

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 8 of this circular apply *mutatis mutandis* throughout this document including this cover page.

Shareholders are referred to page 5 of this circular, which sets out the action required of them with regard to the rights offer, full details of which are set out in this circular. If you are in any doubt as to the action that you should take, please consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.

The shares issued in terms of the rights offer and the rights offer documentation will not be registered with any authority in any jurisdiction other than South Africa. The distribution of this circular, the rights offer, the form of instruction and the transfer of the rights offer shares and/or the rights to subscribe for the rights offer shares in territories other than South Africa may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such territory. Neither this circular, nor any form of instruction, is to be regarded as an offer in any jurisdiction other than South Africa to the extent that any applicable legal requirement in such jurisdiction has not been complied or it is for any reason illegal to make such an offer in such jurisdiction. In those circumstances, this circular is sent for information purposes only. This circular and form of instruction should not be forwarded or transmitted by you to any person in any territory, other than where the rights offer made to such person in such territory is compliant with the applicable laws of that territory. It is the responsibility of any person outside South Africa (including, without limitation, nominees, agents and trustees for such persons) receiving this circular and wishing to take up rights under the rights offer, to satisfy itself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Shareholders outside of South Africa should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their entitlement. Shareholders holding Medi-Clinic shares on behalf of persons outside of South Africa are responsible for ensuring that taking up the rights offer, or trading in their entitlements under the rights offer, do not breach the laws or regulations of the relevant foreign jurisdictions.

If you have disposed of all of your Medi-Clinic shares, this circular and the form of instruction should be forwarded to the purchaser to whom, or the broker, CSDP, banker or agent through whom you disposed of such shares, except that this circular and form of instruction should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the rights offer made to such person in such territory is compliant with the applicable laws of that territory.

The rights that are represented by the letters of allocation are valuable and may be renounced or sold on the JSE. Letters of allocation can only be traded in dematerialised form and accordingly, Medi-Clinic has issued all letters of allocation in dematerialised form. The electronic record for holders of certificated shares is being maintained by Computershare which has made it possible for holders of certificated shares to have the same rights and opportunities as holders of dematerialised shares in respect of the letters of allocation. Instructions on how to renounce or sell the rights represented by the letters of allocation are set out in paragraph 3 of this circular.

The form of instruction enclosed with this document in the case of holders of certificated shares is negotiable and may be traded on the JSE.



MEDI-CLINIC

Private hospital group

MEDI-CLINIC CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1983/010725/06)
Share code: MDC ISIN: ZAE000074142
("Medi-Clinic" or "the Company")

CIRCULAR TO MEDI-CLINIC SHAREHOLDERS

relating to:

- a renounceable rights offer of 59 301 395 Medi-Clinic shares at an issue price of 2 300 cents per share, in the ratio of 10 rights offer shares for every 100 Medi-Clinic shares held at the close of business on Friday, 16 July 2010

and including:

- a form of instruction in respect of a letter of allocation (to be completed by holders of certificated shares only).

Rights offer opens at 09:00 on

Monday, 19 July 2010

Rights offer closes at 12:00 on

Friday, 6 August 2010

The directors of Medi-Clinic, whose names are given on page 3 of this document 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 circular contains all information required by law and the Listings Requirements.

Standard Bank is acting as investment bank and transaction sponsor for Medi-Clinic and no one else in relation to the preparation of this circular and will not be responsible to anyone other than Medi-Clinic in relation to the preparation of this circular and to the JSE in regards to ensuring this circular complies with the Listing Requirements.

Investment bank and transaction sponsor



Independent reporting accountants



Underwriter



Independent sponsor



Legal adviser to Medi-Clinic



Legal adviser to the underwriter



Date of issue: 19 July 2010

This circular is available in English only. Copies of this circular may be obtained from the registered offices of Medi-Clinic and the transfer secretaries whose addresses are set out in the "Corporate Information and Advisers" section of this circular. These documents will be available from 19 July 2010 until 6 August 2010, both days inclusive. The circular will also be available in electronic form from the Company's website (www.mediclinic.co.za) from 12 July 2010. A copy of this document, together with the form of instruction and other requisite documents referred to in section 145A of the Companies Act, was lodged with the Registrar of Companies at CIPRO on 30 June 2010 as required by section 146A of the Companies Act.

CERTAIN FORWARD-LOOKING STATEMENTS

This circular contains statements about Medi-Clinic that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation those concerning: Medi-Clinic's strategy; the economic outlook for the industry; production, cash costs and other operating results; growth prospects and outlook of Medi-Clinic's operations, individually or in the aggregate; Medi-Clinic's liquidity and capital resources and expenditure; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect Medi-Clinic's current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Similarly, statements that describe Medi-Clinic's objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Medi-Clinic's actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although Medi-Clinic believes that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Medi-Clinic shareholders should review carefully all information, including the *pro forma* financial statements and the notes to the *pro forma* financial statements, included in this circular. The forward-looking statements included in this circular are made only as of the last practicable date. Medi-Clinic undertakes no obligation to update publicly or release any revised forward-looking statements to reflect events or circumstances after the date of this circular or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to Medi-Clinic or any person acting on its behalf are qualified by the cautionary statement in this section.

CORPORATE INFORMATION AND ADVISERS

Directors of Medi-Clinic

Executive directors

Edwin de la Harpe Hertzog
Daniël Petrus Meintjes
Koert Hendrik Stefanus Pretorius
Johannes Gerhardus Swiegers
Thorsten Ole Wiesinger

Non-executive directors

Joseph Charles Cohen
Mpumela Kayaletu Makaba
Zodwa Penelope Manase[†]
Alwyn Reginald Martin[†]
Albert Anton Raath[†]
Mamphela Aletta Ramphele
Desmond Kent Smith[†]
Christiaan Mauritz van den Heever
Wynand Louw van der Merwe[†]
Matthys Hendrik Visser

[†] independent

Company secretary and registered office

Gert C Hattingh (B.Acc (Hons), CA(SA))
Medi-Clinic Offices
Strand Road
Stellenbosch
7600
(PO Box 456, Stellenbosch, 7599)

Transfer secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61763, Marshalltown, 2107)

Investment bank and transaction sponsor

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

Independent reporting accountants and auditors

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

Independent sponsor

Barnard Jacob Mellet Corporate Finance (Proprietary) Limited
(Registration number 2000/023249/07)
Ground Floor, Illovo Corner
24 Fricker Road
Illovo 2196
(PO Box 62200, Marshalltown, 2107)

Legal adviser to Medi-Clinic

Cliffe Dekker Hofmeyr Inc
(Registration number: 2008/018923/21)
11 Buitengracht Street
Cape Town 8001
(PO Box 695, Cape Town, 8000)

Sponsor

Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton 2196
(PO Box 786273, Sandton, 2146)

Legal adviser to the underwriter

Bowman Gilfillan Inc.
165 West Street
Sandton, 2196
(PO Box 785812, Sandton, 2146)

Underwriter

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

Date of incorporation of Medi-Clinic

3 October 1983

Place of incorporation of Medi-Clinic

South Africa

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FORM OF INSTRUCTION

Enclosed

ACTION REQUIRED BY MEDI-CLINIC SHAREHOLDERS

If you are in any doubt as to what action you should take, you should consult your CSDP, broker, banker, legal adviser, accountant or other professional adviser immediately.

The shares issued in terms of the rights offer and the rights offer documentation will not be registered with any authority in any jurisdiction other than South Africa. The distribution of this circular, the rights offer, the form of instruction and the transfer of the rights offer shares and/or the rights to subscribe for the rights offer shares in territories other than South Africa may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such territory. Neither this circular, nor any form of instruction, is to be regarded as an offer in any jurisdiction other than South Africa to the extent that any applicable legal requirement in such jurisdiction has not been complied or it is for any reason illegal to make such an offer in such jurisdiction. In those circumstances, this circular is sent for information purposes only. This circular and form of instruction should not be forwarded or transmitted by you to any person in any territory, other than where the rights offer made to such person in such territory is compliant with the applicable laws of that territory. It is the responsibility of any person outside South Africa (including, without limitation, nominees, agents and trustees for such persons) receiving this circular and wishing to take up rights under the rights offer, to satisfy itself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Shareholders outside of South Africa should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their entitlement. Shareholders holding Medi-Clinic shares on behalf of persons outside of South Africa are responsible for ensuring that taking up the rights offer, or trading in their entitlements under the rights offer, do not breach the laws or regulations of the relevant foreign jurisdictions.

If you have disposed of all of your Medi-Clinic shares, this circular and the form of instruction should be forwarded to the purchaser to whom, or the broker, CSDP, banker or agent through whom you disposed of such shares, except that this circular and form of instruction should not be forwarded or transmitted by you to any person in any territory other than South Africa unless the rights offer made to such person in such territory is compliant with the applicable laws of that territory.

Action required by holders of certificated shares

If you are a qualifying shareholder and hold certificated shares, a form of instruction for completion by such Medi-Clinic shareholders is enclosed with this circular and the relevant procedure for participation in the rights offer is set out below:

- a letter of allocation will be created in electronic form with the transfer secretaries to afford holders of certificated shares the same rights and opportunities as those who have already dematerialised their Medi-Clinic shares;
- if you are a holder of certificated shares and do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of or renounce all or part of your entitlement as follows:
 - if you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 30 July 2010. Note that the transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Medi-Clinic will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements. Please note that the last day to trade letters of allocation is Friday, 30 July 2010; and
 - if you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of instruction, attach a certified true copy of the renounee's identity document and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 6 August 2010, together with a cheque or bank draft for the appropriate amount.

If you are a qualifying shareholder holding certificated shares and wish to subscribe for all or part of your entitlement, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with the amount due in Rand, with the transfer secretaries as follows:

By hand to:

Medi-Clinic Corporation Limited – rights offer
c/o Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

By post to:

Medi-Clinic Corporation Limited – rights offer
c/o Computershare Investor Services (Proprietary) Limited
PO Box 61763
Marshalltown 2107

so as to be received by the transfer secretaries by no later than 12:00 on Friday, 6 August 2010.

Excess applications by holders of certificated Medi-Clinic shares:

- The right to apply for additional rights offer shares is transferable on renunciation of the letters of allocation.
- Applications for additional rights offer shares by holders of certificated Medi-Clinic shares may only be made by completing blocks (7), (8) and (9) of the attached form of instruction. If you are a holder of a letter of allocation and you take up your full entitlement and you wish to apply for additional rights offer shares you must complete the attached form of instruction in accordance with the instructions contained therein and remit sufficient funds to cover such applications in accordance with the above instruction.

If you are a qualifying shareholder holding certificated shares, after subscribing for any of the rights offer shares that you have been allocated, you will receive such shares in certificated form.

If the required documentation and payment have not been received in accordance with the instructions contained in the enclosed form of instruction, either from the qualifying shareholders or from any person in whose favour the rights have been renounced, by 12:00 on Friday, 6 August 2010, then the rights to those unsubscribed shares will be deemed to have been declined and the rights offer entitlement will lapse.

Action required by holders of dematerialised shares

If you are a qualifying shareholder and have dematerialised your Medi-Clinic shares, you will not receive a printed form of instruction and you should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

Your CSDP or broker will credit your account with the number of rights to which you are entitled and will contact you to ascertain:

- whether you wish to follow your rights in terms of the rights offer and, if so, in respect of how many rights offer shares; and
- if you do not follow all or any of your rights:
 - whether you wish to sell your rights and, if so, how many rights you wish to sell; or
 - whether you wish to renounce your rights and, if so, how many rights and in favour of whom you wish to renounce those rights.

CSDPs effect payment in respect of dematerialised shareholders on a delivery versus payment basis.

If you are a qualifying shareholder holding dematerialised shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker. If you are not contacted, you should contact your CSDP or broker and provide them with your instructions. If your CSDP or broker does not obtain instructions from you, they are obliged to act in terms of the mandate granted to them by you, or if the mandate is silent in this regard, not to subscribe for Medi-Clinic shares in terms of the rights offer.

Medi-Clinic does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.

Excess applications by holders of dematerialised Medi-Clinic shares:

- If you, as a holder of dematerialised Medi-Clinic shares, wish to apply for excess shares you should instruct your CSDP or broker, in terms of the agreement entered into between yourself and your CSDP or broker, as to the number of excess shares for which you wish to apply.
- The right to apply for additional rights offer shares is transferable on renunciation of the letters of allocation.

SALIENT DATES AND TIMES

Last day to trade in Medi-Clinic shares in order to participate in the rights offer (<i>cum</i> entitlement)	Friday, 9 July 2010
Medi-Clinic shares commence trading <i>ex</i> -entitlement at 09:00 on	Monday, 12 July 2010
Listing of and trading in the letters of allocation on the JSE commences at 09:00 on	Monday, 12 July 2010
Record date for the rights offer	Friday, 16 July 2010
Rights offer circular and form of instruction, where applicable, posted to Medi-Clinic shareholders	Monday, 19 July 2010
Rights offer opens at 09:00 on	Monday, 19 July 2010
Letters of allocation credited to an electronic account held at the transfer secretaries in respect of holders of certificated Medi-Clinic shares	Monday, 19 July 2010
CSDP or broker accounts credited with entitlements in respect of holders of dematerialised Medi-Clinic shares	Monday, 19 July 2010
Last day for trading letters of allocation on the JSE	Friday, 30 July 2010
Listing of rights offer shares and trading therein on the JSE commences at 09:00 on	Monday, 2 August 2010
Rights offer closes at 12:00 on	Friday, 6 August 2010
Payment to be made and form of instruction to be lodged with the transfer secretaries by holders of certificated Medi-Clinic shares	Friday, 6 August 2010
Record date for the letters of allocation	Friday, 6 August 2010
Rights offer shares issued on or about	Tuesday, 10 August 2010
CSDP or broker accounts in respect of holders of dematerialised Medi-Clinic shares debited with the payment due and updated with rights offer shares and share certificates posted to certificated shareholders by registered post on or about	Tuesday, 10 August 2010
Results of the rights offer announced on SENS	Tuesday, 10 August 2010
Results of the rights offer published in the press in South Africa	Wednesday, 11 August 2010
Issue of new rights offer shares for excess applications, if applicable	Thursday, 12 August 2010
Refund cheques posted to holders of certificated shares, if applicable, in respect of excess applications on or about	Thursday, 12 August 2010

Notes:

1. The definitions commencing on page 8 of this circular apply, *mutatis mutandis*, to these salient dates and times.
2. All times shown in this circular are South African local times.
3. Share certificates may not be dematerialised or rematerialised between Monday, 12 July 2010 and Friday, 16 July 2010, both days inclusive.

DEFINITIONS AND INTERPRETATIONS

Throughout this circular and the annexures hereto, unless the context indicates otherwise, the words in the column on the left below shall have the meaning stated opposite them in the column on the right below, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the other and words and expressions denoting natural persons include juristic persons and associations of persons:

“Articles”	the Articles of Association of the Company;
“the board” or “the directors”	the board of directors of Medi-Clinic as at the date of this circular;
“broker”	any person registered as a broking member (equities) in terms of the Rules of the JSE made in accordance with the provisions of the Securities Services Act;
“business day”	any day of the week, excluding Saturdays, Sundays and all official South African public holidays;
“certificated shareholders”	shareholders who hold certificated shares in Medi-Clinic;
“certificated shares”	Medi-Clinic shares which have not yet been dematerialised in terms of the requirements of Strate, title to which is represented by a share certificate or other documents of title;
“CIPRO”	the Companies and Intellectual Property Registration Office;
“this circular” or “this document”	this bound document, dated 19 July 2010 and incorporating a form of instruction, where applicable;
“Common Monetary Area”	collectively, South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“the Companies Act”	the South African Companies Act, 1973 (Act 61 of 1973), as amended;
“Computershare” or “the transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company incorporated in South Africa;
“CSDP”	Central Securities Depository Participant, being a “participant” as defined in section 1 of the Securities Services Act and appointed by individual shareholders for the purposes of, and in regard to, dematerialisation in terms of such act;
“dematerialised shareholders”	shareholders who hold dematerialised shares in Medi-Clinic;
“dematerialised shares”	Medi-Clinic shares which have been incorporated into the Strate system and which are no longer evidenced by a share certificate or other documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts, or any other documents of title to Medi-Clinic shares;
“EPS”	earnings attributable to each Medi-Clinic share, calculated by dividing the Company’s profit attributable to shareholders by the weighted average number of issued Medi-Clinic shares;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the South African Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“form of instruction”	a form of instruction in respect of the letter of allocation reflecting the rights of certificated shareholders and on which certificated shareholders are entitled to indicate whether they wish to take up, sell or renounce all or a portion of their rights, or apply for additional rights offer shares;
“HEPS”	earnings attributable to each Medi-Clinic share excluding profits or losses associated with the sale or termination of discontinued operations, fixed assets or related businesses, or from any permanent devaluation or write off of their values calculated by dividing the company’s adjusted profit by the weighted average number of issued shares;
“letters of undertaking”	the agreements, dated 21 June 2010, entered into between Medi-Clinic and each of Remgro and Trilantic, in terms of which Remgro and Trilantic agree to follow their rights pursuant to the rights offer;
“the JSE”	JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Securities Services Act;
“King II”	the King Report on Corporate Governance for South Africa 2002;
“King III”	the King Report on Corporate Governance for South Africa 2009;
“last practicable date”	21 June 2010, the last practicable date prior to the finalisation of this circular;
“letter of allocation”	a renounceable (nil paid) letter of allocation to be issued to Medi-Clinic shareholders in electronic form relating to the rights offer;

“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Medi-Clinic” or “the Company”	Medi-Clinic Corporation Limited (Registration number 1983/010725/06), a public company incorporated in accordance with the laws of South Africa, the entire issued share capital of which is listed on the JSE;
“Medi-Clinic Group” or “the Group”	Medi-Clinic and its subsidiaries;
“Medi-Clinic shareholders” or “shareholders”	registered holders of Medi-Clinic shares;
“Medi-Clinic shares” or “shares”	ordinary shares with a par value of R0.10 each in the authorised and issued share capital of the Company;
“NAV per share”	Medi-Clinic shareholders’ equity, as determined by deducting liabilities from assets, divided by the weighted average number of Medi-Clinic shares in issue;
“qualifying shareholder”	a registered holder of Medi-Clinic ordinary shares on the register of shareholders of Medi-Clinic as at 17:00 on the record date for the rights offer;
“Rand” or “R”	Rand, the lawful currency of South Africa;
“the ratio of entitlement”	the number of rights offer shares to which shareholders are entitled in terms of the rights offer, being 10 shares for every 100 Medi-Clinic shares held on the record date for the rights offer, and/or such proportionate lower number of shares in respect of a holding of less than 100 Medi-Clinic shares held on the record date for the rights offer as set out in Annexure 1;
“the record date for the rights offer”	the last day for shareholders to be recorded in the register in order to participate in the rights offer, being close of business on Friday, 16 July 2010;
“register”	means the register of certificated shareholders maintained by Medi-Clinic and the sub-register of dematerialised shareholders maintained by the relevant CSDPs in terms of sections 105 and 91A, respectively, of the Companies Act;
“Remgro”	Remgro Limited (Registration number 1968/006415/06), a public company incorporated in South Africa and listed on the JSE;
“rights”	the entitlement to subscribe for Medi-Clinic shares pursuant to the rights offer;
“the rights offer”	this rights offer of shares in Medi-Clinic at the rights offer share price in the ratio of 10 shares for every 100 Medi-Clinic shares held on the record date for the rights offer;
“rights offer share price”	the price per new Medi-Clinic share to be offered to Medi-Clinic shareholders in terms of the rights offer being 2300 cents per Medi-Clinic share;
“the rights offer shares”	the 59 301 395 Medi-Clinic shares, which are the subject of the rights offer;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa and a registered bank;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company incorporated in accordance with the laws of South Africa and a registered central securities depository in terms of the Securities Services Act and responsible for the electronic custody and settlement system used by the JSE;
“TNAV per share”	NAV per share excluding intangible assets;
“Trilantic”	International Hospital Network Partnership, a South African en commandite partnership acting through its general partner, International Hospitals Network (GP) Limited, a company governed by the laws of Guernsey (Registration number 48663);
“the underwriter”	Standard Bank;
“the underwriting agreement”	the agreement entered into between Medi-Clinic and the underwriter, dated 16 June 2010, in terms of which the underwriter agrees, subject to certain limitations, to subscribe for the rights offer shares that are not taken up by shareholders in terms of the rights offer up to an amount of R635.6 million, represented by 27 636 626 rights offer shares or 46.6% of the rights offer; and
“VAT”	Value-Added Tax.



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Private hospital group

MEDI-CLINIC CORPORATION LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1983/010725/06)
Share code: MDC ISIN: ZAE00074142
("Medi-Clinic" or "the Company")

CIRCULAR TO MEDI-CLINIC SHAREHOLDERS

1. INTRODUCTION

It was announced on SENS on 21 June 2010 and published in the press on 22 June 2010, that Medi-Clinic plans to raise equity capital by way of an underwritten rights offer for an amount of R1 364 million.

In terms of the rights offer, Medi-Clinic shareholders recorded in the register at the close of trade on Friday, 16 July 2010 will receive rights to subscribe for rights offer shares on the basis of 10 rights for every 100 Medi-Clinic shares held, for subscription at 2 300 cents per rights offer share. Only whole numbers of shares will be issued and Medi-Clinic shareholders will be entitled to rounded numbers of shares once the ratio has been applied. The JSE has agreed to the listing of the rights offer shares.

The rights offer share price represents a discount of 14.1% to the volume-weighted average price of Medi-Clinic shares on the JSE for the 10 days ended 18 June 2010.

Excess applications will be allowed. The right to apply for additional rights offer shares is transferable on renunciation.

The purpose of this circular is to furnish Medi-Clinic shareholders with relevant information relating to the rights offer, the action required and the implications thereof, in accordance with the Companies Act and the Listings Requirements.

2. RATIONALE FOR THE RIGHTS OFFER

The proceeds of the rights offer will be used to finance growth opportunities available in Switzerland. These growth opportunities present themselves through expansion projects where capacity constraints or specific market opportunities exist at a number of hospitals, in particular Klinik Hirslanden in Zürich, Klinik St. Anna in Luzerne, Clinique Bois-Cerf in Lausanne and other smaller projects which will enable the Company's Swiss operations to continue on its current growth path.

The abovementioned projects will deliver an additional 101 beds, which represent a 7.4% increase in the existing 1 365 operational beds of the Swiss operations. In addition to the new beds, a new radiology and radiotherapy centre will be built at Clinique Bois-Cerf. These projects are mostly long-term in nature which will individually take up to three years to complete and will only generate incremental cash flow subsequent to commissioning.

It is desirable that the projects be commenced expeditiously so as not to compromise the opportunity itself or the quality of service to which the doctors and patients of the Swiss hospitals are accustomed. Engaging these projects will place the Swiss operations on a new level for long-term growth and continued excellence in quality acute hospital care. The expansion projects will provide attractive returns in excess of the hurdle rate of the Swiss operations.

The board is of the considered opinion that it would be prudent, in the context of the above and current debt capital markets, to finance the expansion projects using equity capital.

3. PARTICULARS OF THE RIGHTS OFFER

3.1 Terms of the rights offer

Medi-Clinic hereby offers a total of 59 301 395 new Medi-Clinic shares, upon the terms and conditions set out in this circular, and insofar as certificated shareholders are concerned, also as set out in the form of instruction. The rights offer is made by way of renounceable rights, at a subscription price of 2 300 cents per rights offer share on the basis of 10 rights offer shares for every 100 Medi-Clinic shares held by shareholders at the close of trade on the record date for the rights offer.

Qualifying shareholders recorded in the register of Medi-Clinic at the close of business on Friday, 16 July 2010 will be entitled to participate in the rights offer.

The enclosed form of instruction contains details of the rights to which holders of certificated shares are entitled, as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights. Holders of dematerialised

shares will be advised of the rights to which they are entitled as well as the procedure for acceptance and/or sale and/or renunciation of all or part of those rights by their CSDP or broker in terms of the custody agreement entered into between the shareholder and his/her CSDP or broker, as the case may be.

Shareholders who wish to apply for rights offer shares in addition to those allocated to them in terms of the rights offer are referred to paragraph 3.11 of this circular which sets out the procedure to be followed in applying for additional rights offer shares, as provision has been made for excess applications in terms of the rights offer.

The subscription price is payable in full, in Rands, by qualifying shareholders holding certificated shares on acceptance of the rights offer. CSDPs will make payment, on a delivery versus payment basis, in respect of qualifying shareholders holding dematerialised shares who have accepted the rights offer. Qualifying shareholders holding dematerialised shares who have accepted the rights offer must ensure that the necessary funds are deposited with the relevant CSDP or broker, as the case may be.

There have been no securities offered as a preferential right to any other persons. The rights offer shares will, upon allotment and issue, rank *pari passu* with all other existing ordinary shares in all respects including voting rights and dividends.

The rights offer is partially underwritten as detailed in paragraph 3.6 of this circular.

3.2 Rights offer period

The rights offer will open at 09:00 on Monday, 19 July 2010 and will close at 12:00 on Friday, 6 August 2010.

3.3 Rights offer entitlement

The number of rights offer shares to which qualifying shareholders will be entitled is set out in the Table of Entitlement in Annexure 1 to this circular. The entitlement of each qualifying shareholder holding certificated shares is reflected in the appropriate block in the form of instruction, which is enclosed with this circular. If you are a qualifying shareholder and hold dematerialised shares, you will not receive a printed form of instruction. Qualifying shareholders holding dematerialised shares will have their accounts automatically credited with their entitlements in accordance with Annexure 1.

3.4 Fractional entitlement

The whole number of rights to subscribe for rights offer shares to which shareholders will become entitled will be determined by the ratio of entitlement. Only whole numbers of shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Medi-Clinic shares once the ratio of entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and fractional entitlements of less than 0.5 will be rounded down.

3.5 Holdings of odd lots in multiples other than 100 shares

Shareholders holding less than 100 Medi-Clinic shares, or not a whole multiple of 100 Medi-Clinic shares, will be entitled, in respect of such holdings, to participate in the rights offer in accordance with the Table of Entitlement in Annexure 1 to this circular.

3.6 Shareholder commitments and underwriting

Remgro and Trilantic, collectively holding, directly or indirectly, 53.4% of Medi-Clinic's ordinary shares have provided letters of undertaking to follow all of their rights in terms of the rights offer, represented by 31 664 769 rights offer shares or approximately R728.3 million.

Details of the shareholder commitments are set out below.

Shareholder	Number of ordinary shares	Number of rights offer shares	% of rights offer shares	Amount (Rand million)
Remgro	257 346 286	25 734 629	43.4%	591.9
Trilantic	59 301 395	5 930 140	10.0%	136.4
Total	316 647 681	31 664 769	53.4%	728.3

In terms of the letters of undertaking, a commitment fee equal to 1.0% of the committed amount, being R7.3 million in aggregate, is payable by Medi-Clinic to Remgro and Trilantic in consideration for such undertakings.

Standard Bank has agreed to underwrite the balance of the rights offer up to an amount of approximately R635.6 million, represented by 27 636 626 rights offer shares.

In terms of the underwriting agreement, an underwriting fee equal to 2.75% of the underwritten amount, being R17.5 million (excluding VAT), is payable by the Company to the underwriter. The underwriting fee is, in the opinion of the board, not greater than the current market rate charged by independent underwriters. In terms of the underwriting agreement, the underwriting fee is only payable upon fulfilment of the underwriting commitments by the underwriter.

The directors have made due and careful enquiry to confirm that the underwriter is able to meet its commitments in terms of the rights offer.

Further particulars of the underwriter are set out in Annexure 2 to this circular.

3.7 Minimum subscription

The underwriting agreement and letters of undertaking, as discussed in paragraph 3.6 above, together are intended to ensure that the rights offer will be fully subscribed. The rights offer is therefore not conditional on a minimum subscription.

3.8 Shareholder spread

The number of rights offer shares offered to non-public and public shareholders is illustrated below.

	Medi-Clinic shares held	Rights offer shares offered	Rights Offer (%)
Non-public shareholders	401 282 392	40 128 240	67.67%
Remgro	257 346 286	25 734 629	43.40%
Trilantic	59 301 395	5 930 140	10.00%
Directors and associates	4 912 851	491 285	0.83%
Black economic empowerment shareholders	77 583 802	7 758 380	13.08%
Own holdings (treasury shares)	2 138 058	213 806	0.36%
Public shareholders	191 731 554	19 173 155	32.33%
Total	593 013 946	59 301 395	100.00%

3.9 Procedures for acceptance of rights offer entitlement

3.9.1 If you are a qualifying shareholder holding certificated Medi-Clinic shares and/or have had rights renounced in your favour, and wish to subscribe for all or part of your entitlement in terms of the enclosed form of instruction, you must complete the enclosed form of instruction in accordance with the instructions contained therein and lodge it, together with payment of the subscription price, with the transfer secretaries at the addresses set out in paragraph 3.12.1.2 of this circular, so as to be received by the transfer secretaries by no later than 12:00 on Friday, 6 August 2010. Once received by the transfer secretaries, the acceptance is irrevocable and may not be withdrawn.

If payment is not received on or before 12:00 on Friday, 6 August 2010, the day of the closing of the rights offer, the qualifying shareholder or renounee concerned will be deemed to have declined the offer to acquire rights offer shares pursuant to the rights offer.

Qualifying shareholders holding certificated shares are advised to take into consideration postal delivery times when posting their forms of instruction, as no late postal deliveries will be accepted. Qualifying shareholders are advised to deliver their completed forms of instruction together with their cheques or bankers' drafts by hand or by courier, where possible.

3.9.2 If you are a qualifying shareholder and have dematerialised your Medi-Clinic shares you will not receive a printed form of instruction. You should receive notification from your CSDP or broker regarding the rights to which you are entitled in terms of the rights offer.

If you are a qualifying shareholder holding dematerialised Medi-Clinic shares and wish to follow your rights in respect of the rights offer, you are required to notify your duly appointed CSDP or broker of your acceptance of the rights offer in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

Medi-Clinic does not take responsibility and will not be held liable for any failure on the part of any CSDP or broker to notify you of the rights offer and/or to obtain instructions from you to subscribe for the rights offer shares and/or to sell the rights allocated.

3.10 Procedures for sale or renunciation of rights offer entitlement

3.10.1 If you are a qualifying shareholder holding certificated Medi-Clinic shares and do not wish to subscribe for all of the rights allocated to you as reflected in the form of instruction, you may either dispose of or renounce all or part of your entitlement as follows:

- If you wish to sell all or part of your entitlement, you must complete Form A in the enclosed form of instruction and return it to the transfer secretaries to be received by no later than 12:00 on Friday, 30 July 2010. The transfer secretaries will endeavour to procure the sale of rights on the JSE on your behalf and to remit the net proceeds thereof in accordance with your instructions. In this regard, neither the transfer secretaries nor Medi-Clinic will have any obligation or be responsible for any loss or damage whatsoever in relation to or arising from the timing of such sales, the price obtained, or the failure to dispose of such entitlements; and
- If you wish to renounce your entitlement in favour of any named renounee, you must complete Form B in the enclosed form of instruction, and the renounee must complete Form C in the enclosed form of

instruction, attach a certified true copy of the renouncee's identity document and return it to the transfer secretaries, to be received by no later than 12:00 on Friday, 6 August 2010, together with a bank-guaranteed cheque or bank draft for the appropriate amount.

- 3.10.2 If you are a qualifying shareholder holding dematerialised Medi-Clinic shares and wish to sell or renounce some or all of the rights allocated to you as a holder of dematerialised shares, you should make the necessary arrangements with your CSDP or broker in the manner and time stipulated in the custody agreement governing the relationship between yourself and your CSDP or broker.

3.11 Excess applications

All rights offer shares not taken up in terms of the rights offer will be available for allocation to holders of letters of allocation who wish to apply for a greater number of rights offer shares than those offered to them in terms of the rights offer. Accordingly, in addition to the rights offer shares allocated to you in terms of the rights offer, as a holder of a letter of allocation you may also apply for additional rights offer shares in excess of the rights offer shares allocated to you in terms of the rights offer on the same terms and conditions. The right to apply for additional rights offer shares is transferable on renunciation of the letters of allocation.

3.11.1 Excess applications by holders of certificated shares

If you, as a holder of certificated shares, wish to apply for rights offer shares in addition to those allocated to you, you must complete the attached form of instruction in accordance with the instructions contained therein and remit sufficient funds to cover such applications in accordance with paragraph 3.12.1.2 below.

3.11.2 Excess applications by holders of dematerialised shares

If you, as a holder of dematerialised shares, wish to apply for excess rights offer shares you should instruct your CSDP or broker, in terms of the custody agreement entered into between yourself and your CSDP or broker, as to the number of excess rights offer shares for which you wish to apply.

3.11.3 Allocation of available rights offer shares

The pool of rights offer shares available to meet excess applications will be dealt with as set out below:

- if all the rights offer shares are taken up in the rights offer no additional rights offer shares will be made available for allocation to applicants; or
- if the rights offer shares taken up in the rights offer and the excess applications together are less than or equal to 100% of the number of rights offer shares available, the directors of Medi-Clinic will allocate any or all excess applications in an equitable manner; or
- if the rights offer shares taken up in the rights offer and the excess applications together exceed 100% of the number of rights offer shares available, the pool of the excess rights offer shares will be allocated equitably, taking cognisance of the number of Medi-Clinic shares held by each applicant just prior to such allocation (the record date for the rights offer), including those taken up as a result of the rights offer and the number of excess applications applied for by such applicant. Rights offer shares in respect of excess applications will be issued on Thursday, 12 August 2010.

An announcement will be released on SENS on Tuesday, 10 August 2010 and published in the press on the following business day, stating the results of the rights offer and the basis of allocation of any additional rights offer shares for which application is made.

Non equitable allocations of excess shares will only be allowed in instances where they are used to round holdings up to the nearest multiple of 100 shares.

Cheques and/or refunding of monies in respect of unsuccessful applications for additional rights offer shares by certificated shareholders will be posted to the relevant applicants, at their risk, on or about Thursday, 12 August 2010. No interest will be paid on monies received in respect of unsuccessful applications.

3.12 Payment

3.12.1 Payment by holders of certificated shares

3.12.1.1 The amount due on acceptance of the rights offer is payable in Rand.

3.12.1.2 A bankers' draft drawn on a registered bank or a bank-guaranteed cheque drawn on a South African bank, each of which should be crossed and marked "not transferable" and, in the case of a cheque, with the words "or bearer" deleted, in favour of "**Medi-Clinic Corporation Limited – rights offer**" in respect of the amount due and, together with a properly completed form of instruction, should be clearly marked "**Medi-Clinic Corporation Limited – rights offer**" and delivered by hand to:

Medi-Clinic Corporation Limited – rights offer
c/o Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

so as to be received by no later than 12:00 on Friday, 6 August 2010, or may be posted, at the risk of the shareholder or his renounee, to:

Medi-Clinic Corporation Limited – rights offer
c/o Computershare Investor Services (Proprietary) Limited
PO Box 61763
Marshalltown 2107

so as to be received by no later than 12:00 on Friday, 6 August 2010.

- 3.12.1.3 All bank-guaranteed cheques or bankers' drafts received by the transfer secretaries will be deposited immediately for payment. The payment will constitute an irrevocable acceptance by the shareholder or renounee of the rights offer upon the terms and conditions set out in this circular and in the enclosed form of instruction. In the event that any cheque or bankers' draft is dishonoured, Medi-Clinic, in its sole discretion, may treat the relevant acceptance as void or may tender delivery of the relevant rights offer shares to which it relates against payment in cash of the issue price for such shares.

Money received in respect of an application that is rejected or otherwise treated as void by Medi-Clinic, or which is otherwise not validly received in accordance with the terms stipulated, will be posted by registered post by way of a cheque drawn, without interest, in Rand to the applicant concerned, at the applicant's risk, on or about Tuesday, 10 August 2010. If the applicant concerned is not a shareholder and gives no address in the attached form of instruction, then the relevant refund will be held by Medi-Clinic until collected by the applicant and no interest will accrue to the applicant in respect thereof.

3.12.2 Payment by holders of dematerialised shares

- 3.12.2.1 The amount due on acceptance of the rights offer is payable in Rand.

- 3.12.2.2 Payment by holders of dematerialised Medi-Clinic shares will be effected on the shareholder's behalf by the CSDP or broker. The CSDP or broker will effect payment on a delivery versus payment basis.

3.13 Exchange Control Regulations

The following summary is intended only as a guide and is, therefore, not comprehensive. If shareholders are in any doubt as to the appropriate course of action they are advised to consult their professional adviser.

Pursuant to the Exchange Control Regulations of South Africa and upon specific approval of the South African Reserve Bank, non-residents, excluding former residents, of the Common Monetary Area will be allowed to:

- take up rights allocated to them in terms of the rights offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE provided payment is received either through normal banking channels from abroad or from a non-resident account.

All applications by non-residents for the above purposes must be made through an authorised dealer in foreign exchange. Electronic statements issued in terms of Strate and any share certificates issued pursuant to such applications will be endorsed "non-resident".

Where a right in terms of the rights offer becomes due to a former resident of the Common Monetary Area, which right is based on shares blocked in terms of the Exchange Control Regulations of South Africa, then only emigrant blocked funds may be used to:

- take up the rights allocated to them in terms of the offer;
- purchase letters of allocation on the JSE; and
- subscribe for the rights offer shares arising in respect of the letters of allocation purchased on the JSE.

All applications by emigrants using blocked funds for the above purposes must be made through the authorised dealer in South Africa controlling their blocked assets. Share certificates issued to such emigrants will be endorsed "non-resident" and placed under the control of the authorised dealer in foreign exchange through whom the payment was made. The proceeds due to emigrants from the sale of the letters of allocation, if applicable, will be returned to the authorised dealer in foreign exchange for credit to such emigrants' blocked accounts. Electronic statements issued in terms of Strate and any rights offer share certificates issued pursuant to blocked Rand transactions will be endorsed "non-resident" and placed under the control of the authorised dealer through whom the payment was made. The proceeds arising from the sale of letters of allocation or arising from the sale of blocked shares will be credited to the blocked accounts of the emigrants concerned.

Any qualifying shareholder resident outside the Common Monetary Area who receives this circular and form of instruction should obtain advice as to whether any governmental and/or other legal consent is required and/or any other formality must be observed to enable a subscription to be made in terms of such form of instruction.

New share certificates issued pursuant to the rights offer to an emigrant will be endorsed “non-resident” and forwarded to the address of the relevant authorised dealer controlling such emigrant’s blocked assets for control in terms of the Exchange Control Regulations of South Africa. Where the emigrant’s shares are in dematerialised form with a CSDP or broker, the electronic statement issued in terms of Strate will be despatched by the CSDP or broker to the address of the emigrant in the records of the CSDP or broker.

The shares issued in terms of the rights offer and the rights offer documentation will not be registered with any authority in any jurisdiction other than South Africa. The distribution of this circular, the rights offer, the form of instruction and the transfer of the rights offer shares and/or the rights to subscribe for the rights offer shares in territories other than South Africa may be restricted by law and failure to comply with any of those restrictions may constitute a violation of the laws of any such territory. Neither this circular, nor any form of instruction, is to be regarded as an offer in any jurisdiction other than South Africa to the extent that any applicable legal requirement in such jurisdiction has not been complied or it is for any reason illegal to make such an offer in such jurisdiction. In those circumstances, this circular is sent for information purposes only. This circular and form of instruction should not be forwarded or transmitted by you to any person in any territory, other than where the rights offer made to such person in such territory is compliant with the applicable laws of that territory. It is the responsibility of any person outside South Africa (including, without limitation, nominees, agents and trustees for such persons) receiving this circular and wishing to take up rights under the rights offer, to satisfy itself as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Shareholders outside of South Africa should consult their professional advisers to determine whether any governmental or other consents are required or other formalities need to be observed to allow them to take up the rights offer, or trade their entitlement. Shareholders holding Medi-Clinic shares on behalf of persons outside of South Africa are responsible for ensuring that taking up the rights offer, or trading in their entitlements under the rights offer, do not breach the laws or regulations of the relevant foreign jurisdictions.

3.14 South African law

All transactions arising from the provisions of this circular and the accompanying form of instruction will be governed by and be subject to the laws of South Africa.

3.15 Tax consequences

Medi-Clinic shareholders are advised to consult their tax and financial advisers regarding any taxation implications pertaining to them regarding the exercise of their rights and the disposal of letters of allocation in terms of the rights offer.

3.16 JSE listings

The Issuer Services Division of the JSE has approved the listings of:

- the letters of allocation in respect of all of the 59 301 395 rights offer shares with effect from the commencement of trade on Monday, 12 July 2010 to the close of trade on Friday, 30 July 2010, both days inclusive under the share code: MDCN and ISIN: ZAE000147484; and
- 59 301 395 rights offer shares with effect from the commencement of trade on Monday, 2 August 2010.

3.17 Documents of title

New share certificates to be issued to qualifying shareholders holding certificated shares in respect of those rights offer shares to which they were entitled and for which they have subscribed, will be posted to persons entitled thereto, by registered post, at the risk of the shareholders concerned, on or about, Tuesday, 10 August 2010.

Qualifying shareholders holding certificated shares and receiving the rights offer shares must note that such certificated shares are not good for delivery in respect of trades concluded on the JSE until they have been dematerialised.

Qualifying shareholders holding dematerialised Medi-Clinic shares who have applied for, and have been allotted, Medi-Clinic shares under the rights offer will have their accounts at their CSDP or broker credited with the rights offer shares to which they are entitled and in respect of which they have accepted the rights offer, on Tuesday, 10 August 2010.

3.18 Registration of documents

The following documents, in English, have been lodged with and registered by the Registrar of Companies at CIPRO in terms of section 146A of the Companies Act for purposes of implementing the rights offer:

- a copy of the form of instruction with respect to the letters of allocation enclosed with this circular;
- a signed copy of this circular;
- powers of attorney signed by each of the directors of Medi-Clinic;
- a copy of the underwriting agreement and the sworn declarations in terms of section 153(2) of the Companies Act;
- copies of the letters of undertaking;
- a signed copy of the reporting accountant’s report on the *pro forma* financial information of Medi-Clinic;
- the audited financial information of Medi-Clinic for the financial year ending 31 March 2010;
- the letters of consent from the investment bank and transaction sponsor, sponsor, independent reporting accountants, legal advisers, transfer secretaries and underwriter to act in their respective capacities and to their names being stated in this circular;
- a copy of the application for listing of the rights offer shares and the letters of allocation to be issued pursuant to the rights offer; and
- a copy of the letter from the JSE agreeing to the listing of the rights offer shares and the letters of allocation.

4. ESTIMATED EXPENSES IN RELATION TO THE RIGHTS OFFER

It is estimated that Medi-Clinic's expenses (including VAT) relating to the rights offer will amount to approximately R34.1 million. These expenses will be paid from the proceeds of the rights offer. The expenses (including VAT) relating to the rights offer are detailed below.

Nature of expense	Paid/payable to	R'000
JSE documentation inspection fee	JSE	21
Independent sponsor	Barnard Jacobs Mellet	57
Independent reporting accountants	PricewaterhouseCoopers	97
Transfer secretaries	Computershare Investor Services	119
Legal adviser to Medi-Clinic	Cliffe Dekker Hofmeyr	171
Legal adviser to the underwriter	Bowman Gilfillan	171
JSE listing fee	JSE	309
Printing, publication and distribution	Greymatter & Finch	347
Investment bank and transaction sponsor	Standard Bank	4 560
Commitment fees	Remgro; Trilantic	8 303
Underwriting fee	Standard Bank	19 927
Total		34 081

5. PRO FORMA FINANCIAL INFORMATION

The unaudited *pro forma* statement of financial position at 31 March 2010 and income statement for the year ended 31 March 2010 are set out in Annexure 3 to this circular.

The unaudited *pro forma* financial effects set out below are the responsibility of the board and have been prepared to assist Medi-Clinic shareholders to assess the impact of the rights offer on the EPS, HEPS, NAV per share and TNAV per share of Medi-Clinic. The unaudited *pro forma* financial information is based on the audited results of Medi-Clinic for the financial year ended 31 March 2010. Due to the nature of these *pro forma* financial effects, they are presented for illustrative purposes only and may not fairly present the Group's financial position or the results of its operations after the rights offer.

The unaudited *pro forma* financial effects have been prepared in accordance with the Listings Requirements and the Guide on *Pro Forma* Financial Information issued by The South African Institute of Chartered Accountants. The material assumptions on which the *pro forma* financial effects are based are set out in the notes following the table. The unaudited *pro forma* financial effects set out below should be read in conjunction with the report of the independent reporting accountants, which is included as Annexure 4 to this circular.

Unaudited *pro forma* financial effects for the year ended 31 March 2010

	Before the rights offer ¹	<i>Pro forma</i> adjustments	After the rights offer	Percentage change
EPS (cents)	188.4	(17.7) ²	170.7	(9.4%)
Diluted EPS (cents)	179.0	(16.1)	162.9	(9.0%)
HEPS (cents)	183.1	(17.2) ²	165.9	(9.4%)
Diluted HEPS (cents)	173.9	(15.6)	158.3	(9.0%)
NAV per share (cents)	1 181.4	101.2 ³	1 282.6	8.6%
TNAV per share (cents)	250.0	189.9 ³	439.9	76.0%
Medi-Clinic shares in issue after deducting treasury shares (million)	562.9	59.3	622.2	10.5%
Weighted average number of Medi-Clinic shares in issue (million)	561.6	59.3	620.9	10.6%

Notes and assumptions:

- The financial information has been extracted without adjustment from the published audited financial statements of Medi-Clinic for the year ended 31 March 2010.
- The *pro forma* adjustments to the income statement have been calculated on the assumption that the proceeds from the rights offer were received on 1 April 2009.
- The *pro forma* adjustments to the statement of financial position have been calculated on the assumption that the proceeds from the rights offer were received on 31 March 2010.
- A share issue price of 2 300 cents per share has been used for the *pro forma* adjustments with 59 301 395 shares being issued for a total quantum of R1 330 million, after deducting expenses.
- Estimated expenses of R34.1 million, relating to the rights offer, have been taken into account in determining the financial effects.
- Net proceeds are assumed to have been invested for one year in short-term deposits at an annual interest rate of 0.125% in Switzerland.
- A Swiss tax rate of 20.45% has been used on the interest impact.
- The total dividend per share remains the same.

6. INFORMATION ON MEDI-CLINIC

6.1 Incorporation

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

6.2 Background information and nature of business

Medi-Clinic is a South African-based international private hospital group with three operating divisions in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates.

Medi-Clinic was founded 27 years ago in 1983 when the Group's chairman, Dr Edwin Hertzog, was commissioned by the then Rembrandt Group (currently Remgro) to undertake a feasibility study on private hospitals. Three years later Medi-Clinic, boasting four hospitals with 691 beds in commission and three hospitals with 688 beds under construction, listed on the JSE. The Group has steadily expanded throughout Southern Africa and internationally. Today Medi-Clinic Southern Africa, the Group's Southern African operations, operates 49 hospitals throughout South Africa and 3 in Namibia with more than 7 000 beds in total. Hirslanden, the Group's Swiss operations, currently operates 13 private acute care facilities in Switzerland with 1 365 beds. Following the commissioning of the first hospital in the Dubai Healthcare City, The City Hospital during 2008, Emirates Healthcare, the Group's operations in the United Arab Emirates, currently operates 2 hospitals with 336 beds and 4 clinics in Dubai.

Medi-Clinic's core purpose is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services. The Company aspires to be regarded as the most respected and trusted provider of hospital services by patients, doctors and funders of healthcare. Medi-Clinic provides patients with cost-effective healthcare by offering a wide range of specialised services, ensuring that medical practitioners are provided with the best possible infrastructure in the form of custom-designed facilities and state-of-the-art equipment, delivering excellent nursing care focusing on the needs and satisfaction levels of our patients and by employing motivated, dedicated and loyal staff.

Through a continuous process of expansion, upgrading and training, the Company is constantly improving standards and equipping personnel with the skills and facilities to support the doctors and to ensure the peace of mind of the patients.

Medi-Clinic's management approach is to run hospitals on a decentralised basis. The head office of each of the three operational platforms is responsible for co-ordination, planning and providing specialised services, such as information technology, data warehousing, marketing, purchasing, technical services and financial services to the hospitals.

6.3 Prospects

The Medi-Clinic Group is uniquely positioned across three diverse global operating platforms. It continues to focus on its core business of acute care, specialist-orientated hospital services to fulfil its vision of being regarded as the most trusted and respected provider of such services by patients, doctors and funders of healthcare. The Group is consolidating its collective intellectual capital and strengths, with the goal to establish a global hospital group where verifiable cost-effective quality care will distinguish it from its competitors.

Significant resources continue to be invested across the Group's three operating platforms.

Regulatory issues are part and parcel of the healthcare environment. The Group, particularly in Switzerland and Southern Africa, is constantly monitoring the regulatory environment with a view to proactively playing a role in decision making or adjusting to a potential new environment. Health policy monitoring units exist at the platforms with this purpose in mind.

So far the Group has weathered the global recession quite well. Although it seems that the worst is over, it still remains to be seen how the economic recovery will play out. Without the benefit of clear foresight, the Group continues to be optimistic about its operational prospects for the next year.

7. INFORMATION ON DIRECTORS AND SENIOR MANAGEMENT

7.1 Directors

The full names, functions, date of appointment, ages, nationalities, business addresses, qualifications and experience of the directors are set out in Annexure 5 to this circular.

7.2 Directors of major subsidiaries and senior management

The full names, functions, date of appointment, ages, nationalities, business addresses, qualifications and experience of the directors of major subsidiaries of the Company are set out in Annexure 5 to this circular.

7.3 Directors' interests in shares

The interests of the directors, including any director who resigned during the last 18 months, in Medi-Clinic shares at the financial year end being 31 March 2010, are set out below:

	Direct beneficial	Indirect beneficial	Held by associates	% of issued shares
E de la H Hertzog**	-	3 386 183	349 821	0.63%
LJ Alberts** (retired 31 March 2010)	369 904	32 330	34 416	0.07%
JC Cohen	-	-	-	0.00%
MK Makaba	-	-	-	0.00%
ZP Manase	-	-	-	0.00%
AR Martin*	-	2 880	-	0.00%
DP Meintjes**	107 022	-	-	0.02%
KHS Pretorius**	109 252	-	-	0.02%
AA Raath	-	-	-	0.00%
MA Ramphele	-	-	-	0.00%
DK Smith	-	-	-	0.00%
JG Swiegers**	82 023	284 720	20 159	0.07%
CM van den Heever	-	-	-	0.00%
WL van der Merwe	957	-	-	0.00%
MH Visser	-	-	-	0.00%
TO Wiesinger	-	-	-	0.00%
Total	669 158	3 706 113	404 396	0.81%

* Mr Alwyn Martin sold the 2 880 Medi-Clinic shares held by him in an indirect beneficial capacity on 12 April 2010 and subsequently re-acquired these shares on 29 April 2010.

** The following directors acquired Medi-Clinic shares in terms of the Medi-Clinic Management Incentive Scheme on 27 May 2010.

	Direct beneficial	Indirect beneficial
E de la H Hertzog		31 677
LJ Alberts (retired 31 March 2010)	44 820	
DP Meintjes	18 998	
KHS Pretorius	13 353	
JG Swiegers		24 336
Total	77 171	56 013

There were no other movements in direct and indirect beneficial holdings of directors between 31 March 2010 and the last practicable date.

7.4 Directors' interests in transactions

None of the directors, including any director who resigned during the last 18 months, had any interest, direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole, and which was effected by the company during the current or immediately preceding financial year.

7.5 Directors' remuneration

There will be no variation in remuneration receivable by any of the directors in consequence of the rights offer.

7.6 Authorised and issued share capital

The authorised and issued share capital of Medi-Clinic, at the last practicable date and after giving effect to the rights offer, is set out below:

	Rand million
Before the issue of shares in relation to the rights offer	
<i>Authorised share capital</i>	
1 000 000 000 ordinary shares of R0.1 each	100
<i>Issued share capital</i>	
593 013 946 ordinary shares of R0.1 each	59
<i>Share premium</i>	4 741
<i>Treasury shares</i>	
30 144 990 ordinary shares of R0.1 each	(311)
Total	4 489
After the issue of shares in relation to the rights offer	
<i>Authorised share capital</i>	
1 000 000 000 ordinary shares of R0.1 each	100
<i>Issued share capital</i>	
652 315 341 ordinary shares of R0.1 each	65
<i>Share premium</i>	6 065
<i>Treasury shares</i>	
30 144 990 ordinary shares of R0.1 each	(311)
Total	5 819

There are no other classes of securities listed and no securities of the Company are listed on any stock exchanges, other than the JSE.

7.7 Share price history

A table setting out the price history of Medi-Clinic shares on the JSE has been included in Annexure 7 to this circular.

8. CORPORATE GOVERNANCE

Medi-Clinic is committed to maintaining strict principles of good corporate governance and the highest standards of integrity and ethics. The board accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, ethics, equity, social responsibility, accountability, cooperation and transparency. The board is satisfied that the Company meets the requirements of the Companies Act, the JSE Listings Requirements and the majority of the principles contained in both King II and King III.

Annexure 6 to this circular contains further information on Medi-Clinic's corporate governance.

9. LITIGATION STATEMENT

Medi-Clinic Group is not, and has not in the 12 months preceding the date of the publication of the annual financial results for the year ended 31 March 2010, 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 Group.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Medi-Clinic, whose names are given on page 3 of this document 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 circular contains all information required by law and the Listings Requirements.

11. CONSENTS

Each of the advisers, including the reporting accountants, whose names appear in the "Corporate Information and Advisers" section of this circular have consented and have not, prior to the last practicable date, withdrawn their written consent to the inclusion of their names and, where applicable, reports in the form and context in which they appear in this circular.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered offices of Medi-Clinic and Standard Bank during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this circular up to and including Friday, 6 August 2010:

- the Memorandum and Articles of Medi-Clinic and each of its major operating subsidiaries;
- the annual financial statements of Medi-Clinic for the three financial years ended 31 March 2010;
- a copy of the standard executive directors' service agreements;
- the *pro forma* income statement and statement of financial position of Medi-Clinic;
- the signed independent reporting accountant's report on the *pro forma* financial information of Medi-Clinic;
- the underwriting agreements;
- the letters of undertaking;
- written consents of the investment bank and transaction sponsor, sponsor, independent reporting accountants, legal advisers, transfer secretaries and underwriter to the inclusion of their names in this circular in the context and form in which they appear; and
- a signed copy of this circular and the form of instruction.

Signed at Stellenbosch by or on behalf of all the directors of Medi-Clinic on 28 June 2010, in terms of powers of attorney granted by the directors of Medi-Clinic.

Executive directors

Edwin de la Harpe Hertzog
Daniël Petrus Meintjes
Koert Hendrik Stefanus Pretorius
Johannes Gerhardus Swiegers
Thorsten Ole Wiesinger

Non-executive directors

Joseph Charles Cohen
Mpumela Kayaletu Makaba
Zodwa Penelope Manase
Alwyn Reginald Martin
Albert Anton Raath
Mamphela Aletta Ramphela
Desmond Kent Smith
Christiaan Mauritz van den Heever
Wynand Louw van der Merwe
Matthys Hendrik Visser

Edwin de la Harpe Hertzog
Executive Chairman

TABLE OF ENTITLEMENT

Medi-Clinic shareholders will be entitled to 10 rights offer shares for every 100 Medi-Clinic shares held. Shareholders holding less than 100 Medi-Clinic shares, or not a whole multiple of 100 Medi-Clinic shares, will be entitled, in respect of such holdings, to participate in the rights offer in accordance with the Table of Entitlement set out below. Shareholders' entitlements will be rounded up or down, as appropriate with fractions of 0.5 and greater being rounded up and fractions of less than 0.5 being rounded down, with only whole numbers of rights offer shares to be issued, in accordance with the Listings Requirements.

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

INFORMATION ON THE UNDERWRITER

The proposed rights offer is underwritten by Standard Bank. Details pertaining to the underwriter as required by the Listings Requirements are set out below:

Directors:

Executive directors:

SK Tshabalala (Chief Executive)

JH Maree

SP Ridley

Non executive directors:

TMF Phaswana (Chairman)

DDB Band

RMW Dunne (British)

TS Gcabashe

SE Jonah KBE (Ghanaian)

Sir P Judge (British)

KP Kalyan

SJ Macozoma

RP Menell

Adv KD Moroka

AC Nissen

MC Ramaphosa

MJD Ruck

Lord Smith of Kelvin, Kt (British)

EM Woods

Company secretary:

Loren Wulfsohn

Date and place of incorporation:

13 March 1962 (Pretoria, South Africa)

Registration number:

1962/000738/06

Registered office:

Standard Bank Centre, No 5 Simmonds Street, Johannesburg 2001

Auditors:

KPMG

PricewaterhouseCoopers

Bankers:

The Standard Bank of South Africa Limited

Authorised share capital:

80 000 000 ordinary shares or R1.00 each

1 000 000 000 non-redeemable, non-cumulative, non-participating preference shares
of R0.01 each

Issued share capital:

59 997 121 ordinary shares of R1.00 each

UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT OF MEDI-CLINIC

The unaudited *pro forma* financial information set out below has been prepared to assist Medi-Clinic shareholders to assess the impact of the rights offer on the financial position and results of Medi-Clinic, based on the audited results of Medi-Clinic for the financial year ended 31 March 2010, the statement of financial position at that date and Medi-Clinic's normal accounting policies. No adjustments have been made to the *pro forma* financial information other than in respect of the corporate action contemplated in this circular.

Due to its nature, this *pro forma* financial information may not fairly present Medi-Clinic's financial position after the rights offer, nor its future earnings.

The *pro forma* financial information and effects are the responsibility of the board and are provided for illustrative purposes only.

The *pro forma* financial information as set out below should be read in conjunction with the report of the independent reporting accountant which is included as Annexure 4 to this circular.

UNAUDITED *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF THE MEDI-CLINIC GROUP

The unaudited *pro forma* statement of financial position of the Medi-Clinic Group as at 31 March 2010 has been prepared on the assumption that the rights offer was effected on 31 March 2010.

	Before the rights offer ¹ R'm	<i>Pro forma</i> adjustments R'm	After the rights offer R'm
ASSETS			
Non-current assets	33 535	–	33 535
Property, equipment and vehicles	28 046	–	28 046
Intangible assets	5 243	–	5 243
Investments - unlisted	26	–	26
Deferred taxation	220	–	220
Current assets	4 829	1 330	6 159
Inventories	481	–	481
Trade and other receivables	3 211	–	3,211
Cash and cash equivalents	1 120	1 330 ²	2 450
Current income tax assets	17	–	17
Total assets	38 364	1 330	39 694
EQUITY			
Capital and reserves			
Share capital and premium	4 800	1 330 ²	6 130
Treasury shares	(311)	–	(311)
Reserves	2 161	–	2 161
Shareholders' funds	6 650	1 330	7 980
Minority interest	966	–	966
Total equity	7 616	1 330	8 946
LIABILITIES			
Non-current liabilities	27 898	–	27 898
Borrowings	20 667	–	20 667
Deferred income tax liabilities	4 399	–	4 399
Retirement benefit obligations	346	–	346
Provisions	155	–	155
Derivative financial instruments	2 331	–	2 331
Current liabilities	2 850	–	2 850
Trade and other payables	2 367	–	2 367
Borrowings	398	–	398
Provisions	30	–	30
Current income tax liabilities	55	–	55
Total liabilities	30 748	–	30 748
Total equity and liabilities	38 364	1 330	39 694
NAV per share	1 181.4	101.2	1 282.6
TNAV per share	250.0	189.9	439.9
Ordinary shares in issue, after deducting treasury shares (millions)	562.9	59.3	622.2

Notes and assumptions:

- The financial information has been extracted without adjustment from the published audited financial statements of Medi-Clinic for the year ended 31 March 2010.
- The *pro forma* adjustments to the statement of financial position have been calculated on the assumption that the proceeds from the rights offer were received on 31 March 2010.
- A share issue price of 2 300 cents per share has been used for the *pro forma* adjustments with 59 301 395 shares being issued for a total quantum of R1 330 million, after deducting expenses.
- Estimated expenses of R34.1 million, relating to the rights offer, have been taken into account in determining the financial effects.

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

The unaudited *pro forma* income statement of the Medi-Clinic Group for the year ended 31 March 2010 has been prepared on the assumption that the rights offer was effected on 1 April 2009.

	Before the rights offer ¹ R'm	<i>Pro forma</i> adjustments R'm	After the rights offer R'm
Revenue	17 141	–	17 141
Cost of sales	(9 573)	–	(9 573)
Administration and other operating expenses	(4 425)	–	(4 425)
Operating profit	3 143	–	3 143
Income from associates	7	–	7
Finance income	41	2 ⁵	43
Finance cost	(1 524)	–	(1 524)
Profit before taxation	1 667	2	1 669
Taxation	(481)	–	(481)
Profit for the year	1 186	2	1 188
Attributable to:			
Equity holders of the Company	1 058	2	1 060
Minority interest	128	–	128
	1 186	2	1 188
Headline earnings reconciliation			
Profit attributable to shareholders	1 058	2	1 060
Profit on sale of property, equipment and vehicles	(2)	–	(2)
Gain on sale of interest in subsidiary	(28)	–	(28)
Headline earnings	1 028	2	1 030
Earnings per ordinary share (cents)			
Basic	188.4	(17.7)	170.7
Diluted	179.0	(16.1)	162.9
Headline earnings per ordinary share (cents)			
Basic	183.1	(17.2)	165.9
Diluted	173.9	(15.6)	158.3
Weighted average number of shares (millions)	561.6	59.3	620.9

Notes:

- The financial information has been extracted without adjustment from the published audited financial statements of Medi-Clinic for the year ended 31 March 2010.
- The *pro forma* adjustments to the income statement have been calculated on the assumption that the proceeds from the rights offer were received on 1 April 2009.
- A share issue price of 2 300 cents per share has been used for the *pro forma* adjustments with 59 301 395 shares being issued for a total quantum of R1 330 million, after deducting expenses.
- Estimated expenses of R34.1 million, relating to the rights offer, have been taken into account in determining the financial effects.
- Net proceeds are assumed to have been invested for one year in short-term deposits at an annual interest rate of 0.125% in Switzerland.
- A Swiss tax rate of 20.45% has been used on the interest impact.
- The total dividend per share remains the same.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF MEDI-CLINIC FOR THE YEAR ENDED 31 MARCH 2010

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

Dear Sirs/Madams

INDEPENDENT REPORTING ACCOUNTANT'S LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF MEDI-CLINIC CORPORATION LIMITED ("MEDI-CLINIC")

We have performed our limited assurance engagement in respect of the *pro forma* financial information of Medi-Clinic set out in Paragraph 5 and Annexure 3 of the circular to Medi-Clinic shareholders, to be dated on or about 19 July 2010 ("the circular"), in connection with the proposed renounceable rights offer ("the rights offer"). The *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the rights offer might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* statement of financial position being reported on.

DIRECTORS' RESPONSIBILITY

The directors of Medi-Clinic are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the *pro forma* financial information has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Medi-Clinic; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information contained in Paragraph 5 and Annexure 3 of the circular. We conducted our assurance engagement in accordance with ISAE3000: the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

SOURCES OF INFORMATION AND WORK PERFORMED

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Medi-Clinic, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors and management of the company, in respect of the corporate action that is the subject of the circular.

In arriving at our conclusion, we have relied upon financial information prepared by the directors and management of Medi-Clinic and other information from various public, financial and industry sources.

While our work performed has involved an analysis of the historical financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

CONCLUSION

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that:

- the *pro forma* financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of Medi-Clinic, and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the section 8.17 and 8.30 of the JSE Listings Requirements.

Yours faithfully

PricewaterhouseCoopers Inc.
Director: JH Loubser
Registered Auditor
23 June 2010"

DETAILS OF THE DIRECTORS OF MEDI-CLINIC AND ITS MAJOR SUBSIDIARIES

Executive directors of Medi-Clinic

Edwin de la Harpe Hertzog

Age	60
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Executive Chairman
Nationality	South African
Qualification	M.B.Ch.B., M.Med., F.F.A. (SA)
Experience	Appointed in 1983 as Managing Director, in 1990 as executive Vice-chairman and in 1992 as executive Chairman of the Company.
Directorships in last five years	<p>Current: DWRH Holdings Limited, Elstelm Beleggings (Pty) Ltd, Elstelm Boerdery (Pty) Ltd, Klinik Hirslanden AG, Leopont 226 Properties (Pty) Ltd, Medi-Clinic Corporation Limited, Medi-Clinic Europe (Pty) Ltd, Medi-Clinic Investments Limited, Medi-Clinic Switzerland AG, Remgro Limited, Remgro-Capevin Investments Limited, Total South Africa (Pty) Ltd, Trans Hex Group Limited</p> <p>Previous: Meadow Fresh (Pty) Ltd, Medi-Clinic Limited, Medi-Clinic Holdings Netherlands B.V., Medi-Clinic Luxembourg S.à.r.l., Medi-Clinic Management Services (Pty) Ltd, M & I Management Services (Pty) Ltd, Quantumstraat (Pty) Ltd, University Board of Stellenbosch University, Vodafone Investments (SA) (Pty) Ltd, Vodafone Telecommunications Investments (SA) (Pty) Ltd, Wits University Donald Gordon Medical Centre (Pty) Ltd</p>

Daniël Petrus Meintjies

Age	54
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Chief Executive Officer
Nationality	South African
Qualification	B.PI (Hons)
Experience	Joined the Group in 1985 and appointed in 1996 as a director of the Company. Seconded to Dubai in 2006 and appointed as the Chief Executive Officer of Medi-Clinic Middle East in 2007. Appointed as the Chief Executive Officer of the Medi-Clinic Group with effect from 1 April 2010.
Directorships in last five years	<p>Current: Emirates Healthcare Holdings Limited, Mecli Properties Limited, Medi-Clinic Corporation Limited, Medi-Clinic Europe (Pty) Ltd, Medi-Clinic Group Services (Pty) Ltd, Medi-Clinic Investments Limited, Medi-Clinic Middle East (Pty) Ltd, Medi-Clinic Southern Africa Limited</p> <p>Previous: American Healthcare Management Systems Limited, EHL Management Services FZ LLC, Emirates Healthcare Limited, Emirates Healthcare Estates Limited, Medical Human Resources (Pty) Ltd, Medi-Clinic Limited, Medi-Clinic Dormant (Pty) Ltd, Medi-Clinic Management Services (Pty) Ltd, The City Hospital FZ LLC, The Creek Hospital FZ LLC, Welcare Hospitals Limited, Welcare World Health Systems Limited, Welcare World Holdings Limited</p>

Johannes Gerhardus Swiegers

Age	55
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Chief Financial Officer
Nationality	South African
Qualification	B.Acc (Hons), B.Comm (Hons) (Taxation), CA (SA)
Experience	Appointed in 1994 as a non-executive director of the Company and in 1999 as Chief Financial Officer.
Directorships in last five years	<p>Current: Emirates Healthcare Holdings Limited, Klinik Hirslanden AG, Mecli Properties Limited, Medi-Clinic Corporation Limited, Medi-Clinic Europe (Pty) Ltd, Medi-Clinic Group Services (Pty) Ltd, Medi-Clinic Holdings Netherlands B.V., Medi-Clinic International (Pty) Ltd, Medi-Clinic Investments Limited, Medi-Clinic Luxembourg S.à.r.l., Medi-Clinic Middle East (Pty) Ltd, Medi-Clinic Properties (Pty) Ltd, Medi-Clinic Southern Africa Limited, Medi-Clinic Switzerland AG, Seetuin Beleggings (Pty) Ltd, Vindemia Beleggings (Pty) Ltd</p> <p>Previous: Commsco Holdings (Pty) Ltd, I To I Technology Services (Pty) Ltd, Curamed Holdings Limited, Medicity Milnerton Share Block (Pty) Ltd, Medipark Clinic (Pty) Ltd, E Thekwini Private Hospital (Pty) Ltd, Medi-Clinic Limited, Phodiclinics (Pty) Ltd, Practice Relief (Pty) Ltd, Tshwane Private Hospitals (Pty) Ltd, ER24 Holdings (Pty) Ltd, Medi-Clinic Management Services (Pty) Ltd, Wits University Donald Gordon Medical Centre (Pty) Ltd</p>

Koert Hendrik Stefanus Pretorius

Age	47
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Chief Executive Officer: Medi-Clinic Southern Africa
Nationality	South African
Qualification	B.Compt, MBL
Experience	Joined the Group in 1998 and appointed in November 2006 as a director of the Company. Appointed as the Chief Executive Officer of Medi-Clinic Southern Africa in 2007.
Directorships in last five years	<p>Current: Curamed Holdings Limited, Hospital Association of South Africa, Medi-Clinic Limited, Medi-Clinic Corporation Limited, Medi-Clinic Properties (Pty) Ltd, Medi-Clinic Southern Africa Limited, Wits University Donald Gordon Medical Centre (Pty) Ltd</p> <p>Previous: Queenstown Privaat Hospitaal Trustees Limited, Victoria Hospital Limited, Medi-Clinic Investments Limited</p>

Thorsten Ole Wiesinger

Age	47
Address	Hirslanden Head Office, Seefeldstrasse 214, Zürich, Switzerland
Occupation	Chief Executive Officer: Medi-Clinic Switzerland
Nationality	German
Qualification	Ph.D., Postgraduate Studies in Health Economics
Experience	Joined the Hirslanden group in 2004. Appointed as the Chief Executive Officer of Hirslanden and a director of the Company in 2008.
Directorships in last five years	<p>Current: Andreas Klinik Ag Cham, Clinique Bois-Cerf SA, Clinique Cecil SA, Hirslanden Klinik Aarau AG, Hirslanden Klinik Am Rosenberg AG, Klinik Beau-Site AG, Klinik Belair AG, Klinik Birshof AG, Klinik Hirslanden AG, Klinik Im Park AG, Klinik St. Anna AG, Medi-Clinic Corporation Limited, Medi-Clinic Switzerland AG, Salem-Spital AG</p> <p>Previous: Klinik St. Andreas-Liebfrauenhof AG, Sinomed AG</p>

Non-executive directors of Medi-Clinic

Joseph Charles Cohen

Age	44
Address	Trilantic Capital Partners, 35 Portman Square, London, United Kingdom
Occupation	Managing Partner: Trilantic Capital Partners
Nationality	British
Qualification	B.Sc Economics
Experience	A managing partner of Trilantic Capital Partners (previously Lehman Brothers Merchant Bank). Appointed as a director of the Company in 2008.
Directorships in last five years	Current: European Seafood 1 S.à.r.l., European Seafood 2 S.à.r.l., Fizz Beverage S.à.r.l., Industria De Turbo Propulsores SA, MDC Holdco S.à.r.l., Medi-Clinic Corporation Limited, MW Brands SAS, Sener Aeronautica SL, Spumador S.P.A., Trilantic Events Management S.à.r.l., Trilantic Capital Partners LLP, Trilantic Capital Partners Iv Europe Lux Gp S.à.r.l., Wing Aero S.à.r.l., Wing Turbo SL

Mpumela Kayaletu Makaba

Age	57
Address	Faranani Health Solutions Limited, Unit No. 6, The Oaks Office Park, 368 Oak Avenue, Randburg, South Africa
Occupation	Chief Executive Officer: Faranani Health Solutions
Nationality	South African
Qualification	M.B.Ch.B., Intermediate Diploma in Personnel Management and Training, Certificate in Small Business Management
Experience	Chief Executive Officer of Faranani Health Solutions and director of Phodiso Holdings. Appointed as a director of the Company in 2008.
Directorships in last five years	Current: Alfaspray (Pty) Ltd, Apo-Doc Net (Pty) Ltd, Faranani Life Health Solution (Pty) Ltd, Faranani Healthcare Management (Pty) Ltd, Faranani Health Solutions Limited, Mandate Meal Management (North West Province) (Pty) Ltd, Masibambisane Frail Care (Pty) Ltd, Medi-Clinic Corporation Limited, Mpilo Investment Holdings 2 (Pty) Ltd, Phodiso Clinics (Pty) Ltd, Phodiso Holdings Limited, Phodiso Medical Management Services (Pty) Ltd, Tamrroon Innovations (Pty) Ltd, Touchstone Healthcare Technologies (Pty) Ltd, Tshwane Health Technologies (Pty) Ltd, Tswelelang, Ububele Chemicals Group (Pty) Ltd

Christiaan Mauritz van den Heever

Age	46
Address	Remgro Limited, Carpe Diem Office Park, Quantum Street, Techno Park, Stellenbosch, South Africa
Occupation	Investment Manager: Remgro
Nationality	South African
Qualification	B.Eng. (Chem), MBA
Experience	An investment manager at Remgro (and previously at VenFin). Appointed in February 2010 as a director of the Company.
Directorships in last five years	Current: Medi-Clinic Corporation Limited, Motor Control Systems (Pty) Ltd, One Digital Media (Pty) Ltd, Sun Man Trading (Pty) Ltd, Thunderstruck Investments 26 (Pty) Ltd, Tracker Investment Holdings (Pty) Ltd, Tsb Sugar Holdings (Pty) Ltd, Wispeco Holdings Limited Previous: FRS Financial Reporting Solutions (Pty) Ltd, Fynbos (Pty) Ltd, Leocell (Pty) Ltd, Secureworx South Africa (Pty) Ltd, Tracker Network (Pty) Ltd, Venfin Manco (Pty) Ltd

Matthys Hendrik Visser

Age	56
Address	Remgro Limited, Carpe Diem Office Park, Quantum Street, Techno Park, Stellenbosch, South Africa
Occupation	Chief Executive Officer: Remgro
Nationality	South African
Qualification	B. Comm (Hons), CA (SA)
Experience	Chief Executive Officer of Remgro. Appointed in November 2005 as a director of the Company.
Directorships in last five years	<p>Current: Capevin Holdings Limited, Capevin Investments Limited, Distell Group Limited, Eikenlust (Pty) Ltd, Financial Securities Limited, FirstRand Limited, FirstRand Bank Limited, FirstRand Bank Holdings Limited, Hermanuskraal Game Ranch (Pty) Ltd, Industrial Partnership Investments Limited, Kagiso Trust Investments (Pty) Ltd, Medi-Clinic Corporation Limited, MFI Investments (Pty) Ltd, Nampak Limited, Olifantsdrif Nommer 1 Beleggings (Pty) Ltd, Olifantsdrif Nommer 2 Beleggings (Pty) Ltd, Partnership In Mining Limited, PGSI Limited, PG Group (Pty) Ltd, Rainbow Chicken Limited, Remgro-Capevin Investments Limited, Remgro Finance Corporation Limited, Remgro International Holdings (Pty) Ltd, Remgro International Investments (Pty) Ltd, Remgro Investment Corporation (Pty) Ltd, Remgro Investments Limited (Jersey), Remgro Investments (Pty) Ltd, Remgro Loan Corporation Limited, Remgro Limited, Remgro Management Services Limited, Remont (Pty) Ltd, RMB Holdings Limited, R and R Holdings Limited, Tegiese Mynbeleggings Limited, Unilever South Africa Holdings (Pty) Ltd, V & R Management Services AG</p> <p>Previous: British American Tobacco Plc, IPI (Overseas) Limited, M & I Management Services (Pty) Ltd, Remgro CHF Limited, Remgro Continental Limited, Remgro International Limited, Remgro Sterling Limited, Remgro USA Limited, Unilever Bestfoods Robertsons (Holdings) L.L.C</p>

Mamphela Aletta Ramphela

Age	62
Address	c/o Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Businesswoman
Nationality	South African
Qualification	M.B.Ch.B., Diploma in Tropical Health and Hygiene, B.Comm, Diploma in Public Health, Ph.D.
Experience	Chairperson of Gold Fields from July 2010. Appointed in March 2005 as a director of the Company.
Directorships in last five years	<p>Current: Anglo American Plc, Business Partners (Pty) Ltd, Edu-Loan (Pty) Ltd, Gold Fields Limited, Medi-Clinic Corporation Limited, Mpilo Investment Holdings 1 (Pty) Ltd, Remgro Limited, Umusa Monetary Platform (Pty) Ltd</p> <p>Previous: Centre For Conflict Resolution, MTN International (Pty) Ltd, The Mauerberger Foundation Fund, Standard Bank Group Limited, The Standard Bank of South Africa Limited, Wits University Donald Gordon Medical Centre (Pty) Ltd, MTN Group Limited, Circle Capital Ventures (Pty) Ltd, Circle Edu Investments (Pty) Ltd, Circle Group Holdings (Pty) Ltd</p>

Independent non-executive directors of Medi-Clinic

Alwyn Reginald Martin

Age	71
Address	c/o Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Businessman
Nationality	South African
Qualification	B.Comm, CA (SA)
Experience	Former partner of Ernst & Young South Africa. Previously executive director of Siemens Limited and CEO of Siemens Telecommunications from 1997 until his retirement in 2002. Appointed in 2002 as director of the Company.
Directorships in last five years	<p>Current: Barnard Jacobs Mellet Holdings Limited, Dark Capital (Pty) Ltd, Datacentrix Holdings Limited, ER24 Holdings (Pty) Ltd, Hyphen Technology (Pty) Ltd, Medi-Clinic Corporation Limited, Medi-Clinic Southern Africa Limited, Northam Platinum Limited, Nozala Investments (Pty) Ltd, Old School Investments (Pty) Ltd, Petmin Limited, SSI Engineers and Environmental Consultants (Pty) Ltd, Stewart Scott International Holdings (Pty) Ltd, The Credit Factory (Pty) Ltd, Trans Hex Group Limited</p> <p>Previous: Tshwane Private Hospitals (Pty) Ltd, New Integrated Credit Solutions (Pty) Ltd, Air Traffic and Navigation Services Company Limited, Capricorn Innovation and Technology Foundation, Credit Guarantee Insurance Corporation of Africa Limited, KAP International Holdings Limited, Mccarthy Limited, Nokia Siemens Networks South Africa (Pty) Ltd, Profurn Limited, S A Rugby (Pty) Ltd, Santam Limited, Siemens Limited, South African Golf Development Board, Unipalm Investment Holdings Limited</p>

Albert Anton Raath

Age	54
Address	Glacier, Block A, Tuscan Park, Cnr Old Oak Road & Twist Street, Durbanville, South Africa
Occupation	Chief Executive Officer: Glacier
Nationality	South African
Qualification	B.Comm, CA (SA)
Experience	Chief Executive Officer of Glacier, a subsidiary of Sanlam. Appointed in 1996 as a director of the Company.
Directorships in last five years	<p>Current: Glacier Financial Holdings (Pty) Ltd, Glacier Financial Solutions (Pty) Ltd, Glacier Management Company Limited, Medi-Clinic Corporation Limited, Sanlam Personal Portfolios (Pty) Ltd</p> <p>Previous: Sanlam Private Investments (Pty) Ltd, Sanlam Investment Management (Namibia) (Pty) Ltd, Sanlam Investment Management (Pty) Ltd</p>

Wynand Louw van der Merwe

Age	58
Address	Tygerberg Medical Faculty, Room 1012, 1st Floor, Clinical Building, Tygerberg, South Africa
Occupation	Dean of the Faculty Health Sciences, Stellenbosch University
Nationality	South African
Qualification	M.B.Ch.B., M.Med., F.F.A. (SA), MD
Experience	Dean of the Faculty Health Sciences of Stellenbosch University. Appointed in 2001 as director of the Company. Chairman of Medi-Clinic's Remuneration and Nominations Committee since 2008.
Directorships in last five years	Current: Medi-Clinic Corporation Limited

Zodwa Penelope Manase	
Age	48
Address	Manase & Associates, 2 Harrowdene Office Park, Western Service Road, Woodmead, South Africa
Occupation	Chief Executive Officer: Manase & Associates
Nationality	South African
Qualification	B.Compt. (Hons), H.Dip (Tax), CA (SA)
Experience	Chief Executive Officer of the audit firm, Manase & Associates. Appointed as a director of the Company in 2008.
Directorships in last five years	<p>Current: Accelerated Shared Growth Initiative – EC (Pty) Ltd, Alusha Energy (Pty) Ltd, Alusha Holdings (Pty) Ltd, Alusha Natural Resources (Pty) Ltd, Alusha Properties (Pty) Ltd, Alusha Technologies (Pty) Ltd, Aquatic Intelligence And Technologies (Pty) Ltd, Jama Natural Resources (Pty) Ltd, Manase & Associates Business Consulting (Pty) Ltd, Manase & Associates Management Solutions (Pty) Ltd, Manase Knox D’arcy Management Consulting (Pty) Ltd, Medi-Clinic Corporation Limited, Moshnico Investments (Pty) Ltd, Orcom Trading 75 (Pty) Ltd, Savula Investment Holdings (Pty) Ltd, Silver Meadow Trading 226 (Pty) Ltd, State Information Technology Agency (Pty) Ltd, Timesolve Holdings (Pty) Ltd, Total South Africa (Pty) Ltd, Unity Management (Pty) Ltd, Virgaspec (Pty) Ltd, Ziyashesha Trading (Pty) Ltd</p> <p>Previous: Dominion Travel (Pty) Ltd, Brinkley Mining Plc</p>
Desmond Kent Smith	
Age	62
Address	c/o Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Businessman
Nationality	South African
Qualification	B.Sc., FASSA
Experience	Chairman of the RGA Reinsurance Company of South Africa and Chairman-elect of Sanlam. Appointed in March 2008 as a director of the Company and chairman of Medi-Clinic’s Audit & Risk Committee since May 2008.
Directorships in last five years	<p>Current: Atlantic Asset Management (Pty) Ltd, Clover Beverages Limited, Clover Industries Limited, First International Security Trust (Pty) Ltd, International Congress of Actuaries in 2010, Jacques Malan Wealth (Pty) Ltd, Mcgregor Homeowners Association, Medi-Clinic Corporation Limited, Overstrand Local Economic Development Agency (Pty) Ltd, Plexus Asset Consulting (Pty) Ltd, Plexus Asset Management (Pty) Ltd, Plexus Holdings (Pty) Ltd, Plexus Investment Consulting (Pty) Ltd, RGA Reinsurance Company of South Africa Limited, RGA Southern African Holdings (Pty) Ltd, Sanlam Limited, Sanlam Life Insurance Limited, Snyman en Van Der Vyfer Finansiële Dienste (Pty) Ltd, Strategy Partners (Pty) Ltd, Sygnia Life Limited, Tedo Beleggings 5 (Pty) Ltd, The Investment Development Unit, Twee Klippen Estates (Pty) Ltd</p> <p>Previous: Afgri Limited, Afgri Operations Limited, Anam Cara Financial Coaching, Clover Holdings (Pty) Ltd, Clover SA (Pty) Ltd, Equillore Management Services (Pty) Ltd, Genbel South Africa Limited, Gensec Eiendomsdienste Limited, Plexus Fund Solutions (Pty) Ltd, Reinsurance Group of America Holdings Limited, Santam Limited, Santam Insurance</p>

Details on the directors (not already listed above) of Medi-Clinic Investments Limited, Medi-Clinic Southern Africa Limited, Medi-Clinic Limited, Medi-Clinic Europe (Pty) Ltd, Medi-Clinic Luxembourg S.ar.l, Medi-Clinic Holdings Netherlands B.V. and Medi-Clinic Switzerland AG, all major subsidiaries of the Company (whether individually or on consolidated basis) are listed below:

Medi-Clinic Investments Limited

Directors already listed above.

Medi-Clinic Southern Africa Limited

Willem Hendrik Aucamp

Age	42
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Chief Operating Officer: Medi-Clinic Southern Africa
Nationality	South African
Qualification	B. Comm (Personnel Management)
Experience	Joined Medi-Clinic in 1995 as Human Resources Manager. Appointed as head of operations of the Northern Region in 2003 and as Chief Operating Officer of Medi-Clinic Southern Africa in 2008.
Directorships in last five years	Current: Medi-Clinic Limited, Medi-Clinic Southern Africa Limited, ER24 Holdings (Pty) Ltd Previous: Barberton Medi-Clinic (Pty) Ltd, Ermelo Medi-Clinic (Pty) Ltd

Nkaki Sydwell Matlala

Age	57
Address	Medi-Clinic Offices, 132 Celliers Street, Sunnyside, Pretoria, South Africa
Occupation	Chief Clinical Officer: Medi-Clinic Southern Africa
Nationality	South African
Qualification	B.Sc, M.Sc, M.D., Fellow of the College of Surgeons, M.Med
Experience	Practiced as a general practitioner from 1983 and as a specialist surgeon from 1995. Previous CEO of Safika Health. Joined Medi-Clinic in 2005 and as Chief Clinical Officer of Medi-Clinic Southern Africa from 2008.
Directorships in last five years	Current: Blue Beacon Investments 81 (Pty) Ltd, Business Venture Investments No 847 (Pty) Ltd, Curamed Holdings Limited, Medi-Clinic Limited, Medi-Clinic Southern Africa Limited, Mpilo Investment Holdings 2 (Pty) Ltd, Phodiso Clinics (Pty) Ltd, Solar Spectrum Trading 242 (Pty) Ltd, Wits University Donald Gordon Medical Centre (Pty) Ltd Previous: Phodisclinics (Pty) Ltd, Tshwane Private Hospitals (Pty) Ltd

Biren Valodia

Age	42
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Chief Marketing Officer: Medi-Clinic Southern Africa
Nationality	South African
Qualification	B. Pharm, M.B.A., B. B&A (Hons)
Experience	Various managerial positions held in the healthcare industry from 1999. Joined Medi-Clinic in 2006 as Marketing & Corporate Liaison Director.
Directorships in last five years	Current: Aragolf (Pty) Ltd, Goram Research And Investments (Pty) Ltd, Hospital Association of South Africa, Medi-Clinic Limited, Medi-Clinic Southern Africa Limited

Abraham Jozua Joubert

Age	40
Address	Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa
Occupation	Medi-Clinic Southern Africa: Chief Financial Officer
Nationality	South African
Qualification	B.Acc (Hons), CA(SA)
Experience	Joined Medi-Clinic in 1995 as an accountant and as financial manager of the group since 1998. Appointed as Chief Financial Officer of Medi-Clinic Southern Africa from 2008.
Directorships in last five years	<p>Current: Alumni Trading 231 (Pty) Ltd, Auckland Medicine Distributors (Pty) Ltd, Apex Healthcare Services (Pty) Ltd, Blue Beacon Investments 81 (Pty) Ltd, Curamed Holdings Limited, Cyndara 123 (Pty) Ltd, ER24 EMS (Pty) Ltd, ER24 Holdings (Pty) Ltd, ER24 Trademarks (Pty) Ltd, E Thekwini Private Hospital (Pty) Ltd, Five Loch Avenue (Pty) Ltd, Leopont 456 Properties (Pty) Ltd, Legae Medi-Clinic (Pty) Ltd, Medicity Milnerton Share Block (Pty) Ltd, Medi-Clinic Limited, Medi-Clinic Dormant (Pty) Ltd, Medi-Clinic Finance Corporation (Pty) Ltd, Medi-Clinic International (Pty) Ltd, Medi-Clinic Properties (Pty) Ltd, Medi-Clinic Southern Africa Limited, Medipark Clinic (Pty) Ltd, Phodiclinics (Pty) Ltd, Practice Relief (Pty) Ltd, Solar Spectrum Trading 242 (Pty) Ltd, Tshwane Private Hospitals (Pty) Ltd, Umdoni Private Hospital Development (Pty) Ltd, Wits University Donald Gordon Medical Centre (Pty) Ltd</p> <p>Previous: Limpopo Medi-Clinic Investments (Pty) Ltd, Business Venture Investments 847 (Pty) Ltd, Blue Nightingale Trading 926 (Pty) Ltd, Medicity Vereeniging Share Block (Pty) Ltd, Harmelia Aandele Blok (Pty) Ltd, Kenridge Dispensary (Pty) Ltd, R Bosman (Pty) Ltd, Emergency Room 24 (Pty) Ltd, ER24 Investments (Pty) Ltd, Nelspruit Oncology Services (Pty) Ltd, Western Cape Paramedic Services (Pty) Ltd, Western Crown Properties 57 (Pty) Ltd</p>

Therese Dianne Fish

Age	47
Address	University of Stellenbosch, Fransie van Zijl Avenue, Clinical Building, Faculty Of Health, Tygerberg, South Africa
Occupation	Deputy Dean: Community Service and Interaction, University of Stellenbosch
Nationality	South African
Qualification	M.B.Ch.B., Diploma in Community Medicine, MBA
Experience	Various medical officer positions held from 1987 to 1998, after which she was appointed as district health manager in 1999. Senior lecturer at University of Stellenbosch Business School from 2002 and currently as Deputy Dean of Community Service and Interaction at the university's Health Sciences Faculty. Appointed as a director of Medi-Clinic Southern Africa in 2008.
Directorships in last five years	Current: Medi-Clinic Southern Africa Limited

Trevor David Petersen

Age 54

Address c/o Medi-Clinic Offices, Strand Road, Stellenbosch, South Africa

Occupation Chartered Accountant

Nationality South African

Qualification B.Comm (Hons), CA(SA)

Experience Lecturer in Managerial Accounting and Finance at the University of Cape Town from 1991. Joined PricewaterhouseCoopers (then Coopers & Lybrand) in 1997 and partner from 1998 until his retirement in 2009. Currently serves on the Council of the University of Cape Town. Appointed as a director of Medi-Clinic Southern Africa in 2010.

Directorships in last five years Current: La Vita Nuova Learning (Pty) Ltd, Medi-Clinic Southern Africa Limited
Previous: PricewaterhouseCoopers Inc.

Safeea Rahiman

Age 41

Address RAiN, 3rd Floor, 30 Melrose Boulevard, Melrose Arch, Melrose North, South Africa

Occupation Chartered Accountant

Nationality South African

Qualification B.Comm, B.Compt (Hons), CA (SA)

Experience Financial Manager at Afritel Cellular Systems from 1997 and subsequently became Financial and Operations Director. Joined accounting firm, Pierce & Gampel as an audit partner, currently known as RAiN.

Directorships in last five years Current: I-Forest Information Management (Pty) Ltd, Jessen Dakile (Pty) Ltd, Letsedi Investment Holdings (Pty) Ltd, Medi-Clinic Southern Africa Limited, Mizan Investment Holdings (Pty) Ltd, Rain Consulting Services (Pty) Ltd, Rain Management Services (Pty) Ltd, Sookh Butchery And Deli (Pty) Ltd, Spescom Limited
Previous: Ebony Wealth Creation (Pty) Ltd, The Johannesburg Fresh Produce Market Limited

Medi-Clinic Limited

Directors already listed above.

Medi-Clinic Europe (Pty) Ltd

Directors already listed above.

Medi-Clinic Holdings Netherlands B.V.

Martinus Nicolaas Maria Warmerdam

Age 50

Address Van Galenlaan 40, 3941 VD Doorn, The Netherlands

Occupation Tax advisor

Nationality Dutch

Qualification Certificate in federal taxation inspector training, Master's degree in economic sciences

Experience Various tax advisory positions held throughout career. Currently independent tax advisor and appointed as a director of Medi-Clinic Holdings Netherlands in 2007.

Directorships in last five years Current: Medi-Clinic Holdings Netherlands B.V., Andante B.V., A Prima Vista B.V., Millesime B.V., Haymarket Financial Luxemborg 1,2,3 S.à.r.l.
Previous: Luzerne Holding B.V.

Medi-Clinic Luxembourg S.à.r.l.

Frank Walenta

Age	38
Address	12 rue Léon Thyès, L-2636 Luxembourg
Occupation	Manager
Nationality	German / French
Qualification	Diplôme d'Etudes Universitaires Générales (Mention droit) (bachelors degree in French law), Diplôme d'Etudes Approfondies (mention droit communautaire) (Masters degree in EU law), Erstes jurisches Staatsexamen (state examination in German law)
Experience	Various legal positions held in Germany and later Luxembourg. Joined Benelux Trust (Luxembourg) as account manager / legal counsel in 2005. Joined Vistra in 2007 as senior account manager / legal counsel and currently the managing director of Vistra Fund Services. Appointed as a director of Medi-Clinic Luxembourg in 2009.
Directorships in last five years	Current: Medi-Clinic Luxembourg S.à.r.l., Vistra Fund Services S.à.r.l., Vistra (Luxembourg) S.à.r.l.

Medi-Clinic Switzerland AG

Robert Heinrich Bider

Age	62
Address	Rhino Partners AG, Othmarstrasse 8, 8008, Zurich, Switzerland
Occupation	Managing Partner: Rhino Partners
Nationality	Swiss
Qualification	Masters (Industrial Management), Ph.D (Technical Science)
Experience	Joined the Hirslanden hospital group in Switzerland in 1985 and served as the Chief Executive Officer from 1990 to 2008, whereafter he remained as a non-executive director. Served as a director of Medi-Clinic in 2008. Currently the managing partner of Rhino Partners.
Directorships in last five years	Current: BI Holding AG, Grand Resort Bad Ragaz AG, Klinik Hirslanden AG, MEDIAN Kliniken GmbH & Co. KG, Medi-Clinic Switzerland AG, OphthamoPharma AG, RhinoPartners, SENIOcare AG, SENIOcare Due AG, SENIOcare Holding AG, Swiss Tennis Event AG, USI Group Holdings AG, Previous: AndreasKlinik AG Cham, Beau-Site AG, Betriebsgesellschaft am Rosenberg Heiden AG, Clinique Bois-Cerf SA, Clinique Cecil S.A., Hirslanden Finanz AG, Hirslanden Klinik Aarau AG, Klinik Belair AG, Klinik Birshof AG, Klinik am Rosenberg Heiden AG, Klinik "Im Park" AG, Klinik St. Andreas-Liebfrauenhof AG, Klinik St. Anna AG, Medi-Clinic Corporation Limited, Salem-Spital AG, Sinomed AG

Alan Grieve

Age	57
Address	Compagnie Financière Richemont SA, 50 chemin de la Chênaie, 1293 Bellevue – Geneva, Switzerland
Occupation	Director of Corporate Affairs: Compagnie Financière Richemont & Chief Financial Officer: Reinet Investments
Nationality	British
Qualification	Degree in business administration
Experience	Worked in the accounting profession at PricewaterhouseCoopers (then Pricewaterhouse & Co) and Ernst & Young (then Arthur Young). Joined Reinet Investments (then Richemont SA) in 1986 and served as Company Secretary of Richemont from 1988 until 2004. Member of the Group Management Committee of Richemont since 2004. Appointed to the board of Medi-Clinic Switzerland and Hirslanden in 2008.
Directorships in last five years	Current: Klinik Hirslanden AG, Medi-Clinic Switzerland AG, Reinet Investments S.C.A., Reinet Fund S.C.A. F.I.S. (directorships in wholly owned subsidiaries of Remgro, Richemont and Reinet are not listed)

Prof Dr Felix Gutzwiller

Age	62
Address	Institut für Sozial- und Präventivmedizin, Hirschengraben 84, Zurich, Switzerland
Occupation	Professor of Public Health: University of Zurich
Nationality	Swiss
Qualification	MD, MPH, Dr.PH
Experience	Broad experience and academic positions held in public health science and organisation of healthcare. Professor in Public Health at the University of Zurich since 1988. Appointed to the board of Hirslanden in 2001 and Medi-Clinic Switzerland in 2007.
Directorships in last five years	Current: Axa-Winterthur (Switzerland) AG, Klinik Hirslanden AG, Medi-Clinic Switzerland AG, Rahn AG, Sanitas, Bank Clariden Leu, Osiris Therapeutics Inc

Prof Dr Robert Eduard Leu

Age	63
Address	Universität Bern, Departement Volkswirtschaftslehre, Schanzeneckstrasse 1, Postfach 8573, Bern, Switzerland
Occupation	Professor: University of Bern (and executive director of the Department of Economics)
Nationality	Swiss
Qualification	Masters in Economics, Ph.D (Economics)
Experience	Professor of economics at the universities of Konstanz (1984 – 1986), St. Gallen (1986 – 1989) and Bern (since 1989). Economic advisor to executive and legislative bodies on all policy levels in Switzerland (federal, cantonal (state) and community level), the chamber of commerce, WHO and OECD.
Directorships in last five years	Current: Klinik Hirslanden AG, Medi-Clinic Switzerland AG, VISANA AG

CORPORATE GOVERNANCE

1. GOVERNANCE FRAMEWORK

Medi-Clinic is committed to maintaining strict principles of good corporate governance and the highest standards of integrity and ethics. The board of directors (“the Board”) accepts full responsibility for corporate governance and is committed to ensuring a high standard of discipline, independence, ethics, equity, social responsibility, accountability, cooperation and transparency. The Board is satisfied that the Company has met the requirements of the Companies Act of 1973, the Listings Requirements of the JSE Limited (“the JSE”) and the majority of the principles contained in both King II and King III (collectively referred to herein as “the King Reports”) throughout the period under review. The JSE Listings Requirements require all JSE-listed companies to comply with the changes relating to King III in respect of financial years commencing on or after 1 March 2010, which means that the Company only needs to report on its compliance with King III during the next financial year. The Board has however decided to early adopt the principles of King III and this report is therefore prepared in accordance with the “apply or explain” approach of King III. All the King II and King III principles which the Company have not applied are explained, where applicable, in this annexure, also stating for what part of the year any non-compliance had occurred.

Although the Group is committed to improved reporting in line with the recommendations of King III and the G3 Sustainability Reporting Guidelines developed by the Global Reporting Initiative (“GRI G3”), it has decided not to declare its GRI G3 application level for the Sustainable Development Report included in the 2010 annual report, but aims to prepare a report on level C for the 2011 annual report. The Group’s focus will initially be on the implementation of the Group Sustainable Development Policy and for this reason the report has not been externally assured.

The past year has seen many governance-related regulatory developments in South Africa, with amendments to the JSE Listings Requirements, the release of King III and the new Companies Act of 2008, which is expected to become effective during the third quarter of 2010. Various workshops and training sessions on King III and the new Companies Act have been held in the Company.

A Group Corporate Governance Manual dealing with board practices and group policies provides guidance to the Company Secretaries and the boards of the Company and the Company’s three operating platforms in Southern Africa, Switzerland and the United Arab Emirates to ensure that similar corporate governance practices are followed throughout the Group. The manual is updated regularly and will be reviewed during the year ahead to include the requirements of the new Companies Act and King III. The Group Company Secretary provides continuous guidance on corporate governance related matters to the operating platforms.

Compliance with all relevant laws, regulations, accepted standards or codes is integral to the Group’s risk management process and is monitored. As in previous years, there has been no major non-compliance by, nor fines or prosecutions against the Group during the period under review. Management is also in the process of developing a formal Group compliance management and monitoring framework.

2. BOARD OF DIRECTORS

2.1. Board charter and responsibilities

A formal code of conduct (“the Board Charter”) sets out the responsibilities of the Board, individual directors and the Company Secretary. Key responsibilities in terms of the Board Charter include:

- creation of sustainable shareholder value;
- directing, assessing and authorising the Group’s strategies;
- ensuring that the Group’s strategic and operational objectives are achieved;
- the enforcement of adequate risk management practices;
- handling of all aspects that are of a material or strategic nature or that may impact on the Group’s reputation;
- monitoring compliance with laws and regulations and our code of business conduct;
- ensuring an appropriate business culture, management style and retention of management expertise and competence;
- identifying and managing potential conflicts of interest;
- ensuring that relevant and accurate information is timeously communicated to stakeholders;
- ensuring that remuneration of directors and senior personnel occurs in terms of the Company’s remuneration policy;
- empowering management to execute their tasks along delegated authorities;
- ensuring that the Board’s composition incorporates the necessary skills and experience;
- the appointment of new directors;
- compliance with the Group’s values; and
- ensuring the Group’s financial performance and maintenance of its going concern status.

The Board Charter will be reviewed and updated during the year ahead to include the amendments following King III and to incorporate any changes required by the new Companies Act.

The Board has full and effective control of the Company and all material resolutions have to be approved by the Board. The Board meets at least six times per annum and on an *ad hoc* basis, and if required, measures exist to accommodate

any resolutions that may have to be approved between meetings. Members of the Board and sub-committees receive an agenda containing comprehensive and accurate information well ahead of time. This enables them to meet their commitments and to determine whether or not prescribed functions have been executed according to set standards, within the margins of cautious and predetermined risk levels and according to international best practices.

Every director has free access to senior management and the Company Secretary.

2.2. Composition

The composition of the Board reflects an appropriate balance between executive and non-executive directors to ensure that there is a clear division of responsibilities so that no one individual has unfettered decision-making powers. Although the majority of directors are non-executive, the majority of the non-executives are not independent, as recommended in King III, from 5 February 2010 when Mr Chris van den Heever was appointed. The Board regards the current composition as being in the best interest of the Company.

The Group maintains an appropriate balance between entrepreneurial growth and compliance with corporate governance requirements. Board members possess a variety of skills and experience, and are involved in all material business decisions, enabling them to contribute to the strategic and general guidance of management and the business.

The roles and responsibilities of the Chairman and the Chief Executive Officer are segregated. Every year, at the first Board meeting after the Annual General Meeting, both the Chairman and the Chief Executive Officer are formally elected for a term of one year by way of a closed ballot.

Although the Chairman of the Board, Dr Edwin Hertzog, is classified as an executive director, he is regarded as a semi-executive Chairman as he also serves as Deputy Chairman of Remgro and on the boards of three other Remgro associated companies, of which two are listed on the JSE. The Board acknowledges the principle in the King Reports to appoint an independent non-executive director as Chairman, but given Dr Hertzog's involvement in a chief executive capacity from the incorporation of the Company until his appointment as Chairman in 1992 and the resultant in-depth industry knowledge and experience, it is considered to be in the Company's and the Group's best interest to have him as Chairman. As a result, the Board has in compliance with King III and the newly amended JSE Listings Requirements appointed Mr Desmond Smith with effect from 1 March 2010 as the Lead Independent Director ("LID"). The main functions of the LID are, *inter alia*, to provide leadership to the Board when the Chairman has a conflict of interest (which may occur in cases where the Chairman is executive). During the year, Mr Smith in his capacity as LID also performed various functions relating to the evaluation of the Chairman and the independence of the independent non-executive directors.

The Chief Executive Officer, Mr Danie Meintjes, who has served on the Board since 1996 and was appointed as the Chief Executive Officer from 1 April 2010, following the retirement of Mr Louis Alberts on 31 March 2010 after more than 22 years of service to the Company, is responsible for the day-to-day management of the Company and the implementation of the strategies and policies adopted by the Board.

In terms of the Articles of Association of the Company, one third of the directors must retire on a rotation basis, but may make themselves available for re-election for a further term. There is a clear policy detailing procedures for appointments to the Board, which are formal and transparent. The appointment of directors is a function of the entire Board, based on recommendations made by the Remuneration and Nominations Committee.

2.3. Evaluation of the Board, committees and directors

The Board annually conducts an objective evaluation in respect of the Board's performance, strategic planning, composition, ethics, sustainability, performance and the effectiveness of its procedures. The evaluation process was amended during the year to incorporate certain principles and recommendations of King III in the board evaluation, and further expanded to formal evaluations of Board committees and individual directors, and of the independence of the independent non-executive directors, with a specific focus on those directors who have served longer than nine years on the Board.

The most recent Board, committee and director evaluations were conducted just prior to year end and identified improved sustainability management and the governance of information technology as the two main areas requiring attention during the year ahead. Subsequently, a Group Sustainable Development Policy and sustainability governance framework have been adopted, as further reported on in the Sustainable Development Report. As recommended in King III, improved information technology governance will be addressed by a management committee, which will report to the Audit and Risk Committee in future.

Following the evaluation of the independent directors, the Board was satisfied that they are independent in character and judgment, also with regards to Mr Anton Raath, who has served on the Board for thirteen years. The Board confirmed that it is satisfied that there are no relationships or circumstances which affect or appear to affect Mr Raath's judgment and that his independence is not in any way affected by his length of service.

2.4. Induction of new directors

Newly appointed directors are formally informed of their fiduciary duties by the Chairman and the Company Secretary.

An extensive induction programme that includes information sessions with management, as well as visits to the Company's hospitals, ensures that new directors obtain a good understanding of the Company's core business. During the past year Mr Chris van den Heever was appointed to the Board and underwent the induction programme.

Upon their appointment directors receive extensive information on the JSE Listings Requirements and the obligations therein imposed upon directors, and they are continuously informed of any amended and new relevant legislation, as well as any changes in business risks that may have an impact on the Group. The Group Corporate Governance Manual is also used during the induction process.

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

2.5. Company secretary's role and responsibilities

The Board has unlimited access to the Company Secretary, who advises the Board and the sub-committees on relevant matters, including compliance with the Group's policies and procedures, the JSE Listings Requirements, relevant legislation, statutory regulations and King III.

The Company Secretary is responsible for ensuring the proper administration of the proceedings and matters relating to the Board, the Company and the shareholders of the Company in accordance with applicable legislation and procedures.

The name and address of the Company Secretary appear on page 3 of the circular.

2.6. Executive management

The executive directors meet regularly to consider, *inter alia*, investment opportunities, operational matters and other aspects of strategic importance to the Company. They are continuously in contact with the Group's management teams in Southern Africa, Switzerland and the United Arab Emirates to ensure effective communication, decision-making and execution of strategies. Executive management's responsibilities are codified in a mandate from the Board, specifically with regard to their authority levels, which is reviewed regularly by the Board.

2.7. Board committees

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

2.7.1. Remuneration and Nominations Committee

The Remuneration and Nominations Committee, previously named the Human Resources Committee, meets periodically to discuss matters such as the Group's remuneration philosophy, Board structure and composition, executive management and staff remuneration, directors' remuneration and management incentive schemes. The committee also ensures that adequate succession planning measures are in place. The committee's responsibilities are codified in a mandate from the Board, which is reviewed at least annually by the Board. The committee's mandate was amended during the year to incorporate recommendations of King III.

The composition and attendance of committee meetings are set out below. The committee is chaired by Prof Wynand van der Merwe, an independent non-executive director. The Group's Chief Executive Officer and Medi-Clinic Southern Africa's Human Resources Executive also attend meetings.

The Group's remuneration approach and compensation structure are set out in the Remuneration Report included in the 2010 Annual Report. The Group's remuneration policy will not be put forward to the shareholders of the Company for a non-binding advisory vote at the forthcoming Annual General Meeting on 26 July 2010, as recommended in King III, as the Group's policy is being reviewed at present. The Board intends to put the policy forward to the Company's shareholders at the Annual General Meeting in 2011. The remuneration of senior management, who are not board members, is not reported, as recommended in King III.

2.7.2. Audit and Risk Committee

The responsibilities of the Audit and Risk Committee are codified in a mandate from the Board, which is reviewed at least annually by the Board. The committee's mandate was amended during the year to incorporate recommendations of King III and the new Companies Act, 2008. The main objectives of the committee are to assist the Board with its responsibilities regarding financial reporting and risk management. The committee's report describing how it has discharged its statutory duties in terms of the Companies Act, 1973 and its additional duties assigned to it by the Board in respect of the financial year ended 31 March 2010 is included below.

The composition of the committee complies with the requirements of the Companies Act, 1973 and consists only of independent non-executive directors. The composition and attendance of committee meetings are included in the Audit and Risk Committee Report.

The Audit and Risk Committees of the Group's three operating platform companies report to the Group's Audit and Risk Committee at each meeting.

2.7.3. Investment Sub-committee

The Investment Sub-committee is responsible for reviewing and making recommendations to the Board regarding proposed investments and capital expenditures of the Group that exceed set authority levels. The committee consist of all the executive directors as well as Messrs Alwyn Martin, Anton Raath and Thys Visser and meets on an *ad hoc* basis.

3. EXTERNAL AUDIT

The Audit and Risk Committee is responsible for nominating the Company's external auditor. The external auditor, whose report is included in the 2010 annual report, is responsible for providing an independent opinion on the financial statements. The external audit function offers reasonable, but not absolute, assurance on the fair presentation of the financial disclosures.

The JSE Listings Requirements require the external auditors of all listed companies and their major subsidiaries to be registered with the JSE. The Company's and Medi-Clinic Southern Africa's external auditor, PricewaterhouseCoopers Inc., is registered with the JSE. The JSE has granted an exemption to Hirslanden's external auditor, Ernst & Young (Switzerland) in respect of the period under review. Hirslanden and its auditors are in continuous contact with the JSE with regards to its inclusion of the JSE register of auditors to ensure compliance with the JSE Listings Requirements.

Non-audit services provided by the external auditors are dealt with in the Audit and Risk Committee Report below. The Audit and Risk Committee meets at least three times per year with the external and internal auditors and executive management to ensure that their efforts pertaining to risk management and internal control are properly co-ordinated.

4. RISK MANAGEMENT REPORT

The Board is ultimately accountable for the Group's risk management process and system of internal control. In terms of a mandate by the Board, the Audit and Risk Committee monitors the risk management process and systems of internal control of the Group. The Board oversees the activities of the Audit and Risk Committees of Medi-Clinic Southern Africa, Hirslanden and Emirates Healthcare, the Group's external auditors and the Group's risk management function as delegated to the Audit and Risk Committee.

4.1. Risk management

The Enterprise-Wide Risk Management ("ERM") policy is benchmarked against the international COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework and complies with the recommendations of the King II Report, defines the risk management objectives, methodology, process and the responsibilities of the various risk management role-players in the Group. The policy was adopted in March 2009 by the Company's Audit and Risk Committee, and subsequently also by the respective Audit and Risk Committees of Medi-Clinic Southern Africa, Hirslanden and Emirates Healthcare. The ERM policy is subject to annual review and any amendments are submitted to the Audit and Risk Committee for approval. The policy is currently being updated to incorporate the principles of the King III Report, including an annexure which will set out the risk tolerance and risk appetite for the Group.

The objective of risk management in the Group is to establish an integrated and effective risk management framework where important risks are identified, quantified and managed in order to achieve an optimal risk/reward profile. An integrated approach ensures that risk management is incorporated into the day-to-day operational management processes and therefore allows management to focus on core activities.

During the year the existing risk management processes of Hirslanden and Emirates Healthcare were integrated with the Group's risk management process. To facilitate this, a new software application was implemented across the Group to support the risk management process in all three platforms. The Group's priority risk items, together with key measures taken to mitigate these risks, are listed in the table below.

	Risk*	Description of risk	Mitigation of risk
Compliance risks	Legal and regulatory compliance ^{†^#}	The failure to comply with laws and regulations may result in fines, prosecution or adverse publicity.	<ul style="list-style-type: none"> Company secretarial and/or legal departments in the different platforms support operational management and monitor regulatory developments and, where necessary, obtain expert legal advice for the effective implementation of compliance initiatives.
	Confidentiality ^{†^#}	The unauthorised access and sharing of confidential company information.	<ul style="list-style-type: none"> Policies and procedures are in place.

Human resources risks	Availability, recruitment and retention of skilled resources[†]	There is a shortage of skilled labour, particularly a shortage of qualified and experienced nursing staff in Southern Africa.	<ul style="list-style-type: none"> • The employment, recruitment and retention strategies are explained in the 2010 annual report. • Extensive training and skills development programme, which is further explained in the 2010 annual report. • Foreign recruitment programme.
	Availability and support of medical practitioners^{†^#}	The availability and support of admitting doctors, whether independent or employed, are critical to the services the Group provides.	<ul style="list-style-type: none"> • Doctors' retention and recruitment strategies. • Monitoring of doctor satisfaction, movement and doctors' profiles. • Further details on the relationship with doctors are provided in the 2010 annual report.
Credit and market risks	Regulatory risk^{†^}	<p>The risk of a change in laws and regulations applicable to the Group.</p> <p>The South African government is developing a plan to implement major health sector reform and has proposed the introduction of a National Health Insurance.</p> <p>Switzerland is also implementing healthcare reform. Criteria for inclusion of hospital facilities on the Cantonal hospital lists, which is a prerequisite for Cantonal funding of patients admitted to any hospital, will be implemented.</p>	<ul style="list-style-type: none"> • Both Medi-Clinic Southern Africa and Hirslanden have implemented proactive engagement strategies with stakeholders. • Health policy units were created in Medi-Clinic Southern Africa and in Hirslanden to conduct research and to provide strategic input into engagement with the reform processes. • Active industry participation in both Medi-Clinic Southern Africa and in Hirslanden. • Further details on the regulatory risks impacting on Medi-Clinic Southern Africa and on Hirslanden are contained in the 2010 annual report.
	Availability of capital and financing^{†^#}	The cost and availability of capital to finance strategic expansion opportunities and/or the re-financing or re-structuring of existing debt which has been affected by prevailing capital market conditions.	<ul style="list-style-type: none"> • Long-term planning of capital requirements and cash-flow forecasting. • Cash-generating capacity within the Group. • Proactive and long-term agreements with banks and other funders on funding facilities. • Further details on capital risk management and the Group's borrowings are contained in the 2010 annual report in the financial statements.
	Economic and business environment^{†^#}	The downturn in the general economic and business environment, including all those factors that affect a company's operations, customers, competitors, stakeholders, suppliers and industry trends.	<ul style="list-style-type: none"> • All three platforms have implemented systems to monitor developments in the economic and business environment of trends and early warning indicators.
	Credit risk^{†#}	Credit risk is the risk of loss because of a funder's inability to pay the outstanding balance owing or the inability to recover outstanding amounts due from the patient.	<ul style="list-style-type: none"> • Regulated minimum solvency requirements. • Billing and recovery policies and processes. • Monitoring of funders.

Physical and operational risks	Reputational Risk^{†^#}	Adverse events and incidents which may lead to a decline in confidence as a trusted health service provider by patients and supporting doctors.	<ul style="list-style-type: none"> • Extensive quality-control processes are in place in all three platforms which are subjected to external verification: <ul style="list-style-type: none"> o COHSASA accreditation in Medi-Clinic Southern Africa; o JCI accreditation in Emirates Healthcare; and o ISO 9001 certification in Hirslanden. • For further assessment refer to the Clinical Governance Report in the 2010 annual report.
	Hospital acquired infections^{†^#}	The risk of an infection outbreak in the hospital or clinic.	<ul style="list-style-type: none"> • Extensive infection prevention and control procedures. • Continuous monitoring. • Utilisation of infection prevention and control specialists. • Refer to Clinical Governance Report in the 2010 annual report.
	Clinical risks^{†^#}	All clinical risks associated with the provision of clinical care resulting in undesired provision of clinical care or clinical outcomes.	<ul style="list-style-type: none"> • Refer to Clinical Governance Report in the 2010 annual report for a detailed analysis of the strategies to manage and monitor clinical risks.
	Medical malpractice^{†^#}	Incidents caused by professional negligence due to an act or omission by a healthcare provider in which the care provided deviates from accepted standards of practice and causes harm to the patient.	<ul style="list-style-type: none"> • Extensive clinical governance processes (refer to 2010 annual report) and quality control and maintenance processes implemented throughout the Group. • Limitation of liability because of independence of doctor model applied in Medi-Clinic Southern Africa and in Hirslanden. • Policies and processes are in place to ensure compliance with applicable healthcare legislation.
Technology risks	Information systems security and availability risk^{†^#}	Information systems security risk relates to the failure of data integrity and confidentiality and availability risk relates to the instances where systems are not available for use by its intended users.	<ul style="list-style-type: none"> • Comprehensive IT logical access, change and physical access controls. • System design and architecture.
	Medical technology risk^{†^#}	The risk of not maintaining a competitive edge in the utilisation and availability of new medical technology, or not ensuring that new medical technology is cost effective, proven and safe, or investing in new medical technology which is subsequently not utilised effectively.	<ul style="list-style-type: none"> • Ongoing monitoring and evaluation of new technology. • Defined approval process for the acquisition of new technology.

Business continuity risks	Fire and allied perils ^{†^#}	Fire and allied perils causing damage or business interruption.	<ul style="list-style-type: none"> • All three platforms have plans to deal with disasters and employ extensive fire-fighting and detection systems, and have comprehensive maintenance processes to reduce the risk. • Comprehensive insurance to deal with financial impact of potential disasters is in place.
	Pandemics and disease outbreaks ^{†^#}	A pandemic is an epidemic of infectious disease that is spreading through human populations across a large region. Disease outbreak includes highly infectious diseases with a high mortality rate.	<ul style="list-style-type: none"> • Comprehensive processes for infection and prevention control are in place. • Detailed plans to deal with these types of events. • Clinical governance processes further explained in the Clinical Governance Report in the 2010 annual report.
<p>* The key below indicates the platform where the risk is included as a priority risk in the platform's central risk register. Key: † = Medi-Clinic Southern Africa; ^ = Hirslanden; and # = Emirates Healthcare</p>			

4.2. Internal control

The Group has in place a comprehensive system of internal controls which is designed to ensure that risks are mitigated and that the Group's objectives are attained. The system includes monitoring mechanisms and ensures that appropriate actions are taken to correct deficiencies when they are identified.

During the year each platform prepared a combined assurance plan for the next financial year which detailed the assurance processes, including internal and external audit processes. These evaluate the effectiveness of key controls identified to mitigate the significant risks identified in each platform. They were presented to the respective Audit and Risk Committees of each platform. Only Medi-Clinic Southern Africa has implemented an internal audit function which complies with the principles of the King II and King III Reports. The need for, and role of, an internal audit function in Hirslanden and Emirates Healthcare will be considered after taking into account the other extensive assurance processes already in place. No internal audit assessment on the effectiveness of risk management was performed for the year.

At Medi-Clinic Southern Africa the effectiveness of the system of internal control is independently evaluated by the external auditors, PricewaterhouseCoopers, as well as through an extensive outsourced internal audit programme. In addition to the internal audits, the effectiveness of operational procedures is examined internally by the Medi-Clinic Quality Assurance Team ("MQAT") and through an extensive controls self-assessment process. The results of these assurance processes are monitored by a central Risk Management Committee consisting of management, representing all disciplines considered core to the business. The committee is also responsible for drawing up policies and procedures on risk management as well as the financing of residual risks, including self-insurance.

Medi-Clinic Southern Africa has further implemented a comprehensive independent accreditation process with two independent organisations:

- COHSASA (Council for Health Services Accreditation of Southern Africa), which is accredited by ISQua (the International Society for Quality in Health Care), enables Medi-Clinic Southern Africa's participating hospitals to be measured against internationally accredited quality standards; and
- ISO 14001:2004 certification by NQA (National Quality Assurance Limited) / UKAS (United Kingdom Accreditation Service).

At Hirslanden the effectiveness of the system of internal control is independently evaluated by the external auditors, Ernst & Young. During the previous year a limited internal audit programme was started. A process is in place which enables it to comply with Swiss legislation that requires the external auditors to sign off on its system of internal financial control. The results of these and other operational assurance processes are monitored by the Executive Management Committee. Hirslanden has implemented a comprehensive quality management process and during the year it achieved a level where all 13 of its hospitals and its head office were certified in terms of ISO 9000: 2001. Hirslanden's commitment to and achievements under the total quality management approach according to the European Foundation for Quality Management is further elaborated on in the Sustainable Development Report in the 2010 annual report.

At Emirates Healthcare the effectiveness of the systems of internal control are independently evaluated by the external auditors, KPMG. The City Hospital's facilities were accredited during the year by the JCI (Joint Commission International), an international quality measurement accreditation organisation, aimed at improving quality of care. The accreditation is based on international consensus standards and sets uniform, achievable expectations for structures, processes and

outcomes for hospitals. This achievement has been obtained atop of its laboratory's ISO15189: 2007 accreditation during the year, as well as the CPQ (Centre for Planning and Quality) accreditation which was obtained before the opening of the hospital. The Group's other hospital, Welcare Hospital, is in the process of obtaining JCI accreditation of its facilities.

The Company Secretaries at Group level and at operating platform level are responsible for providing guidance in respect of compliance with the applicable laws and regulations.

4.3. Effectiveness of risk management process and system of internal control

The Board, via the Audit and Risk Committee, regularly receives reports on and considers the activities of the Medi-Clinic Southern Africa, Hirslanden and Emirates Healthcare's Audit and Risk Committees, internal and external auditors, Medi-Clinic Southern Africa's Risk Management Committee and the Group Risk Services function. The Board, via the Audit and Risk Committee, is satisfied that there is an effective risk management process in place and that there is an adequate and effective system of internal control to mitigate the significant risks faced by the Group to an appropriate level for the Group.

5. AUDIT AND RISK COMMITTEE REPORT

This report by the Audit and Risk Committee (the "Committee") of the Company is prepared in accordance with the recommendations of King III and the requirements of the South African Companies Act, 1973 and describes how the Committee has discharged its statutory duties in terms of the Companies Act, 1973 and its additional duties assigned to it by the Board in respect of the financial year ended 31 March 2010.

5.1. Composition and meetings

The Committee consists of four independent non-executive directors (as set out in the table below), who are suitably skilled and experienced. Three Committee meetings were held during the year. The attendance of the Committee meetings was as follows:

Committee member	Qualifications*	Number of meetings held during time in office	Number of meetings attended
D K Smith (Chairman)	B.Sc., FASSA	3	3
Z P Manase	B.Compt. (Hons), H.Dip. (Tax), CA (SA)	3	3
A R Martin	B.Comm., CA (SA)	3	3
A A Raath	B.Comm., CA (SA)	3	3

* abridged curriculum vitae of all the directors of the Company appear in Annexure 5 of the circular

The Chief Executive Officer, Chief Financial Officer, Group Risk Manager and representative(s) of the external auditors are invited to attend the Committee meetings.

5.2. Role and function of the committee

The responsibilities and functioning of the Committee is governed by a formal mandate by the Board, which is reviewed annually. The Board has recently amended the mandate following the publication of King III in September 2009.

The Committee is satisfied that it has fulfilled all its statutory duties and duties assigned to it by the Board during the financial year under review, as further detailed below.

The Audit and Risk Committees of the Group's three operating platform companies, namely Medi-Clinic Southern Africa, Medi-Clinic Switzerland (in respect of the Hirslanden group) and Emirates Healthcare, reports to the Committee. The Committee has considered their feedback and is satisfied that these committees have fulfilled their roles and responsibilities which are materially the same as the role and responsibilities of the Committee.

5.2.1. External audit

The Committee has during the period under review nominated independent external auditors, PricewaterhouseCoopers Inc., approved its fee and determined its terms of engagement. The Committee is satisfied that the Company's external auditors are independent of the Group and are thereby able to conduct their audit functions without any influence from the Group.

A formal policy in respect of the independence and the provision of non-audit services by the external auditors of the Group and its subsidiaries ensures the maintained independence of the external auditors. In terms of the policy, the Committee is responsible for determining the nature and extent of any non-audit services that the external auditors may provide to the Group and pre-approve any proposed contract with the external auditors for the provision of non-audit services to the Company. Due to the use of different external auditors throughout the Group, the provision of non-audit services by the external auditors of the Company or the Operating Platforms to another Operating Platform or the Company, as the case may be, also requires the specific pre-approval by the Committee.

5.2.2. Internal financial and accounting control

The Committee is responsible for assessing the Group's systems of internal financial and accounting control. In this regard the Committee has, *inter alia*, evaluated the adequacy and effectiveness of the Group's systems of

internal control and made appropriate recommendations to the Board. The Committee also reviewed and satisfied itself of the appropriateness of the expertise, resources and experience of the Company's Chief Financial Officer, Mr JG Swiegers. The review of the finance function in addition to the review of the Chief Financial Officer, as recommended in King III, will be done in 2011.

5.2.3. Internal audit

Internal audit forms an integral part of the Group's Enterprise-wide Risk Management ("ERM") Policy to provide assurance on the effectiveness of the Group's system of internal control. The Group's Southern African operation has outsourced its internal audit function. Based on the number of hospitals and business divisions, Medi-Clinic Southern Africa represents the majority of the Group's operations.

Further details on the Group's internal audit functions are contained in the Risk Management Report.

5.2.4. Risk management

The Committee is integral in the implementation of the Group's ERM Policy by monitoring the risk management processes and systems of internal control for the Group through the review of the activities of its operating divisions in Southern Africa, Switzerland and the Middle East, the Group's internal and external auditors and the Group's risk management function.

The Committee is satisfied that the system and process of risk management is effective.

5.2.5. Ethics and compliance

The Committee is responsible for reviewing any major breach of the Group Code of Conduct and Ethics and relevant legal, regulatory and other responsibilities. The Committee is satisfied that there has been no material breach of these standards or material non-compliance with laws and regulations. The Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities during the period under review.

5.2.6. Public reporting

The Committee is responsible for considering and making recommendations to the Board relating to the Group's annual report, the financial statements and any other reports (with reference to the financial affairs of the Group) for external distribution or publication, including those required by any regulatory or statutory authority. The integrated annual report of the Company for the period under review has been approved by the Board upon the recommendation of the Committee.

6. ATTENDANCE OF MEETINGS

Board		May 2009	Jul 2009	Sep 2009	Nov 2009	Feb 2010	Mar 2010
Executive	Edwin Hertzog* 2 3 (Chairman)	x	√	√	√	√	√
	Louis Alberts** 3	√	√	√	√	√	√
	Danie Meintjes** 3	x	√	√	√	√	√
	Koert Pretorius ³	√	√	√	√	√	√
	Gerhard Swiegers ³	√	√	√	√	√	√
	Ole Wiesinger ³	√	√	√	√	√	x
Non-executive	Joseph Cohen	√	√	√	√	√	√
	Kabs Makaba	√	√	√	√	√	√
	Mamphela Ramphele ²	√	√	x	√	√	√
	Chris van den Heever***	n/a	n/a	n/a	n/a	√	√
	Thys Visser ^{2 3}	√	√	√	x	√	x
Independent non-executive	Zodwa Manase ¹	√	√	√	√	x	√
	Alwyn Martin ^{1 3}	√	√	√	√	√	√
	Anton Raath ^{1 3}	√	√	√	x	√	√
	Desmond Smith ¹	√	√	√	√	√	√
	Wynand van der Merwe ²	√	√	√	√	√	√

* Please refer to the explanation in respect of the classification of Dr Edwin Hertzog as executive Chairman included above in this report.

** Mr Louis Alberts retired as the Group's CEO on 31 March 2010 and was succeeded by Mr Danie Meintjes from 1 April 2010.

*** Appointed 5 February 2010

¹ Also member of the Audit and Risk Committee

² Also member of the Remuneration and Nominations Committee

³ Also member of the Investment Sub-Committee

Remuneration and Nominations Committee	Jun 2009	Sep 2009	Oct 2009	Feb 2010
Wynand van der Merwe ³ (Chairman)	√	√	x	√
Edwin Hertzog ¹	√	√	√	√
Mamphela Ramphela ²	√	√	x	√
Thys Visser ²	x	√	√	x
¹ Executive	² Non-executive	³ Independent non-executive		

The attendance of the Audit and Risk Committee meetings is set out in the report by the committee above.

7. DEALING IN SECURITIES

Procedures are in place to ensure that directors and senior management of the Group do not trade in the Company's shares during price-sensitive or closed periods. In terms of the Group's policy closed periods commence two months prior to the expected publication date of the year end or interim financial results of the Company up to the publication date, alternatively from the last day of the financial year or the first six-month period of the financial year up to the publication date of the annual or interim financial results of the Company, whichever is the longest.

8. CONFLICTS OF INTEREST

All Board members and Company Secretaries of the Company and major subsidiaries are required to disclose their shareholding in the Company, other directorships and any potential conflict of interests, which are monitored by the Company Secretary. Where a potential conflict of interests exists, directors are expected to excuse themselves from relevant discussions and decisions.

All employees are also obliged to disclose any potential conflict of interests, which requirement has also been included in the Medi-Clinic Southern Africa group's conditions of employment.

9. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The Board is committed to keeping shareholders and the investor community informed of developments in the Group's business. Communication with our shareholders is based on the principles of balanced reporting, clarity and transparency. Both positive and negative aspects of financial and non-financial information are provided. Further information regarding the Group's initiatives on shareholder communication is contained in the Sustainable Development Report contained in the 2010 annual report.

SHARE PRICE HISTORY

The trading history of Medi-Clinic shares on the JSE is set out below.

	High (cents)	Low (cents)	Close (cents)	Volume traded (million)	Value traded (Rand million)
Quarter ended					
30 September 2007	2630	2000	2220	45.38	1 021.62
31 December 2007	2500	2120	2290	24.25	545.65
31 March 2008	2343	1811	1970	42.52	891.24
30 June 2008	2088	1702	1850	19.57	377.63
30 September 2008	1995	1680	1813	31.40	576.91
31 December 2008	2100	1535	2035	31.98	584.13
31 March 2009	2575	1907	2150	33.85	757.38
30 June 2009	2170	1864	1930	38.46	779.04
Month ended					
30 June 2009	2075	1899	1930	11.25	219.76
31 July 2009	2195	1910	2140	10.04	203.89
31 August 2009	2298	2050	2280	9.54	205.93
30 September 2009	2300	2100	2230	5.23	114.07
31 October 2009	2450	2150	2400	10.11	227.85
30 November 2009	2448	2225	2329	5.55	128.08
31 December 2009	2585	2291	2570	9.77	233.14
31 January 2010	2575	2351	2450	2.73	67.28
28 February 2010	2705	2400	2670	5.66	138.81
31 March 2010	2765	2451	2700	4.71	121.69
30 April 2010	2900	2586	2666	7.80	214.48
31 May 2010	2850	2562	2630	10.03	269.44
Daily					
21 May 2010	2720	2655	2655	0.11	2.98
24 May 2010	2750	2631	2730	0.38	10.31
25 May 2010	2700	2670	2670	0.16	4.36
26 May 2010	2700	2562	2620	0.65	16.97
27 May 2010	2686	2595	2630	3.78	100.70
28 May 2010	2689	2632	2675	0.02	0.56
31 May 2010	2695	2625	2630	0.05	1.20
1 June 2010	2770	2638	2750	0.41	11.12
2 June 2010	2770	2663	2699	0.15	4.16
3 June 2010	2750	2670	2702	0.05	1.28
4 June 2010	2763	2700	2721	0.78	21.14
7 June 2010	2710	2671	2710	0.43	11.53
8 June 2010	2714	2700	2705	1.16	31.26
9 June 2010	2712	2650	2652	0.84	22.65
10 June 2010	2720	2664	2710	1.63	43.92
11 June 2010	2714	2625	2710	0.07	2.00
14 June 2010	2780	2660	2694	0.43	11.83
15 June 2010	2720	2620	2720	0.18	4.88
17 June 2010	2769	2686	2750	0.45	12.43
18 June 2010	2848	2720	2780	0.91	25.27
21 June 2010	2780	2706	2730	0.45	12.22

Note: The above information was sourced from I-Net Bridge.

