<b>Net profit before taxation</b>		<b>814 652</b>	<b>650 555</b>	<b>539 936</b>
Taxation	21	210 673	174 008	145 102
<b>Net profit after taxation</b>		<b>603 979</b>	<b>476 547</b>	<b>394 834</b>
Minority interests		64 903	37 507	30 963
<b>Attributable earnings</b>		<b>539 076</b>	<b>439 040</b>	<b>363 871</b>

**CASH FLOW STATEMENT**

	<b>Notes</b>	<b>2005 R'000</b>	<b>2004 R'000</b>	<b>2003 R'000</b>
<b>Cash flow from operating activities</b>		<b>582 078</b>	<b>484 802</b>	<b>284 759</b>
Cash generated from operating activities	23.1	920 827	818 903	519 633
Net finance income		27 601	14 269	26 616
Dividend received		1 705	–	–
Consideration for the termination of agreements		50 000	–	–
Taxation paid	23.2	(242 675)	(196 543)	(143 109)
Cash distributions to minorities		(33 786)	(31 986)	(18 650)
Capital distributions to shareholders	23.3	(141 594)	(119 841)	(99 731)
<b>Cash flow from investment activities</b>	23.4 – 23.6	(176 408)	(324 943)	(275 676)
<b>Cash flow from financing activities</b>		(8 213)	64 079	9 600
<b>Net movement in cash and cash equivalents</b>		<b>397 457</b>	<b>223 938</b>	<b>18 683</b>
Opening balance of cash and cash equivalents		451 068	227 130	208 447
<b>Closing balance of cash and cash equivalents</b>		<b>848 525</b>	<b>451 068</b>	<b>227 130</b>

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2005**

### **1. ACCOUNTING POLICY**

The annual financial statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with South African Statements of Generally Accepted Accounting Practice, the requirements of the South African Companies Act and the Listing Requirements of the JSE Securities Exchange South Africa and incorporate the following principal accounting policies which, with the exception of the implementation of the South African Statement of Generally Accepted Accounting Practice, AC 501: Secondary Tax on Companies (STC) and AC140: Business Combinations (see note 31), have been consistently applied with those of the previous year.

#### **Consolidation and equity accounting**

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

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

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

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

#### **Property, plant and equipment**

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

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

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

All repair and maintenance costs are expensed in the year in which they are incurred (see note 15).

#### **Leased assets**

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

## **Trade names**

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

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

## **Goodwill**

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

AC 140: Business Combinations was implemented on 1 April 2004. According to this statement, goodwill arising from business combinations with agreement dates on or after 31 March 2004, are not amortised, but carried at cost less accumulated impairment losses.

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

## **Financial instruments**

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

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

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

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

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

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

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

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

## **Investments**

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

#### *Investments originated by the Group*

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

#### *Investments held-to-maturity*

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

#### *Investments available-for-sale*

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

### **Deferred taxation**

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

### **Inventories**

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

### **Cash and cash equivalents**

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

### **Treasury shares**

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

### **Provisions**

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

### **Revenue recognition**

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

Other revenues earned are recognised on the following bases:

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



**Cost of sales**

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

**Retirement benefit costs**

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

**Post-retirement medical benefits**

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

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

**Comparative figures**

Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year. Refer to note 25.

	<b>2005</b> <b>R'000</b>	<b>2004</b> <b>R'000</b>
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Land – cost	94 296	89 621
Buildings	1 271 315	1 188 828
Cost	1 287 428	1 201 716
Accumulated depreciation	(16 167)	(12 888)
Land and buildings	1 365 611	1 278 449
Equipment	341 773	316 690
Cost	1 004 346	891 761
Accumulated depreciation	(662 573)	(575 071)
Furniture and vehicles	74 046	67 990
Cost	210 470	182 703
Accumulated depreciation	(136 424)	(114 713)
Subtotal	1 781 430	1 663 129
Capital expenditure in progress	154 413	182 997
	1 935 843	1 846 126

Property, plant and equipment with a book value of R224 934 000 (2004: R236 103 000) are encumbered as security for interest-bearing debt (see note 12).

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

#### Summary of movement for the year

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

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

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

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

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

	<b>2005</b> <b>R'000</b>	<b>2004</b> <b>R'000</b>
<b>4. INVESTMENTS IN ASSOCIATES</b>		
Unlisted		
Cost	10 943	14 943
Opening balance	14 943	11 643
Increasing interest in associate to subsidiary level	(4 000)	–
Acquired during the year	–	3 300
Share of accumulated losses since acquisition	(3 300)	(4 405)
Opening balance	(4 405)	–
Share of current year losses	(32)	(4 405)
Increasing interest in associate to subsidiary level	1 137	–
Carrying value of investments in associates' equity	7 643	10 538
Amounts owing	42 489	42 834
	50 132	53 372
Directors' valuation	89 609	95 584

**The aggregate balance sheets of associates are summarised as follows:**

Non-current assets	93 460	95 260
Current assets	23 736	42 627
Total assets	117 196	137 887
Non-current liabilities	–	(17 926)
Current liabilities	(11 663)	(17 092)
Shareholders' funds	105 533	102 869
Outside interest	(63 044)	(57 140)
Group's share in net assets of associates	42 489	45 729
Cost of investment	7 643	7 643
	50 132	53 372

**5. OTHER INVESTMENTS AND LOANS**

Unlisted		
Originated loans	52 015	49 009
Shares		
Available-for-sale	11 709	250
	63 724	49 259
Directors' valuation	63 724	49 259

	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>6. DEFERRED TAXATION</b>		
Deferred taxation is calculated on all temporary differences according to the liability method using a principal tax rate of 30% (2004: 30%).		
<b>The movement on the deferred taxation account is as follows:</b>		
Opening balance	86 269	66 001
Change in accounting policy	–	3 977
Income statement charge for the year	18 404	15 722
Acquired during the year	1 363	569
Balance at the end of the year	<b>106 036</b>	<b>86 269</b>
<b>The balance consists of:</b>		
Accelerated wear and tear for tax purposes on property, plant and equipment	(3 909)	(3 192)
STC credits	14 677	3 977
Provisions and other temporary differences	95 268	85 484
	<b>106 036</b>	<b>86 269</b>
Deferred taxation assets	109 945	89 461
Deferred taxation liabilities	(3 909)	(3 192)
	<b>106 036</b>	<b>86 269</b>

## 7. INVENTORIES

### Inventories consist of:

Pharmaceutical products	125 732	128 564
Consumables	5 999	4 971
Finished goods and work in progress	4 703	4 311
	<b>136 434</b>	<b>137 846</b>

No inventories are valued at net realisable value.

## 8. RECEIVABLES AND PREPAYMENTS

Trade receivables	457 919	505 383
Other receivables and prepayments	67 292	39 854
	<b>525 211</b>	<b>545 237</b>

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

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

	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>9. CAPITAL</b>		
Capital consists of Ordinary Shares and share premium.		
<b>Share capital</b>		
Authorised:		
450 000 000 Ordinary Shares of 10 cents each (2004: 450 000 000)	45 000	45 000
Issued:		
350 065 992 Ordinary Shares of 10 cents each (2004: 350 065 992)	35 007	35 007
The unissued shares are under the control of the directors until the next annual general meeting. The directors are authorised, in the form of a general authorisation until the next annual General Meeting, to buy back issued share capital of the company.		
<b>Share premium</b>	45 379	190 306
Opening balance	190 306	313 529
Distributed to shareholders	(144 927)	(123 223)
<b>Treasury shares</b>		
6 447 510 (2004: 8 351 200) Ordinary Shares of 10 cents each	(38 321)	(53 093)
Opening balance	(53 093)	(62 033)
Shares acquired by subsidiary	–	(4 468)
Distribution received	3 333	3 382
Utilised for share option scheme	11 439	10 026
During the year the Company did not acquire any (2004: 564 000) of its own shares. These transactions are in accordance with the Company's memorandum of association and complied with all aspects of the South Africa Companies Act and the requirements of the JSE Securities Exchange South Africa. 1 903 690 (2004: 1 560 100) of the treasury shares were utilised in terms of the executive share option scheme.		
	42 065	172 220

### Share options

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

The directors of the Company may from time to time grant options to any fulltime employee, including an executive director, at a price which shall be the greater of the par value of an ordinary share or the middle market price on the JSE Securities Exchange South Africa on the trading day immediately preceding that on which an option to subscribe for such shares is granted.

The maximum number of shares in respect of which any option or options may be granted to any employee may not exceed 200 000 shares. Employees may exercise the options over a period of eight years from the date on which it was granted.

	<b>2005 Number</b>	<b>2004 Number</b>
<b>Movement in the number of share options outstanding are:</b>		
Outstanding at the beginning of the year	10 276 800	10 032 000
Options granted	1 660 000	2 410 000
Options forfeited	(588 000)	(605 100)
Options exercised – treasury shares issued	(1 903 690)	(1 560 100)
Outstanding at the end of the year	9 445 110	10 276 800

	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>10. RESERVES</b>		
Distributable reserves:		
Company	952 771	814 307
Subsidiaries	1 663 217	1 263 710
Associates	(3 300)	(4 405)
	<b>2 612 688</b>	<b>2 073 612</b>
<b>11. MINORITY INTERESTS</b>		
Opening balance	199 700	172 010
Change in accounting policy	–	178
Net income attributable to minorities	64 903	37 507
Distributions to minorities	(33 786)	(31 986)
Minority interests acquired by the Group	(1 550)	(249)
Capital invested by minorities	1 325	6 554
Interests in hospital activities acquired by the Group	–	15 686
Minority interests in hospital activities	<b>230 592</b>	<b>199 700</b>
<b>12. INTEREST-BEARING DEBT</b>		
Secured long-term bank loans	53 643	61 432
Long-term portion	44 872	53 641
Short-term portion	8 771	7 791
These loans bear interest at an average fixed rate of 14.7% per annum and are repayable in five years. Property, plant and equipment with a book value of R68 075 000 (2004: R69 343 000) are encumbered as security for these loans.		
Secured long-term bank loans	57 857	62 064
Long-term portion	51 632	57 857
Short-term portion	6 225	4 207
These loans bear interest at an average fixed rate of 14.4% per annum and are repayable in five years. Property, plant and equipment with a book value of R85 973 000 (2004: R85 973 000) are encumbered as security for these loans.		
Secured long-term bank loans	75 238	67 708
Long-term portion	62 710	56 305
Short-term portion	12 528	11 403
These loans bear interest at variable rates linked to prime overdraft rate and are repayable in periods ranging between 1 and 6 years. Property, plant and equipment with a book value of R70 886 000 (2004: R80 787 000) are encumbered as security for these loans.		
Bank overdrafts	52 838	50 916
	<b>239 576</b>	<b>242 120</b>
Short-term portion transferred to current liabilities	80 362	74 317
	<b>159 214</b>	<b>167 803</b>

	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>13. TRADE AND OTHER PAYABLES</b>		
Trade payables	264 118	246 692
Other payables	105 614	77 117
	<b>369 732</b>	<b>323 809</b>
<b>14. PROVISIONS</b>		
Provision for post-retirement medical benefits	72 870	57 820
Provision for bonuses	70 268	59 454
Provision for leave pay	43 246	41 624
	<b>186 384</b>	<b>158 898</b>
<b>Movement in provisions:</b>		
Additional provisions	110 131	93 654
Amounts utilised	(82 645)	(65 580)
Provisions acquired	–	692
Movement for the year	27 486	28 766
Opening balance	158 898	130 132
	<b>186 384</b>	<b>158 898</b>
<b>15. ADMINISTRATION AND OTHER OPERATING EXPENSES</b>		
Administration and other operating expenses include the following items:		
<b>Income:</b>		
Profit on sale of property, plant and equipment	667	514
<b>Expenses:</b>		
Amortisation of goodwill	–	2 969
Auditors' remuneration – external audit	1 950	2 067
– other services	135	155
Depreciation – buildings	2 603	1 965
– equipment	83 577	77 357
– furniture and vehicles	23 706	21 696
Impairment of goodwill	2 913	–
Maintenance costs	115 341	98 559
Managerial and administration fees	2 700	2 450
Operating leases – buildings	26 354	20 099
– equipment	14 678	13 068
Post-retirement medical benefits (note 26)	15 050	9 760
Retirement benefit costs	53 869	48 313
Trade names written-off	630	630



	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>16. DIRECTORS' REMUNERATION</b>		
Executive:		
E de la H Hertzog*	2 286	2 000
L J Alberts	1 973	1 710
J du T Marais	1 505	1 356
D P Meintjes	1 561	1 405
J G Swiegers	1 962	1 600
<b>Total</b>	<b>9 287</b>	<b>8 071</b>
Non-executive fees		
	547	366
W E Bührmann	108	67
W P Esterhuyse	57	41
S Dakile-Hlongwane	52	31
A R Martin	88	57
P J A Mphafudi	–	20
A A Raath	84	60
C I Tingle	95	52
W L van der Merwe	63	38
	<b>9 834</b>	<b>8 437</b>
Paid by:		
Subsidiaries	7 548	6 437
Management company*	2 286	2 000
	<b>9 834</b>	<b>8 437</b>

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

\*M & I Group Services (Proprietary) Limited (M & I) paid the emoluments of Dr E de la H Hertzog relating to this services rendered to the Group. He also earned a further R1 143 000 (2004: R1 000 000) from M & I relating to other duties. Also refer to note 28.

\*\*Other benefits include medical aid and vehicle benefits.

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

#### **Share option scheme**

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

#### **The number of outstanding share options are:**

	<b>Offer price</b>	<b>Number 2005</b>	<b>Number 2004</b>
J G Swiegers	R2.80	80 000	120 000

	<b>2005</b> <b>R'000</b>	<b>2004</b> <b>R'000</b>
<b>17. INCOME FROM ASSOCIATES</b>		
<b>Unlisted associates</b>		
Share of income before taxation	24 776	17 331
Profit share for the year	24 808	22 223
Equity accounted loss for the year	(32)	(4 892)
Share of taxation	(7 442)	(5 199)
Provided by the Group	(7 442)	(5 686)
Provided by the associate	-	487
	17 334	12 132
<b>18. DIVIDENDS</b>		
Unlisted investments		
Dividends received	1 705	-
<b>19. CONSIDERATION FOR THE TERMINATION OF AGREEMENTS</b>		
Gross	50 000	-
Taxation (CGT)	(7 500)	-
	42 500	-
<b>20. NET FINANCE INCOME</b>		
Interest received	57 051	45 618
Interest paid	(29 450)	(28 465)
Foreign exchange loss	-	(2 884)
	27 601	14 269

	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>21. TAXATION</b>		
Taxation on income excluding income from associates	(203 231)	(168 809)
Taxation on income from associates		
Provided by the Group	(7 442)	(5 686)
Provided by the associate	–	487
Taxation per income statement	(210 673)	(174 008)
RSA taxation	(214 459)	(181 490)
Foreign taxation – Namibia	(14 618)	(8 727)
Deferred taxation		
Provided by the Group	18 404	15 722
Normal taxation	7 704	15 722
STC Credits	10 700	–
Provided by an associate	–	487
	(210 673)	(174 008)
<b>Reconciliation of rate of taxation:</b>		
Standard rate for companies (RSA)	30.0%	30.0%
<i>Adjusted for:</i>		
Capital gains taxation	1.2%	–
Non-taxable income	(3.6)%	(2.3)%
Non-deductible expenses	0.2%	0.3%
Outside partners share of profit before taxation	(1.3)%	(1.5)%
Rate differences	0.2%	0.2%
STC credits	(0.8)%	–
Effective tax rate	25.9%	26.7%
<b>22. EARNINGS PER ORDINARY SHARE</b>		
<b>Headline earnings reconciliation</b>		
Attributable earnings	539 076	439 040
Amortisation of goodwill	–	2 969
After tax consideration for the termination of agreements	(42 500)	–
Impairment of goodwill	2 913	–
Profit on sale of property, plant and equipment	(667)	(514)
	498 822	441 495
<b>Number of shares reconciliation</b>		
Weighted number of issued Ordinary Shares	342 367 809	340 839 794
Adjustment for share options	4 381 482	4 911 579
Diluted weighted number of issued Ordinary Shares	346 749 291	345 751 373
<b>Earnings per ordinary share (cents)</b>		
Undiluted	157.5	128.8
Diluted	155.5	127.0
<b>Headline earnings per ordinary share (cents)</b>		
Undiluted	145.7	129.5
Diluted	143.9	127.7

	<b>2005</b> <b>R'000</b>	<b>2004</b> <b>R'000</b>
<b>23. CASH FLOW INFORMATION</b>		
<b>23.1 Reconciliation of net income before taxation to cash generated from operations</b>		
Operating income before interest and taxation	710 570	618 955
Non-cash items		
Trade names written-off	630	630
Amortisation of goodwill	–	2 969
Depreciation	109 886	101 018
Impairment of goodwill	2 913	–
Movement in provisions	27 486	28 074
Profit on sale of property, plant and equipment	(667)	(514)
Operating income before changes in working capital	850 818	751 132
Working capital changes	70 009	67 771
Decrease in inventories	3 504	4 164
Decrease/(Increase) in receivables and prepayments	22 975	(11 425)
Increase in trade and other payables	43 530	75 032
	920 827	818 903
<b>23.2 Taxation paid</b>		
Prepaid/(liability) at the beginning of the year	(46 692)	(52 058)
Hospital activities purchased	82	(960)
Provision for the year	(229 077)	(190 217)
	(275 687)	(243 235)
Liability at the end of the year	33 012	46 692
	(242 675)	(196 543)
<b>23.3 Distributions paid to shareholders</b>		
Declared and paid during the year	(144 927)	(123 223)
Received on treasury shares held	3 333	3 382
	(141 594)	(119 841)
<b>23.4 Investment to maintain operations</b>		
Property, plant and equipment purchased	(111 764)	(105 442)
Distributions from associates	15 003	19 845
Loans from associates	8 133	–
Other investments and loans	(2 604)	(49)
	(91 232)	(85 646)
<b>23.5 Investment to expand operations</b>		
Property, plant and equipment purchased	(65 674)	(197 073)
Investment in associate	–	(3 300)
Loans to associates	–	(8 804)
Hospital activities purchased	(22 739)	(37 995)
Capital contributed by minorities	1 325	6 554
Acquisition of other members' interests in hospital activities	–	(249)
	(87 088)	(240 867)

	<b>2005</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>23.6 Proceeds on sale of property, plant and equipment</b>		
Book value of property, plant and equipment sold	1 245	1 056
Profit per income statement	667	514
	<b>1 912</b>	<b>1 570</b>

#### 23.7 Hospital activities purchased

On 1 April 2004, the Group acquired 100% of the issued share capital of the Cottage Private Hospital in Swakopmund and the remaining 60% interest in the Plettenberg Bay Private Health Centre. These acquisitions contributed R26.3 million in revenue and R2.7 million in net profit after taxation for the year.

The assets and liabilities arising from the acquisitions are as follows:

Property, plant and equipment	(23 410)	(35 088)
Investment in associates	4 880	–
Other investments in shares	(11 861)	–
Deferred taxation	(1 363)	(569)
Inventories	(2 092)	(2 548)
Receivables and prepayments	(2 949)	(9 669)
Interest-bearing debt	17 108	4 898
Trade and other payables	2 393	3 152
Provisions	–	692
Taxation	(82)	960
Minority interest of existing shareholders	(1 550)	15 686
Value of interests acquired	(18 926)	(22 486)
Goodwill	(3 813)	(15 509)
Cash investment	(22 739)	(37 995)

#### 24. CAPITAL COMMITMENTS

Incomplete capital expenditure contracts	373 435	51 426
Capital expenses authorised by the Board of directors but not yet contracted	152 363	347 915
	<b>525 798</b>	<b>399 341</b>

These commitments will be financed from Group and borrowed funds.

#### 25. PERSONNEL EXPENSES

Paid by subsidiaries	1 451 788	1 264 657
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On 31 March 2005 the number of equivalent fulltime Employees are 11 635 (2004: 11 320).

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

	2005 R'000	2004 R'000
<b>26. POST-RETIREMENT MEDICAL BENEFITS</b>		
The Group accounts for actuarially determined future medical benefits and provide for the expected liability in the balance sheet. During the last valuation on 31 March 2005 a 6.5% (2004: 7.5%) medical inflation cost and an 8.5% (2004: 9.5%) interest rate were assumed. The average retirement age was set at 63 years.		
<b>Amounts recognised in the balance sheet are as follows:</b>		
Opening balance	57 820	48 060
Amounts recognised in the income statement.	15 050	9 760
Current service cost	10 330	6 030
Interest cost	5 960	4 430
Contributions	(1 240)	(700)
Closing balance	72 870	57 820
Present value of unfunded obligations	72 870	54 620
Unrecognised actuarial gains	–	3 200
	72 870	57 820

## 27. RETIREMENT BENEFITS

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

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

On 31 March 2005, 89.0% of all personnel were members of one of the above mentioned funds.

## 28. RELATED PARTY TRANSACTIONS

Market related transactions with related parties are as follows:

### **Remgro Finance & Services Limited** (subsidiary of holding company)

Managerial and administration fees	2 700	2 450
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### **Remgro Finance Corporation Limited** (subsidiary of holding company)

Interest received	33 865	15 384
Balance owing by	4 545	1 567

### **Shareholders and directors**

Information regarding the major shareholder and directors remuneration appears in the directors' report and note 16.

## 29. 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.

	2005 R'000	2004 R'000
<b>30. OPERATING LEASES</b>		
The Group has entered into various operating lease agreements on premises and equipment. At 31 March 2005 future non-cancellable minimum lease rentals are payable during the following financial years:		
Within 1 year	25 720	21 429
1 to 5 years	84 768	57 917
Over 5 years	40	–
	110 528	79 346

### 31. CHANGES IN ACCOUNTING POLICIES

The Group changed its accounting policy on 1 April 2004 to comply with the new South African Statement of Generally Accepted Accounting Practice (GAAP) dealing with Secondary Tax on Companies (STC) (AC 501). The changes in the accounting policy had the following results:

Increase in deferred taxation	3 977	3 977
Increase in minority interests	(178)	(178)
Increase in retained earnings at the beginning of the year	3 799	3 799

The Group also implemented AC 140 (Business Combinations) from 1 April 2004.

### 32. FINANCIAL INSTRUMENTS

#### Foreign currency management

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

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

#### Credit risk management

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

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

	2005 R'000	2004 R'000
<b>Liquidity risk management</b>		
The Group manages liquidity risk by monitoring forecast cash flows. The borrowing powers of the Group can only be limited by the Company's holding company. No such limitation currently exists.		
Shareholders' funds and minority interests	2 885 345	2 441 555
Interest-bearing debt	239 576	242 120
% interest-bearing debt to shareholders' funds	8%	10%
The Group's banking facilities are	641 500	641 500

### Fair values

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

The fair values of investments are represented in notes 4 and 5.

The fair values of other long-term borrowings are not materially different from their carrying amounts.

### Interest rate management

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

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



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## ORDER OF COURT

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**IN THE HIGH COURT OF SOUTH AFRICA  
(CAPE OF GOOD HOPE PROVINCIAL DIVISION)**

**Case number 10776/05**

Cape Town, Thursday, 27 October 2005

before the Honourable Acting Justice Goso

*In the ex parte application of:*

**Medi-Clinic Corporation Limited**

**Applicant**

*(Incorporated in the Republic of South Africa)*

*(Registration number 1983/010725/06)*

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Upon the motion of Counsel for the Applicant and having read the notice of motion and the other documents filed of record:

**IT IS ORDERED THAT:**

1. a meeting ("scheme meeting") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended, ("Companies Act") of the ordinary shareholders of the Applicant registered as such in the register of the Applicant at 17:00 on Friday, 18 November 2005 ("scheme members") be convened by the chairperson referred to in paragraph 2 ("chairperson") of this Order of Court ("Order") to be held at 10:30, or 10 minutes after the conclusion or adjournment of the general meeting of the ordinary shareholders of the Applicant convened to be held at 10:00, whichever is the later, on Wednesday, 23 November 2005 at Medi-Clinic Offices, Strand Road, Stellenbosch (or any adjourned meeting determined by the chairperson ("adjourned meeting")), for the purpose of considering and, if deemed fit, approving with or without modification, the scheme of arrangement ("scheme") proposed jointly by Mpilo Investment Holdings 1 (Proprietary) Limited (registration number 2005/015015/07) and Mpilo Investment Holdings 2 (Proprietary) Limited (registration number 2005/015711/07) between the Applicant and its ordinary shareholders;
2. Mr Peter Whelan or, failing him, Mr Johan Nesor or, failing both of them, any other independent person nominated for that purpose by Hofmeyr Herstein & Gihwala Inc., and approved by this Court, be and is hereby appointed as chairperson of the scheme meeting;
3. the chairperson is authorised to:
  - 3.1 convene the scheme meeting;
  - 3.2 appoint scrutineers for the purpose of the scheme meeting and any adjourned meeting;
  - 3.3 determine the validity and acceptability of any form of proxy submitted for use at the scheme meeting and any adjourned meeting;
  - 3.4 adjourn the scheme meeting from time to time if the chairperson considers it necessary or desirable to do so;
  - 3.5 determine the procedure to be followed at the scheme meeting and any adjourned meeting; and
  - 3.6 accept forms of proxy handed to the chairperson by not later than 10 (ten) minutes before the scheme meeting is due to commence;
4. the Applicant shall cause a notice convening the scheme meeting, substantially in the form of the draft notice attached to the papers before Court, to be published by the chairperson once in each of Business Day, the Government Gazette, Business Report, Die Burger, Volksblad and Beeld at least 14 (fourteen) days before the date of the scheme meeting. The notice shall state:
  - 4.1 the time, date and venue of the scheme meeting;
  - 4.2 that the scheme meeting has been convened in terms of this Order for the purpose of considering and, if deemed fit, agreeing to, with or without modification, the scheme;

- 4.3 that a copy of this Order, the scheme and the explanatory statements in terms of section 312(1) of the Companies Act may be inspected by any scheme member during normal business hours at any time prior to the scheme meeting at the registered office of the Applicant, at Medi-Clinic Offices, Strand Road, Stellenbosch;
  - 4.4 that a copy of this Order, the scheme and the explanatory statements in terms of section 312(1) of the Companies Act may be obtained free of charge by any scheme member from the Applicant on request during normal business hours at any time prior to the scheme meeting at the place mentioned in paragraph 4.3;
  - 4.5 the basic characteristics of the scheme;
5. copies of:
- 5.1 the scheme and the explanatory statements in terms of section 312(1) of the Companies Act substantially in the form of the scheme and explanatory statements attached to the papers before this Court;
  - 5.2 the notice convening the scheme meeting substantially in the form of the notice attached to the papers before this Court;
  - 5.3 the form of proxy to be used at the scheme meeting substantially in the form of the form of proxy attached to the papers before this Court; and
  - 5.4 this Order,
- shall be sent by the Applicant by pre-paid post at least 14 (fourteen) days before the date of the scheme meeting to:
- (a) all of the ordinary shareholders of the Applicant at their respective addresses as reflected in the Applicant's register of members; and
  - (b) those persons named by the Central Securities Depository Participants ("CSDPs") administering the sub-registers of the applicant, as being beneficial holders of ordinary shares in the Applicant as reflected in the records of the CSDPs,
- at the close of business on a date or dates not more than 7 (seven) calendar days before the date of such posting;
6. the date of posting of the documents referred to in paragraph 5 above shall be evidenced by an affidavit deposed to by a representative of the Applicant, duly supported by post office receipts;
  7. a copy of the documents referred to in paragraph 5 above shall lie for inspection at, and copies of these documents may be obtained free of charge from, the registered office of the Applicant during normal business hours at the place mentioned in paragraph 4.3 above for at least 14 (fourteen) days prior to the date of the scheme meeting;
  8. the chairperson shall report the results of the scheme meeting to this Court by way of affidavit on Thursday, 1 December 2005 at 10:00 or so soon thereafter as Counsel may be heard;
  9. the report required by this Court from the chairperson shall give details of:
    - 9.1 the number and percentage of scheme members present in person or represented at the scheme meeting;
    - 9.2 the number and percentage of scheme members represented by proxy at the scheme meeting and information as to the number and percentage of shares represented by the chairperson in terms of proxies;
    - 9.3 the number and percentage of shares held by all scheme members;
    - 9.4 any proxies which have been disallowed (and the reasons therefor);
    - 9.5 all resolutions passed at the scheme meeting, with particulars of the number and percentage of votes cast in favour of and against each such resolution and of any abstentions, indicating how many votes and what percentage of votes were cast by the chairperson in terms of proxies;
    - 9.6 all rulings made and directions given by the chairperson at the scheme meeting;

- 9.7 the relevant portions of documents and reports submitted or tabled at the scheme meeting which bear on the merits or demerits of the scheme, including copies thereof; and
- 9.8 the main points of any other proposals which were submitted to the scheme meeting;
10. the Applicant shall arrange to make available at the place mentioned in paragraph 4.3 above (and the notice of the scheme meeting which is published and sent to shareholders of the Applicant shall include a statement that it will be so available) a copy of the chairperson's report to this Court, free of charge, to any ordinary shareholders of the Applicant on request, for at least 7 (seven) calendar days before the date fixed by this Court for the chairperson to report back to it;
11. registered shareholders who hold certificated ordinary shares in the Applicant and shareholders who hold dematerialised ordinary shares in the Applicant through a CSDP or broker and have "own name" registration who wish to vote by proxy at the scheme meeting, should tender as their proxy, the form of proxy referred to in paragraph 5.3 of this Order. In addition, forms of proxy may be handed to the chairperson up to 10 (ten) minutes before the scheme meeting is due to commence;
12. shareholders who hold certificated ordinary shares in the Applicant through a nominee and shareholders who hold dematerialised ordinary shares in the Applicant through a CSDP or broker and do not have "own name" registration who wish to attend and vote at the scheme meeting should timeously inform their nominee, or, where applicable, CSDP or broker of their intention to attend and vote at the scheme meeting in order for their nominee or, where applicable, CSDP or broker to issue them with the necessary authorisation to do so or should they not wish to attend the scheme meeting in person, timeously provide their nominee or, where applicable, CSDP or broker, with their voting instructions in order for their votes to be represented at the scheme meeting; and
13. the method of calculating any periods specified in this Order shall be as specified in section 4 of the Interpretation Act, 1957 (Act 33 of 1957).

By Order of the Court

*Registrar*

**Applicant's Attorney**

**Hofmeyr Herbstein & Gihwala Inc.**

21st Floor, 2 Long Street  
Cape Town  
8001  
(PO Box 1221, Cape Town, 8000)  
Tel: (021) 405 6000  
Fax: (021) 405 6199  
Ref: Mr P Hesseling/Mr R Nelson

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## NOTICE OF SCHEME MEETING

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**IN THE HIGH COURT OF SOUTH AFRICA  
(CAPE OF GOOD HOPE PROVINCIAL DIVISION)**

**Case number 10776/05**

Cape Town, Thursday, 27 October 2005

before the Honourable Acting Justice Goso

*In the ex parte application of:*

**Applicant**

**Medi-Clinic Corporation Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1983/010725/06)

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**NOTICE IS HEREBY GIVEN THAT**, in terms of an Order of Court dated 27 October 2005 in the above matter, the High Court of South Africa (Cape of Good Hope Provincial Division) has ordered that a meeting ("scheme meeting") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("Companies Act"), of the ordinary shareholders of the Applicant, registered as such in the register of the Applicant at 17:00 on Friday, 18 November 2005 ("scheme members"), be held under the chairmanship of Mr Peter Whelan, or failing him, Mr Johan Nesor or, failing both of them, any other independent person nominated for that purpose by Hofmeyr Herbstein & Gihwala Inc. and approved by the above Honourable Court ("chairperson"), at the registered office of the Applicant at Medi-Clinic Offices, Strand Road, Stellenbosch at 10:30, or 10 minutes after the conclusion or adjournment of the general meeting of the ordinary shareholders of the Applicant convened to be held at 10:00, whichever is the later, on Wednesday, 23 November 2005 (or any adjourned date determined by the chairperson ("adjourned scheme meeting")) for the purpose of considering and, if deemed fit, approving, with or without modification, a scheme of arrangement ("scheme") proposed jointly by Mpilo Investment Holdings 1 (Proprietary) Limited (registration number 2005/015015/07) and Mpilo Investment Holdings 2 (Proprietary) Limited (registration number 2005/015711/07) (collectively the "Mpilo Companies") between the Applicant and its ordinary shareholders.

The implementation of the scheme is subject to the fulfilment of the conditions precedent stated therein including, but not limited to, the sanctioning thereof by the above Honourable Court.

**The basic characteristic of the scheme is that, upon implementation, the Mpilo Companies will, in aggregate, acquire from each scheme participant 4.25 Medi-Clinic Corporation Limited Ordinary Shares for every 100 Medi-Clinic Corporation Limited Ordinary Shares held by such scheme participant on the record date of the scheme. This will result in the Mpilo Companies collectively acquiring approximately 14.9 million Medi-Clinic Corporation Limited Ordinary Shares, representing 4.25% of the issued share capital of the Applicant on the date the Scheme is implemented. Scheme participants will receive R18.40 in cash for every scheme share acquired by the Mpilo Companies pursuant to the scheme.**

A copy of this notice, the scheme, the explanatory statement in terms of section 312(1)(a)(i) of the Companies Act, the valuation statement in terms of section 312(1)(a)(ii) of the Companies Act and the statement of directors' interests in terms of section 312(1)(a)(iii) of the Companies Act, all explaining the scheme, the form of proxy for use at the scheme meeting or any adjourned scheme meeting and the Order of Court convening the scheme meeting, are included in the document of which this notice forms part and has been sent to ordinary shareholders of the Applicant, and copies may, on request by any ordinary shareholder of the Applicant, be inspected at or obtained, free of charge, from the registered office of the Applicant at Medi-Clinic Offices, Strand Road, Stellenbosch during normal business hours at any time prior to the scheme meeting.

Each scheme member who holds certificated shares in the Applicant ("certificated scheme member") or who holds dematerialised shares in the Applicant through a Central Securities Depository Participant ("CSDP") or broker and has "own name" registration ("dematerialised own name scheme member"), may attend, speak and vote, or abstain from voting in person at the scheme meeting or any adjourned scheme meeting, or may appoint one or more proxies (who need not be shareholders of the Applicant) to attend, speak and vote, or abstain from voting at the scheme meeting or adjourned scheme meeting in the place of

such certificated scheme member or dematerialised own name scheme member. A form of proxy for this purpose, for completion by certificated scheme members and dematerialised own name scheme members only, is included in the document which has been posted to all holders of ordinary shares in the Applicant at their addresses as recorded in the register of members of the Applicant at the close of business not more than 7 (seven) calendar days before the date of such posting. If more than one person is appointed on a single form of proxy, then only one of those proxies (in order of appointment) will be entitled to exercise that proxy.

In the case of joint certificated scheme members and joint dematerialised own name scheme members, the vote of the senior certificated scheme member or senior dematerialised own name scheme member (seniority will be determined by the order in which the names of the joint certificated scheme members or joint dematerialised own name scheme members stand in the Applicant's register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote of the other joint certificated scheme member(s) or joint dematerialised own name scheme member(s).

Properly completed forms of proxy must be lodged with or posted to the transfer secretaries of the Applicant, being Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on Monday, 21 November 2005, or on the business day immediately preceding any adjourned scheme meeting, or handed to the chairperson of the scheme meeting not later than 10 (ten) minutes before the commencement of the scheme meeting or adjourned scheme meeting. Notwithstanding the foregoing, the chairperson of the scheme meeting may approve in the chairperson's discretion the use of any other form of proxy.

Shareholders who hold certificated shares in the Applicant through a nominee and shareholders who hold dematerialised shares in the Applicant through a CSDP or broker and who do not have "own name" registration who wish to attend and vote at the scheme meeting should timeously inform their nominee or, where applicable, their CSDP or broker of their intention to attend and vote, at the scheme meeting or adjourned scheme meeting in order for his/her nominee or, where applicable, CSDP or broker to issue them with the necessary authorisation in writing to do so or should such shareholders not wish to attend the scheme meeting or adjourned scheme meeting in person, they should timeously provide their nominee or, where applicable, CSDP or broker with their voting instructions in order for their votes to be represented at the scheme meeting.

In terms of the aforementioned Order of Court, the chairperson of the scheme meeting or adjourned scheme meeting must report the results thereof to the above Honourable Court on Thursday, 1 December 2005 at 10:00 or so soon thereafter as Counsel may be heard. A copy of the chairperson's report to the Court will be available on request to any participant, free of charge, at the registered office of the Applicant, during normal business hours at least 7 (seven) calendar days prior to the date fixed by the Court for the chairperson to report back to it.

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*Chairperson of the scheme meeting*

**Hofmeyr Herbstein & Gihwala Inc.**

21st Floor, 2 Long Street

Cape Town

8001

(PO Box 1221, Cape Town, 8000)

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Ref: Mr P Hesseling/Mr R Nelson





# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 1983/010725/06)  
 JSE share code: MDC ISIN: ZAE000004370  
 ("Medi-Clinic" or "the Company")

## FORM OF PROXY – SCHEME MEETING

**Only for use by Medi-Clinic Ordinary Shareholders who hold their Medi-Clinic Ordinary Shares in certificated form or who have dematerialised their Medi-Clinic Ordinary Shares with "own name" registration.**

**All other dematerialised Medi-Clinic Ordinary Shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the Scheme Meeting.**

This form is for use only by holders of certificated Medi-Clinic Ordinary Shares and holders of dematerialised Medi-Clinic Ordinary Shares with "own name" registration, recorded in the register of the Company, at 17:00 on Friday, 18 November 2005 ("the Scheme Members") at a meeting convened in terms of an Order of the High Court of South Africa (Cape of Good Hope Provisional Division), to be held at 10:30 or 10 minutes after the conclusion or adjournment of the general meeting of the ordinary shareholders of the Company convened to be held at 10:00, whichever is the later, on Wednesday, 23 November 2005 at Medi-Clinic Offices, Strand Road, Stellenbosch ("the Scheme Meeting").

*If you have dematerialised your Medi-Clinic Ordinary Shares with a CSDP or broker and such shares are not recorded in the sub-register of Medi-Clinic in your own name, you must arrange with your CSDP or broker to provide you with the necessary authorisation to attend the Scheme Meeting or you must instruct them as to how you wish to have your votes represented thereat. This must be done in terms of the agreement entered into between you and your CSDP or broker.*

I/We \_\_\_\_\_

of (address) \_\_\_\_\_

telephone number \_\_\_\_\_

being the holder/s of  certificated Medi-Clinic Ordinary Shares or dematerialised "own name" Medi-Clinic Ordinary Shares do hereby appoint (see note 1):

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

3. \_\_\_\_\_ the chairperson of the Scheme Meeting,

as my/our proxy to attend and speak on my/our behalf at the Scheme Meeting and at any adjournment thereof and, if deemed fit, approve (see note 2):

with modification†	<input type="checkbox"/>	(delete whichever is not applicable)
without modification	<input type="checkbox"/>	

† If a Scheme Member agrees that the Scheme may be modified, the Scheme Member may, if he/she so desires, indicate the manner and extent of any such modification to which the proxy may agree on a separate sheet of paper which must be lodged at or posted to the address stipulated in note 2, together with this form of proxy. In addition, please refer to the conditions stipulated in note 2.

the Scheme of Arrangement in terms of Section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Scheme") proposed by Mpilo Investment Holdings 1 (Proprietary) Limited and Mpilo Investment Holdings 2 (Proprietary) Limited between the Company and its Ordinary Shareholders, and to vote for and/or against the Scheme and/or abstain from voting in respect of the Medi-Clinic Ordinary Shares registered in my/our name/s, in accordance with the following instructions (see note 3):

For the Scheme	Number of votes*
Against the Scheme	Number of votes*
Abstain from voting	Number of votes*

\*One vote per ordinary share held by Scheme Members

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2005

Signature \_\_\_\_\_

Capacity of signatory (where applicable) \_\_\_\_\_

**Note: Authority for signatory to be attached – see note 8.**

Assisted by me (where applicable)

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2005

Full name \_\_\_\_\_ Capacity \_\_\_\_\_

Signature \_\_\_\_\_

**Please read the notes on the reverse hereof.**

**Notes:**

1. Each Scheme Member is entitled to appoint one or more proxies (none of whom need be a member of the Company) to attend, speak and vote, or abstain from voting, in place of that Scheme Member at the Scheme Meeting or any adjournment thereof.

A Scheme Member may insert the name of a proxy or the names of two alternative proxies of the Scheme Member's choice in the space/s provided, with or without deleting "the chairperson of the Scheme Meeting" but the Scheme Member must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the Scheme Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. If a Scheme Member agrees that the Scheme may be modified, the Scheme Member may indicate the manner and the extent of such modification to which the proxy may agree on a separate sheet of paper which must be lodged with or posted to the Company's Transfer Secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Monday, 21 November 2005 or may be handed to the chairperson of the Scheme Meeting not later than 10 (ten) minutes before the Scheme Meeting is due to commence.

It should be noted that, notwithstanding that a Scheme Member may indicate that the Scheme may not be modified, the chairperson of the Scheme Meeting (if the chairperson is the authorised proxy), or any other proxy, shall nevertheless be entitled to agree to a modification of the Scheme in terms of which the Scheme Consideration is increased.

If a Scheme Member fails to indicate whether the Scheme may be approved with or without modification, or fails to indicate the manner and the extent of any modification to which the proxy may agree, such failure shall be deemed to authorise the chairperson of the Scheme Meeting or any other proxy, if the chairperson of the Scheme Meeting deems fit, to agree to the Scheme with or without modification as he/she deems fit, in respect of all the Scheme Member's votes exercisable at the Scheme Meeting.

3. A Scheme Member's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Scheme Member in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairperson of the Scheme Meeting, if the chairperson of the Scheme Meeting is the authorised proxy, to vote in favour of the Scheme, or any other proxy to vote or abstain from voting at the Scheme Meeting as he/she deems fit, in respect of all the Scheme Member's votes exercisable at the Scheme Meeting.
4. Forms of proxy must be lodged with or posted to the Company's Transfer Secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Monday, 21 November 2005. Alternatively, forms of proxy may be handed to the chairperson of the Scheme Meeting by not later than 10 (ten) minutes before the Scheme Meeting is due to commence.
5. The completion and lodging of this form of proxy will not preclude the relevant Scheme Member from attending the Scheme Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such Scheme Member wish to do so.
6. The chairperson of the Scheme Meeting may reject or accept any form of proxy which is completed and/or received, other than in accordance with these notes, provided that the chairperson of the Scheme Meeting is satisfied as to the manner in which the Scheme Member concerned wishes to vote.
7. Any alteration or correction made to this form or proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the Company or its Transfer Secretaries or waived by the chairperson of the Scheme Meeting.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with Medi-Clinic or the Transfer Secretaries.
10. Where Ordinary Shares are held jointly:
  - any one of such joint holders may sign this form of proxy; and
  - any one of such joint holders may vote in person or by proxy or be represented in respect of such shares as if such holder was solely entitled thereto, but if more than one of such joint holders be present in person or by proxy or be represented at the Scheme Meeting, that one of such joint holders whose name stands first in the register of Medi-Clinic in respect of such shares, or the proxy or representative of such person, as the case may be, will alone be entitled to vote in respect thereof.
11. A minor must be assisted by his/her parents or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries of Medi-Clinic.





# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)

(Registration number 1983/010725/06)

JSE share code: MDC ISIN: ZAE000004370

("Medi-Clinic" or "the Company")

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## NOTICE OF GENERAL MEETING OF MEDI-CLINIC ORDINARY SHAREHOLDERS

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**NOTICE IS HEREBY GIVEN THAT** a General Meeting of the Medi-Clinic Ordinary Shareholders will be held at 10:00 on Wednesday, 23 November 2005 at Medi-Clinic Offices, Strand Road, Stellenbosch to consider and, if deemed fit, pass, with or without modification, the following ordinary resolutions:

### ORDINARY RESOLUTION NUMBER ONE

"Resolved as an ordinary resolution that, subject to the condition that this resolution will automatically lapse and be of no effect if ordinary resolution number two to be proposed at the general meeting at which this ordinary resolution is proposed is not passed, the issue by the Company to Mpilo Investment Holdings 1 (Proprietary) Limited ("Mpilo 1") of such number of ordinary shares (which is expected to be approximately 10 693 135 ordinary shares) of par value 10 cents each at a subscription price of 10 cents per share which, together with the ordinary shares to be acquired by Mpilo 1 in terms of the scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973) ("Companies Act"), included on pages 19 to 29 of the Circular dated 1 November 2005 sent to ordinary shareholders of the Company ("the Scheme"), will result in Mpilo 1 holding in aggregate 16 267 153 ordinary shares, be and is hereby approved."

*In terms of paragraph 5.51(g) of the Listings Requirements of JSE Limited ("JSE") ("the Listings Requirements"), the approval of a majority of 75% (seventy five percent) or more of the votes cast by shareholders present or represented by proxy at the general meeting, excluding any parties and their associates participating in the specific issue of shares for cash, is required for this resolution to be effective.*

### ORDINARY RESOLUTION NUMBER TWO

"Resolved as an ordinary resolution that, subject to the passing of ordinary resolution number one to be proposed at the general meeting at which this ordinary resolution is proposed, the issue by the Company to Mpilo Investment Holdings 2 (Proprietary) Limited ("Mpilo 2") of such number of ordinary shares (which is expected to be approximately 17 821 891 ordinary shares) of par value 10 cents each at a subscription price of 10 cents per share which, together with the ordinary shares to be acquired by Mpilo 2 in terms of the Scheme, will result in Mpilo 2 holding in aggregate 27 111 921 ordinary shares, be and is hereby approved."

*In terms of paragraph 5.51(g) of the Listings Requirements, the approval of a majority of 75% (seventy five percent) or more of the votes cast by shareholders present or represented by proxy at the general meeting, excluding any parties and their associates participating in the specific issue of shares for cash, is required for this resolution to be effective.*

### ORDINARY RESOLUTION NUMBER THREE

"Resolved as an ordinary resolution that the Medi-Clinic Broad-Based Employee Share Scheme, to be implemented via the Mpilo Trust for the benefit of certain employees of the Company and its operating subsidiaries, details of which are contained in paragraph 6 on page 41 of the Circular dated 1 November 2005 sent to ordinary shareholders of the Company, be and is hereby approved."

#### **ORDINARY RESOLUTION NUMBER FOUR**

“Resolved as an ordinary resolution that, subject to the passing of ordinary resolution number three to be proposed at the general meeting at which this ordinary resolution is proposed, the issue by the Company to the Trustees of the Mpilo Trust of 15 774 209 ordinary shares of par value 10 cents each at a subscription price of R18.40 per share be and is hereby approved.”

*In terms of paragraph 5.51(g) of the Listings Requirements, the approval of a majority of 75% or more of the votes cast by shareholders present or represented by proxy at the general meeting, excluding any parties and their associates participating in the specific issue of shares for cash, is required for this resolution to be effective.*

#### **ORDINARY RESOLUTION NUMBER FIVE**

“Resolved as an ordinary resolution that any director or the secretary of the Company, for the time being, be and is hereby authorised, on behalf of the Company, to do or cause all such things to be done and to sign all documentation as may be necessary to give effect to any of the resolutions referred to above which are passed and, if necessary, registered.

#### **VOTING AND PROXIES**

If you hold your Medi-Clinic Ordinary Shares in certificated form or if you have dematerialised your Medi-Clinic Ordinary Shares with “own name” registration, you may attend, speak and vote at the General Meeting in person. Alternatively, if you do not wish to attend the General Meeting, but wish to be represented thereat, you may appoint one or more proxies (who need not be members of the Company) to attend, speak and vote on your behalf at the General Meeting by completing the attached form of proxy for the General Meeting (*green*) in accordance with the instructions it contains and returning it to the Company’s Transfer Secretaries, Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 10:00 on Monday, 21 November 2005.

In you have dematerialised your Medi-Clinic Ordinary Shares and have not elected “own name” registration and you wish to attend the General Meeting, you should instruct your CSDP or broker to issue you with the necessary authority to attend, or if you do not wish to attend the General Meeting, you should provide your CSDP or broker with your voting instructions in accordance with the mandate between you and your CSDP or broker so that your votes may be represented at the General Meeting. If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker. You must not complete the attached form of proxy (*green*).

*By order of the Board*

**G C Hattingh**

*Company Secretary*

**Stellenbosch**

1 November 2005



# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 1983/010725/06)  
 JSE share code: MDC ISIN: ZAE000004370  
 ("Medi-Clinic" or "the Company")

## FORM OF PROXY – GENERAL MEETING

**Only for use by Medi-Clinic Ordinary Shareholders who hold their Medi-Clinic Ordinary Shares in certificated form or who have dematerialised their Medi-Clinic Ordinary Shares with "own name" registration.**

**All other dematerialised Medi-Clinic Ordinary Shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the General Meeting.**

This form is for use only by Medi-Clinic Ordinary Shareholders who hold their Medi-Clinic Ordinary Shares in certificated form or who have dematerialised their Medi-Clinic Ordinary Shares with "own name" registration at the General Meeting of the Company to be held at 10:00 on Wednesday, 23 November 2005 at Medi-Clinic Offices, Strand Road, Stellenbosch ("the General Meeting").

*If you have dematerialised your Medi-Clinic Ordinary Shares with a CSDP or broker and such shares are not recorded in the sub-register of Medi-Clinic in your own name, you must arrange with your CSDP or broker to provide you with the necessary authorisation to attend the Scheme Meeting or you must instruct them as to how you wish to have your votes represented thereat. This must be done in terms of the agreement entered into between you and your CSDP or broker.*

I/We (please print)

of (please print)

being a member of Medi-Clinic and the holder/s of  Medi-Clinic Ordinary Shares hereby appoint:

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. \_\_\_\_\_ the chairperson of the General Meeting,

as my/our proxy to attend, speak and to vote on a show of hands or on a poll for me/us and on my/our behalf at the General Meeting and at any adjournment thereof in the following manner:

	Insert the number of votes exercisable (one vote per share)		
	For	Against	Abstain
Ordinary resolution number one – regarding a specific issue of ordinary shares to Mpilo 1			
Ordinary resolution number two – regarding a specific issue of ordinary shares to Mpilo 2			
Ordinary resolution number three – regarding the Medi-Clinic Broad-Based Employee Share Scheme			
Ordinary resolution number four – regarding a specific issue of ordinary shares to the Mpilo Trust			
Ordinary resolution number five – regarding authority to implement the ordinary resolutions			

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005

Signature

Assisted by me (where applicable)

(State capacity and full name)

**A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two alternative proxies of his/her choice to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.**

**Every person present and entitled to vote at the General Meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, a member or his/her proxy or his/her representative shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the Ordinary Shares held or represented by him/her/it bears to the aggregate amount of the nominal value of all the Ordinary Shares issued by the Company.**

**Please read the notes on the reverse hereof.**

**Notes:**

1. Any alteration or correction must be initialled by the authorised signatory/ies.
2. You may insert the name of a proxy or the names of two alternative proxies of your choice in the blank space(s) provided for that purpose, with or without deleting "the chairperson of the General Meeting", but you must initial any such deletion. The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of the proxy whose names follow.
3. Where there are joint holders of Ordinary Shares,—
  - any one of such joint holders may sign this form of proxy; and
  - any one of such joint holders may vote in person or by proxy or representative in respect of such shares as if such holder was solely entitled thereto, but if more than one of such joint holders be present in person or by proxy or representative at the General Meeting, that one of such joint holders whose name stands first in the register of Medi-Clinic in respect of such shares, or the proxy or representative of such person, as the case may be, will alone be entitled to vote in respect thereof.
4. The completion and lodging of this form of proxy will not preclude the relevant Ordinary Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
5. An Ordinary Shareholder's voting instructions to the proxy must be indicated by the insertion of the number of shares held by the Ordinary Shareholder, and therefore the number of votes exercisable by him/her/it, in the appropriate spaces provided. However, if an Ordinary Shareholder wishes to cast his/her/its votes in respect of a lesser number of Ordinary Shares held by him/her/it in the Company, the Ordinary Shareholder must insert the number of Ordinary Shares held in respect of which he/her/it wishes to vote. If you return this form of proxy duly signed without any specific directions, the proxy will be entitled to vote or abstain from voting as he/her/it deems fit. An Ordinary Shareholder or his/her proxy is not obliged to use all the votes exercisable, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total number of votes exercisable by the Ordinary Shareholder concerned or by the proxy.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc) must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries of the Company or waived by the chairperson of the meeting.
7. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with Medi-Clinic or the Transfer Secretaries of the Company.
8. The chairperson of the meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the articles of association of the Company. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Company's Transfer Secretaries being Computershare Investor Services 2004 (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Monday, 21 November 2005.
9. A minor must be assisted by his/her parents or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries of Medi-Clinic.



# Medi-Clinic Corporation Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 1983/010725/06)  
 JSE share code: MDC ISIN: ZAE000004370  
 ("Medi-Clinic" or "the Company")

## FORM OF SURRENDER

**For use only by Certificated Shareholders in relation to a scheme of arrangement in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended, proposed by the Mpilo Companies, between Medi-Clinic and its Ordinary Shareholders ("the Scheme").**

**Full details of the Scheme are contained in a document to ordinary shareholders of Medi-Clinic, dated 1 November 2005 ("the Circular"), to which this form is attached and forms part. Accordingly, all definitions and terms used in this form shall, unless the context otherwise requires, have the meanings ascribed to them in the Circular.**

This form is attached for the convenience of Certificated Shareholders who may wish to surrender their Documents of Title prior to the Operative Date of the Scheme, which is expected to be Monday, 19 December 2005.

### Instructions:

1. A separate form of surrender is required for each certificated shareholder.
2. **Part A** must be completed by all Certificated Shareholders who return this form.
3. **Part B** must be completed by Certificated Shareholders who wish to receive payment of the Scheme Consideration by the electronic transfer of funds.
4. **Part C** must be completed by Certificated Shareholders who are emigrants from or non-residents of the Common Monetary Area (see note 2 overleaf).

Please also read notes on the reverse side hereof.

To: The Transfer Secretaries

*By hand*

Computershare Investor Services 2004 (Proprietary) Limited  
 Ground Floor, 70 Marshall Street  
 Johannesburg, 2001

*By post*

Computershare Investor Services 2004 (Proprietary) Limited  
 PO Box 61763, Marshalltown, 2107

Dear Sirs

### PART A

**All Certificated Shareholders must please complete Part A of this form (in BLOCK LETTERS).**

I/We hereby surrender and enclose the share certificate/s, certified transfer deed/s and/or other Documents of Title, details of which have been completed below, in respect of my/our holding of Ordinary Shares in Medi-Clinic.

Surname or Name of corporate body \_\_\_\_\_

First names (in full) \_\_\_\_\_

Title \_\_\_\_\_

Address to which the Scheme Consideration and New Share Certificate should be sent (if different from registered address). \_\_\_\_\_

Postal code \_\_\_\_\_

Country \_\_\_\_\_

Telephone number ( ) \_\_\_\_\_

### Share certificates and/or other Document of Title surrendered

Name of registered holder (separate form for each holder)	Certificate number(s) (in numerical order)	Number of shares covered by each certificate
<b>Total</b>		

**PART B**

**To be completed in BLOCK LETTERS by all Certificated Shareholders who wish to receive payment of the Scheme Consideration by the electronic transfer of funds. The option of electronic payment into a certificated shareholder's bank account is only applicable if Documents of Title in respect of all the certificated shareholder's Certificated Shares are received on or before 12:00 on Thursday, 15 December 2005.**

Name of account holder (no third party accounts)  
\_\_\_\_\_Bank name  
\_\_\_\_\_Branch code  
\_\_\_\_\_Account number  
\_\_\_\_\_Signature of certificated shareholder  
\_\_\_\_\_Assisted by me (if applicable)  
\_\_\_\_\_(State full name and capacity)  
\_\_\_\_\_

Date

2005

Telephone number (Home) ( )

Telephone number (Work) ( )

**PART C**

**To be completed in BLOCK LETTERS by Certificated Shareholders who are emigrants from or non-residents of the Common Monetary Area (see note 1 below).**

The Scheme Consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling the emigrant's blocked assets in terms of the Exchange Control Regulations as nominated below for its control and credit to the emigrant's blocked assets account. Accordingly, Certificated Shareholders who are emigrants from the Common Monetary Area must provide the following information:

Name of authorised dealer  
\_\_\_\_\_Account number  
\_\_\_\_\_Address  
\_\_\_\_\_Postal code  
\_\_\_\_\_

If emigrants make no nomination, the Scheme Consideration and the New Share Certificate will be held in trust by the Transfer Secretaries.

Non-residents must complete Part C if they wish the Scheme Consideration to be paid to an authorised dealer in South Africa. If no nomination is made by non-residents, the Scheme Consideration will be forwarded to them at their addresses recorded in the register.

Signature of Certificated Shareholder:	Stamp and address of agent lodging this form (if any)	
Assisted by me (if applicable)		
(State full name and capacity)		
Date		2005
Telephone number (Home) ( )		
Telephone number (Work) ( )		

*Signatories may be called upon for evidence of their authority or capacity to sign this form.*

**Notes:**

- Emigrants from the Common Monetary Area must complete Part C. All other non-residents of the Common Monetary Area must complete Part C if they wish the Scheme Consideration to be paid to an authorised dealer in South Africa. If Part C is not properly completed by emigrants, the Scheme Consideration will be held in trust by Medi-Clinic or the Transfer Secretaries on behalf of Medi-Clinic pending receipt of the necessary nomination or instruction.
- If this form of surrender is returned with the relevant Documents of Title, it will be treated as a conditional surrender, which is made subject to the Scheme becoming operative. Documents surrendered in anticipation of the Scheme becoming operative will be held in trust by the Transfer Secretaries of Medi-Clinic until the Scheme becomes operative. Should the Scheme not become operative for any reason whatsoever, then the Transfer Secretaries will within five Business Days of the date upon which it becomes known that the Scheme will not become operative, return the Documents of Title to the Certificated Shareholders concerned by registered post, at the risk of such shareholders.
- The Scheme Consideration will not be sent or paid to Certificated Shareholders unless and until Documents of Title in respect of all the certificated shareholder's Certificated Shares have been surrendered to the Transfer Secretaries.
- If a Certificated Shareholder produces evidence to the satisfaction of Medi-Clinic that Documents of Title in respect of Medi-Clinic Ordinary Shares have been lost or destroyed, Medi-Clinic may waive the requirement for the surrender of such Documents of Title against delivery of an indemnity in a form and on terms and conditions approved by it, or may in its discretion waive such indemnity.
- If this form of surrender is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the Transfer Secretaries of Medi-Clinic to implement the shareholder's obligations under the Scheme on his/her behalf.
- Persons who have acquired Medi-Clinic Ordinary Shares after the date of posting of the Circular to which the form of surrender is attached and forms part, can obtain copies of the form of surrender and the Circular from the Transfer Secretaries at the above address.
- No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
- Any alteration to this form of surrender must be signed in full and not initialled.
- If this form of surrender is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof, must be sent with this form for noting (unless it has already been noted by Medi-Clinic or its Transfer Secretaries).
- Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with Medi-Clinic or its Transfer Secretaries, a certified copy of the director's or members' resolution authorising the signing of this form of surrender must be submitted if so requested by Medi-Clinic.
- Note 9 above does not apply in the event that this form bears the stamp of a broking member of the JSE.
- Where there are joint holders of Shares, this form needs to be signed by all such joint holders or by the holder whose name stands first in the register in respect of such shares.