

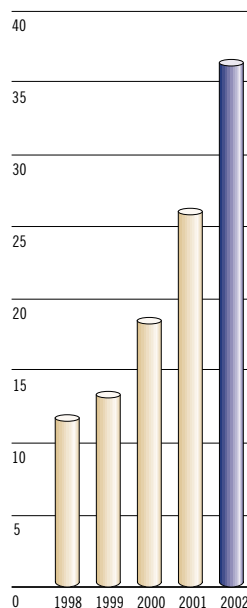


A strengthening balance sheet establishes the platform for continued shareholder wealth

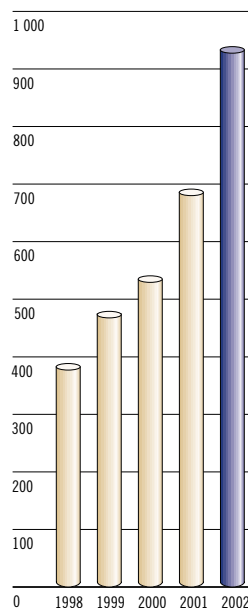
Compound annual growth rates (five years)

Revenue	39,5%
EBITDA	46,5%
Headline earnings	85,4%
Headline earnings per share	38,5%

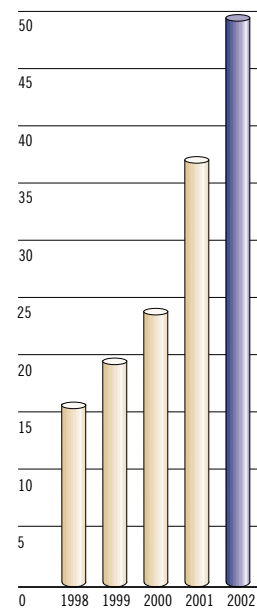
Headline earnings per share (cents)



Operating profit before depreciation (EBITDA) (Rm)



Cash equivalent earnings per share (cents)



	2002	2001	Change %
Trading (Rm)			
Revenue	4 812,3	3 687,7	30,5
Operating profit before depreciation (EBITDA)	942,9	692,6	36,1
Operating profit (EBIT)	787,0	565,2	39,2
Headline earnings	529,9	351,6	50,7
Ordinary share performance (cents)			
Headline earnings per share	36,7	26,3	39,5
Cash equivalent earnings per share	49,6	37,5	32,3
Capital distributions per share	11,5	8,5	35,3
Net equity per share	150,6	118,1	27,5
Share price at 30 September	295	199	48,2
Financial ratios			
Interest cover (times)	7,5	6,3	
Debt:equity ratio (%)	25,9	28,9	
EBITDA margin (%)	19,6	18,8	
Operating profit return on net assets (%)	32,8	27,8	
Return on ordinary shareholders' equity (%)	28,1	24,2	

Financial
performance indicators
exceed expectations



THE CORE BUSINESS – HOSPITAL NETWORK

Netcare has developed an innovative, integrated healthcare delivery model around its core hospital business to generate sustained and meaningful stakeholder value. The major investment is positioned to offer full service acute care at the tertiary high-tech end of the market. The result of establishing this infrastructure created an opportunity to invest in value adding businesses, whose success is guaranteed due to the patient flow through the hospitals. This will maximise and enhance returns.

Administration, logistical and consultancy services are provided to incorporated radiological practices and retail pharmacies at various hospitals and the various incorporated pathology practices through Ampath.

SUPPLY CHAIN

As the performance of the core hospital business is volume sensitive, selected investments have been, and continue to be made in the supply chain to enhance the core operations and extract further value. These investments, all with national representation, include Netcare 911 (emergency medical services); Medicross (logistical and administration services to primary care practices); National Renal Care (network of dialysis centres); Transplant division (transplant co-ordination); SAA Netcare Travel Clinics (travel and infectious disease clinics, occupational health), as well as various niche centres of excellence such as the Storks Nest, The Endometriosis Institute and The Breastcare Centre.

Reasons for adopting this strategy include accessibility via a national footprint to offer a full range of hospital services and establish a network of providers who can offer the full continuum of healthcare services. Netcare is now in a position to contract for 92% of all funds paid to providers. After administration, managed care and reserving costs this represents 70% of the private healthcare Rand.

LEADERSHIP STRATEGIES – VALUE DISCIPLINES

Allied to this strategic focus Netcare seeks to be the leader in its field by adopting the following value disciplines.

Customer intimacy

At an early stage, Netcare identified its customer as the Doctor. The Group was in fact founded by Doctors, is essentially managed by Doctors, and has adopted a Doctor-centric focus. Netcare has invested in infrastructure to attract and retain leading medical professionals, and in doing so strives to be at the forefront of medical technology and innovation and consequently to be the private healthcare group of choice.

The strategy brings patients to the hospital as well as to our supporting specialists.

In pursuit of this discipline, Netcare recently launched the NetPartner Programme (“NetPartner”). The key objectives of NetPartner are to improve the services offered to Doctors as well as communication with Doctors, all while aligning the interests of staff and patients. Their success is ultimately our success.

Best and safest product

The product offering by Netcare is clearly “Best Patient Care” to our patients. To maintain the highest levels of care at all times, Netcare launched a staff incentive programme through the “Goldcare Service Excellence Programme”. (See page 18 for details on this programme).

The Group’s philosophy of ensuring the best and safest product is evidenced by continuous improvement in patient satisfaction levels. In motivating staff to achieve these objectives, Netcare offers its employees a greater sense of achievement through continuous training and education.

Directed initiatives and investments include Hemopure (oxygen therapeutic); bloodless surgery (blood conservation programme); Lodox (digital, full-body, low-dosage x-ray diagnostic imaging system) and low flow anaesthesia.

Operational efficiency

The Group believes that in order to generate sustainable revenue and profitability from its business operations, operational efficiency should be driven through a focus on maximising asset utilisation.

Some of the initiatives that have been adopted include:

- “Hands on” biometric time and attendance system
- Central negotiation and purchasing division
- “Buy Net” business to business e-commerce platform
- Mediswitch
- IT Network with over 5 000 users
- Project division
- e-Scripting via Prometheus

This focus has led to the hospital division EBITDA margins increasing since the acquisition of Clinic Holdings Limited in 1997 from 13,2% to 21,8%.

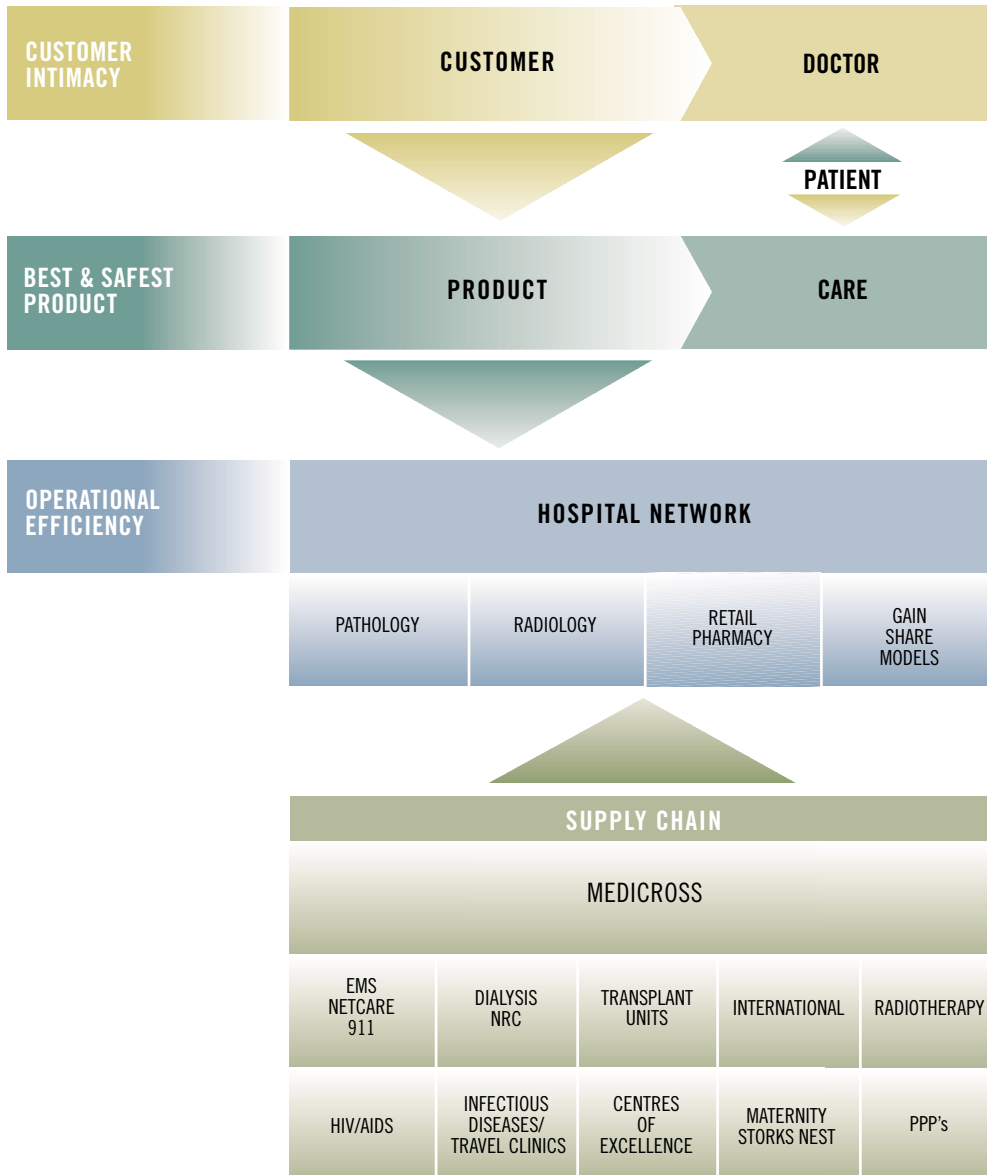
THE FUTURE

The Group will continue to develop businesses to drive the core hospital business, as well as introduce innovative initiatives to support, enhance and protect the healthcare value chain.

The success of the strategy is evidenced by Netcare’s increased market share and an organic growth superior to that of similar healthcare companies.

VALUE DISCIPLINES

STRATEGIC COMPONENTS OF THE NETCARE HEALTHCARE VALUE CHAIN





During 2002

Netcare 911's insured principal lives grew from 2,8 million to 5,2 million.

During 2002

Netcare Travel Clinics awarded numerous local and international contracts, including Sasol's Natural Gas Project near Vilanculos in Mozambique and the Hillside Aluminium Smelter Expansion Project in Richards Bay.

During 2002

Established administration and logistical JV's with 16 General Practitioner practices incorporating over 50 new Medicross affiliated doctors.

March 2002

Purchased Margate Private Hospital to complement the Group's national network.

July 2002

Netcare acquired Europ Assistance's interests in Trauma Link (owns private emergency response service "Netcare 911") and Netair 911 aeromedical services.

July 2002

Opened Kuilsriver Hospital in Cape Town, a joint investment and development between Community Hospital Group and Netcare.



July 2002

A consortium consisting of Netcare, Community Hospital Group and Netcare 911 was appointed as the supplier of medical services to the World Summit on Sustainable Development held in August/September.

August 2002

Completed the upgrade of Unitas Hospital in Centurion, Pretoria. Unitas Hospital is now the largest private, specialised tertiary care facility in Africa.



September 2002

Operation Cataract: Netcare was commissioned by the UK's NHS to conduct 800 cataract operations to alleviate the backlog of British patients awaiting surgery.

September 2002

Awarded management contracts to the value of US\$3,5 million in the Middle East for Al-Hasa Hospital in Saudi Arabia and Bahrain Specialist Hospital in Bahrain.

BEST AND SAFEST PRODUCT

November 2001 ●

The Berlin Heart success: The Berlin Heart is a device that provides critical bridging support for patients awaiting transplantation and was successfully used on a Netcare patient for the first time for a total of 42 days before a suitable donor heart became available.

November 2001

Garden City Clinic celebrated its 300th renal transplant.

January 2002

Implemented a quality and service monitoring system incorporating Palm[™] handheld computers that provide real-time assessment of quality and service levels across the Group.

February 2002

The 1 000th transplant was performed in a Netcare facility.

February 2002

Christiaan Barnard Memorial Hospital hosted its 80th cardiac transplant. Patient survival rates are among the highest in the world.

April 2002

Netcare and Ampath established Genecare, a genetic laboratory and medical research facility focusing on the testing of genetic disorders and molecular DNA diagnostics.

April 2002

Milpark Hospital celebrated the second successful single lung transplant.

June 2002

The first simultaneous kidney, pancreas transplant in South Africa was performed at Garden City Clinic. The transplant offered a diabetic patient with end-stage renal failure the opportunity to receive both organs, thereby restoring renal function as well as ending the need for ongoing treatment for diabetes.

July 2002

The commercial launch of Hemopure in Netcare hospitals where doctors were trained in the administration of Hemopure, the world's first oxygen therapeutic.



Left to right: Jo Warby (heart transplant recipient), Mr Themie Themictocleous (Berlin heart patient), Sr Helena Williams (recipient co-ordinator).

July 2002

The first successful bi-lateral sequential lung transplant procedure (in which both lungs are transplanted sequentially in the same operation) was conducted in a Netcare hospital.

August 2002

The world's first-ever digital, full-body, low-dosage x-ray diagnostic imaging system - Lodox - received approval from the United States Food and Drug Administration ("FDA").

September 2002

For the first time in South Africa, doctors completed a minimally invasive procedure (using an Amplatzer device) to close a hole in the heart of a 53-year old patient who would not have survived full, open heart cardio-thoracic surgery.

CUSTOMER INTIMACY



February 2002

GoldCare, a service excellence programme was launched which encourages, recognises and rewards Netcare staff for service excellence.



September 2002

NetPartner, a doctor-orientated programme aimed at improving Netcare's services to doctors was launched with the ultimate aim of enhancing patient care.

OPERATIONAL EFFICIENCY

July 2002

Instituted an electronic procurement and virtual inventory system at selected hospitals within the Group. This allows for better management of purchases, discounts, rebates and volumes.

August 2002

Implemented an electronic diary and scheduling system for Medicross doctors.

During 2002

Expanded electronic billing programme with DHS-Mediswitch, enabling over a quarter of Netcare hospital bills and 100% of Medicross bills to be submitted electronically to funders.

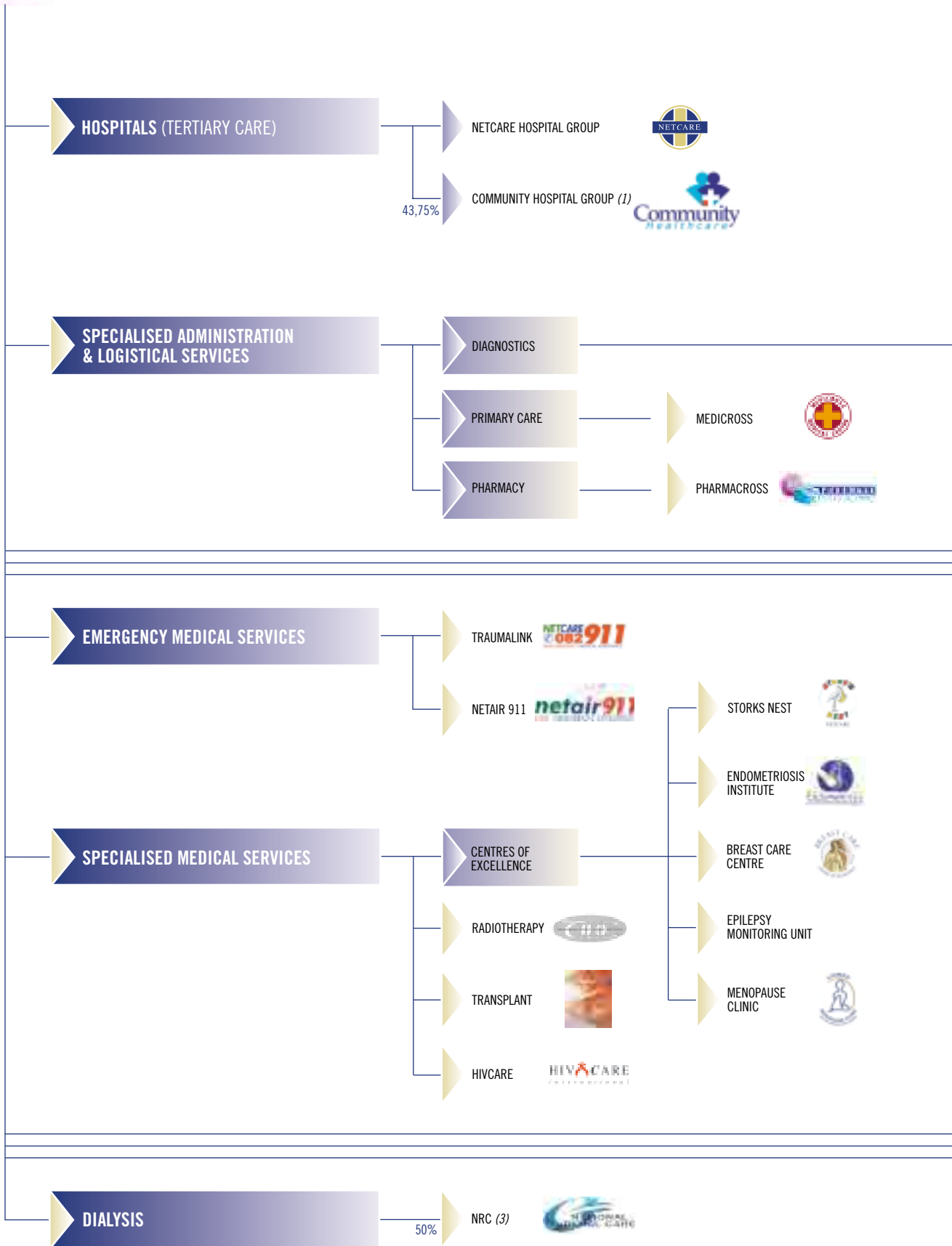
During 2002

Integrated the Medicross and Netcare IT networks to improve network speeds, access and service levels while reducing costs.

During 2002

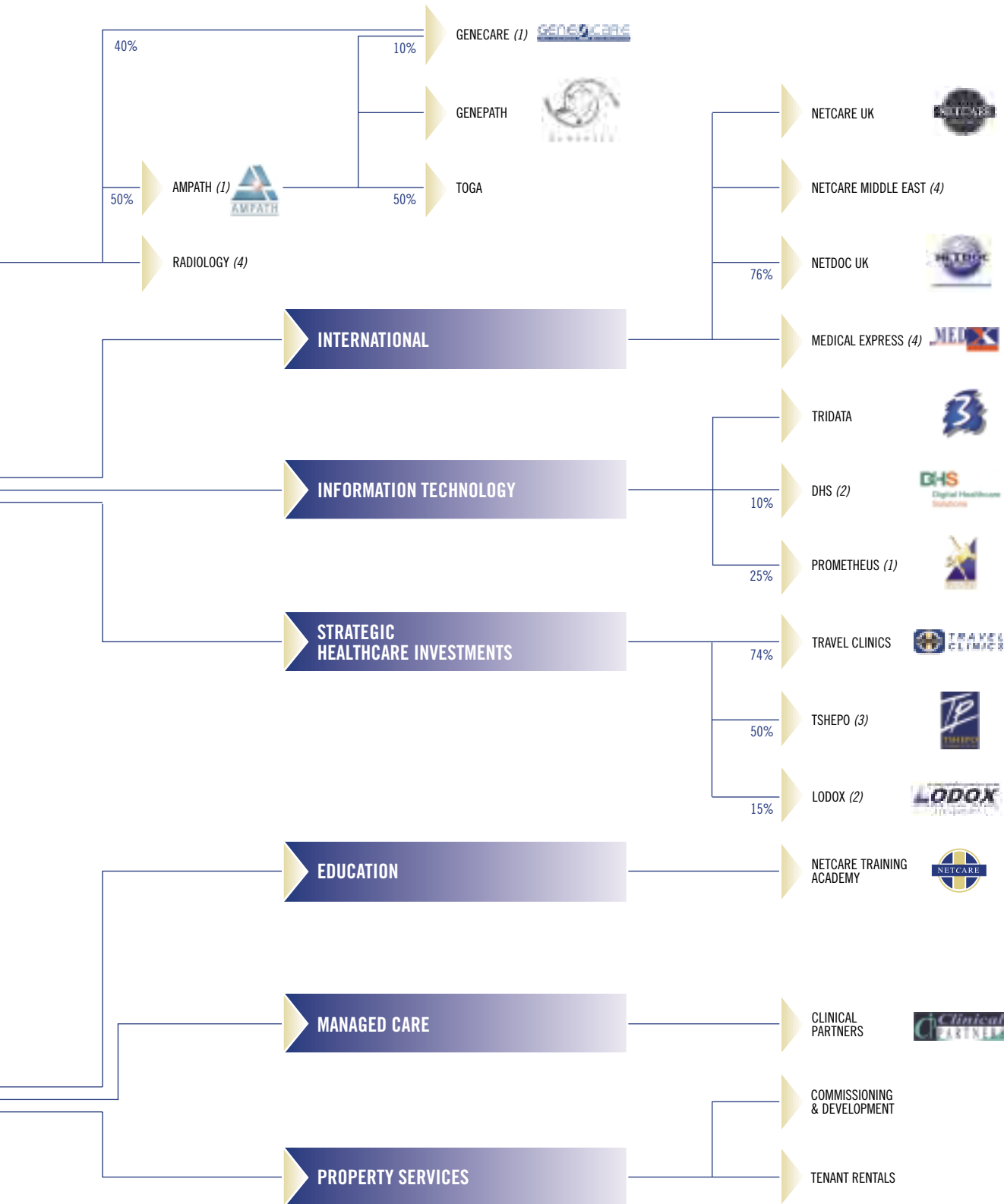
Trained over 3 000 Netcare employees in basic and advanced computer skills.

Corporate Structure



Note: unless otherwise stated, 100% owned

- (1) Equity accounted
- (2) Investment accounted
- (3) Proportionately consolidated
- (4) Varying interests held or management and logistical services provided



“**W**hen Netcare was conceived in 1996, the compelling aspiration was quality care to our patients, value to our stakeholders and service to the community . . .

Other than our size, nothing has changed.”

Michael Sacks and Jack Shevel
Chairman and Chief Executive Officer

“



It is a privilege to care for patients and their loved ones and be allowed to walk this difficult path with them.”

Sister Eleanor Peake
Unit Manager, Oncology
Rosebank Clinic, Johannesburg

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Chief Executive Officer's Review 16 - 20



INTRODUCTION

Netcare's success comes down to one word – **“passion”**. No where is this characteristic epitomised more than in the conduct and practices of Netcare's executive management.

CORPORATE REVIEW

Netcare's critical success factors are continuous innovation, intense commitment, customer intimacy, compassionate care, leading-edge technology, strategic partnerships and sound governance. By focussing Group energies on these factors, Netcare has become the leader in South Africa's private healthcare industry.

The continued growth and competitive edge of all the Group's operating divisions is a result of Netcare's incentivised, decentralised and accountable management model, one which is also mindful of customer and patient needs, collaborative with business and industry partners and compliant with regulation. Netcare's definitive strategies and dynamic culture has produced a premier healthcare provider network with an impressive market share.

This year was another excellent year for the Netcare Group with significant growth in headline earnings per share of 39,5%. Netcare has demonstrated once again that despite the challenges facing the healthcare sector, its investment in people and technology, its differentiating culture of patient care and its

Michael I Sacks
Executive Chairman

efficient management of services have again yielded significant value for all stakeholders. Since commencement of the Group in its current form only five years ago, the Netcare Group has posted a compound annual growth in headline earnings of 85,4%.

STRATEGY

The consistency of Netcare's strong performance is largely driven by a distinctive strategy of investing in components of the healthcare "value and supply" chain, which supports the Group's core hospital business. Netcare already ranks as one of the lowest cost producers of world-class healthcare and by adding to and securing each link in the chain by maximising operational efficiencies, expanding product offerings and improving returns, the Group will endeavour to preserve that status.

ECONOMIC ENVIRONMENT

South Africa was certainly not immune to the effects of the horrendous September 11 terrorist attacks in the United States, nor to the destabilising consequences of the unprecedented revelations in that country and elsewhere of executive corruption and poor corporate governance.

Not only did these unfortunate actions and revelations have an effect on developed economies, but the general atmosphere of insecurity in the world similarly impacted on South African markets, with the value of the Rand falling appreciably against major currencies during the year.

HEALTHCARE ENVIRONMENT

The events outlined above, the generally bearish sentiment and the devaluation of the Rand damaged the healthcare sector as well. The prices of imported healthcare components, specifically medical equipment, drugs and pharmaceuticals, rose considerably, increasing the cost of patient claims, escalating premiums and placing additional pressures on medical scheme reserves.

After the extraordinary premium escalations in 2002, and the increases indicated for 2003 of between 12% and 20% – in many cases with reduced benefits – it seems inevitable that without new modalities for reimbursement, healthcare premiums as presently layered and formulated could simply become unaffordable.

Netcare's vision and early appreciation of issues relating to the inflation-driven "fee for service" model prompted the Group several years ago to pioneer and promote alternative reimbursement methods, for example fixed "*per diem*" tariffs for hospitalisation. The funder community is now embracing this alternative risk-sharing tariff system and a significant amount of the Group's revenues are set to be earned through the application of this model.

GROWING THE HEALTHCARE MARKETS

The sustainability of a quality and affordable private healthcare industry in South Africa is largely dependent on the growth of its covered membership. Unfortunately, specialist marketers of healthcare have made little progress in this regard and Netcare has now commenced its own initiative to develop a feasible and functional product aimed at employed low-income earners, the natural source for this membership growth.

Close consultation and co-operation with the Medical Schemes' Council and South African Revenue Services will be crucial and processes will be followed to hopefully structure solutions on this inclusive basis.

Expanded membership of the private market will yield higher hospital occupancies and a more rapid recovery of fixed costs, both of these being influential features of any hospital business plan. Low-cost access to quality care only becomes possible through volume related delivery models.

The declining capacity for tertiary services in the public sector and the decline in the quality of their services in general, has also emphasised the urgent demand for these low income products and Netcare is committed to seek a solution to this need.

SERVING THE MARKETS

As a result of generally weak public sector management of healthcare and a common scarcity of capital and resources for the restoration and upgrading of capacity and technology in the public sector, a trend is evolving in many countries where governments are increasingly purchasing selected tertiary services from the private sector.



SERVING THE MARKETS (continued)

The National Health Service ("NHS") in the United Kingdom is an example of a public service presently afflicted by these very circumstances, where the NHS increasingly contracts with the private sector for a wide range of health services. Netcare was awarded an NHS tender to perform over 800 cataract operations in a bid to address an extensive backlog of patients awaiting cataract surgery.

Shareholders will be pleased to learn that the British House of Commons tabled a Notice of Motion heralding the cataract initiative between Netcare and the NHS as ". . . a remarkable success." In terms of the Notice of Motion tabled, particular mention was made of the excellent standard of care provided by Netcare to patients treated at the Royal Lancaster Infirmary, recommending that the British Government "analyse and identify the reasons for the remarkable success of the initiative, with a view to incorporating them as best practice into future initiatives."

As a result of this success, Netcare is engaging with several NHS Trusts for the further provision of full-service tertiary surgery to UK citizens.

INTERNATIONAL DIVISION

Due to the above and other foreign business, Netcare's international division graduated during the year from a mere development activity into an important revenue producer. The Group is presently identifying resources for temporary deployment to service these projects, which collectively could yield a material contribution to Group revenues in the ensuing years. The most recent progress of the international division has also illustrated the Rand-hedge nature and potential exportable value of the Group's intellectual property and intellectual capital.

CHALLENGES TO THE INDUSTRY

Doctors and Specialists

It is common cause that a significant number of doctors and specialists have been lost to emigration and to more lucrative opportunities abroad. However, the quality standards in medical education have also been affected by the government's diminishing reinvestment in infrastructure and technology.

There is also a declining number of Registrar posts available in specialist teaching hospitals, which further impacts on appropriate standards in medical education, greater proficiency training and human development. To address this, Netcare has made applications to the Healthcare Professional Council to be accredited with academic status to offer post graduate training at selected facilities.

HIV/AIDS

The debate regarding the cause and effect of HIV/AIDS in South Africa, and on the prevention or treatment as a priority for investment, continues. The evolving scenario, however, seems to indicate that the private sector generally will be forced to invest in dealing with this epidemic and affordable products will need to be developed to provide the appropriate therapy and treatment to prolong the lives and productivity of persons living with HIV. Credible research has indicated that unless there are appropriate interventions, or behavioural changes are implemented, the scale and consequences of HIV/AIDS to the economy and to the country will be immeasurable.

Nursing Shortage

The shortage of skilled nursing in South Africa undermines the very character of the private healthcare service model and South African hospitals, both private and public, are having to compete with recruitment agencies from several countries abroad who offer attractive employment opportunities to those with the highest qualifications and experience.

To maintain appropriate standards required in the healthcare sector in general and the service excellence in Netcare hospitals in particular, the Group has resolved to expand its Training Academy capacity in each of its training centres in Johannesburg, Pretoria, Cape Town and Durban. Netcare will be investing significantly in healthcare education going forward, primarily to ensure trained nurses for the Group's own network, but also as a social and community investment for South African human capital development. In addition to the higher intake of students for nursing and post-graduate nursing, courses in hospital administration are also being formulated to produce and develop the broader management skills so urgently needed in the healthcare industry.

BLACK ECONOMIC EMPOWERMENT

As part of its commitment to Black Economic Empowerment (“BEE”), Netcare has further encouraged and supported the expansion of the Community Healthcare Holdings (“Community”), the largest black owned private healthcare enterprise in South Africa.

Community, which has interests in several hospitals and hospital projects, is also a partner of Netcare in the Free State Public Private Partnership project. It owns and manages a medical products distribution business and has joint interests with Netcare in Biopure and Lodox, two hi-tech healthcare initiatives with significant potential. Netcare will continue its policy to provide systems management, the transfer of skills, financial support and advisory services to Community, as well as to other BEE groups with whom Netcare is considering certain joint ventures.

THE NETCARE FOUNDATION

The Netcare Foundation has continued to play its role during the year in addressing the needs of the broader community by providing contributions, sponsorships and donations to public projects, charitable institutions, community organisations and to the broad and general needs of the indigent and infirm. Further details on Netcare’s Corporate and Social Responsibility are provided separately on pages 48 - 50.

CORPORATE CITIZENSHIP AND RESPONSIBILITY

As a committed corporate citizen of South Africa, but also as a company doing business in Africa, Netcare wholeheartedly supports President Thabo Mbeki’s renaissance plan for the continent, Nepad. Achieving real political, social and economic development in Africa, especially in countries long plagued by military conflict and civil strife, will go a long way to encourage business locally and help reduce Afro-pessimism internationally. What is needed is systematic change, change that can give Africa a fair chance in the global economy through policies that encourage regional trade, debt relief, poverty alleviation and sustainable development.

Netcare is keenly sensitive to and aware of its corporate governance responsibilities. Netcare places great emphasis on high ethical standards in all its business operations, its business

practices and in relationships with all Group stakeholders. Netcare strives for transparency in accordance with international trends and endorses the principles of integrity and accountability.

THE FUTURE

Netcare is also mindful that there is no place for complacency in an industry facing constant challenges, new opportunities and new discoveries. Accordingly, it is committed to innovation and the exploration of new and sensible creative concepts. Netcare has come a long way since its listing on the JSE Securities Exchange South Africa in 1996 and has many ambitions still to accomplish. In all of this, Netcare remains a healthcare organisation committed to caring for the lives of the patients entrusted to its care in the best and most affordable way.

THE CULTURE

Netcare’s success comes down to one word – “passion”. Nowhere is this characteristic epitomised more than in the conduct and practices of Netcare’s executive management. Their appreciation of healthcare economics, and the values and work ethic in operations instilled by the Chief Executive Officer, Dr Jack Shevel, energises a spirit and commitment within the Group that makes Netcare a truly special place.

ACKNOWLEDGEMENTS

The doctors and specialists associated with the Group deserve a special word of appreciation for the exceptional work that they do. Their loyalty and support of the Group is acknowledged and gratefully applauded.

This report would not be complete without a deep expression of gratitude to the entire Netcare nursing, operational and management staff for their sterling efforts during the year and for their sincere and committed endeavours on behalf of the Group. Special thanks are also merited and conveyed to the Members of the Board of Directors, in particular the Non-executive Directors for their invaluable support, guidance and wisdom.





INTRODUCTION

“If the human race wishes to enjoy longer life and prosperity, they have only to behave in a peaceful way and science will do for them all they wish and more.”

Sir Winston Churchill must surely have meant to include healthcare providers in that quotation, for Netcare and the medical profession successfully engage that very science on a daily basis to restore, sustain and prolong the health and wellbeing of the broader community.

Driven by this caring engagement and responsibility, Netcare has become the largest healthcare group in South Africa. At the close of our 2002 financial year, Netcare's business comprised *inter alia*, the ownership and management of 45 acute-care and full service hospitals; 18 same-day surgical units; 61 specialised medical units; 53 Medicross primary care facilities; 27 renal dialysis units; a facilities management network servicing 85 pharmacy outlets; Ampath's three central reference laboratories (“labs”) and 230 satellite labs and depots; 10 hospital radiology facilities; eight radiotherapy units and nine Netcare Travel Clinics. Today, the Group, its subsidiaries and associates employ in the order of 18 000 employees and are supported by approximately 3 000 medical doctors and specialists.

Dr Jack Shevel
Chief Executive Officer

Netcare facilities are accessible to about 80% of the national private healthcare market and are located in almost all high growth urban markets.

FINANCIAL OVERVIEW

The financial results for 2002 reflect another year of significant growth, with all divisions contributing to Group profits. This has enabled the Group to perpetuate its remarkable track record with a compound annual growth rate of 38,5% since 1997. Strong contributions from all divisions resulted in an increase in headline earnings per share of 39,5%, from 26,3 cents in 2001 to 36,7 cents this year.

Over the last six years improved hospital efficiencies have led to an increase in our margins and operating profits, with this year's operating profits increasing by 39,2% from R565,2 million to R787,0 million. Our net debt:equity ratio at 25,9% was well below the Group's self-imposed limit of 50% despite the Group's significant investment activities. A large portion of this investment was made in terms of the Group's continued focus on expanding its tertiary facilities in high growth urban areas.

Central to Netcare's impressive performance is the efficient use of its asset base. When one considers the conservative current replacement cost of approximately R750 000 per bed fully equipped, the value of the Group's non-current assets are worth R2,5 billion more than the present balance sheet carrying value, certainly a persuasive indicator of a barrier to any new entrant into the industry.

Whilst we have achieved excellent earnings attributable to ordinary shareholders for the year of R526,0 million and built a secure platform for growth, the nature of our healthcare business necessitates constant and substantial reinvestment. This is not only to enhance capacity, but also to keep abreast of new developments in medical care, replace outdated equipment and introduce new technologies. The maintenance and renovation of our hospitals is equally important and significant capital expenditure is required to sustain a modern capacity and to ensure the maintenance of world-class standards. Capital expenditure for the year, which amounted to R366,1 million, is expected to be lower for the next financial year as the upgrades to various hospitals previously owned by Clinic Holdings Limited were completed during the year.

STRATEGIC EXCELLENCE

Our focused strategy is to become an integrated healthcare services organisation by investing in all elements of healthcare that directly or indirectly support our core hospital business. Netcare is a broad network of providers that work together to provide excellence in patient care in the most compassionate way and at the most affordable cost.

We have focused our hospital division on the tertiary end of the acute-care market providing advanced technology with a full range of specialised services. Key to our strategy is providing on-site facilities in each hospital to a broad grouping of specialists who perform and provide a full range of services. We have also established centres of excellence within each hospital, based on a range of specialist core competencies. These include trauma, cardiology, organ transplantations, mother and child care through Stork's Nest clinics, renal disorders through our National Renal Care dialysis centres and diagnostic and interventional radiology. In addition to these specialities and our commercial and leadership strategies, we strive to be first to market with innovative and health enhancing products and services. Netcare has introduced a range of devices, services and management programmes which differentiate the Group from other providers. Examples of these include: Low flow anaesthesia; Biopure (an oxygen therapeutic drug); Lodox (low dose radiological device); Blood conservation; outcome based medicine; real time palm top customer satisfaction assessment; balanced scorecards; a central complaints centre; statistical risk analysis; patient listening forums and Netcare's Training Academy.

Netcare's integrated delivery model seeks to increase its product offering to extract and supply a greater percentage of the healthcare Rand spend. Consequently, the Group has also created the capacity and the appeal to interest funders and large corporate employers in new shared risk healthcare models aimed at the wider private sector membership.

Netcare has also developed an administrative competence to serve our professional provider networks, and our expertise in this area is illustrated by the functional and efficient support services provided to doctors and dentists located at our Medicross Family Health Centres.



STRATEGIC EXCELLENCE (continued)

As part of our integrated delivery model, Netcare 911 provides patients with world-class pre-hospital emergency medical assistance, including evacuation by road or air. We offer specialised medical and pathology services and provide advice and services on immunisations needed in South Africa or anywhere else on the continent through our specialised Netcare travel clinics. In all of this, we remain attentive and watchful for new opportunities and healthcare models that will enhance our business and improve our service offering. We are committed to achieving a strong market position in every market that we serve, either in our own right or by participating with others who have a strong presence in that market. Our final objective is to preserve our status as the lowest cost producer of quality private healthcare through operating efficiencies.

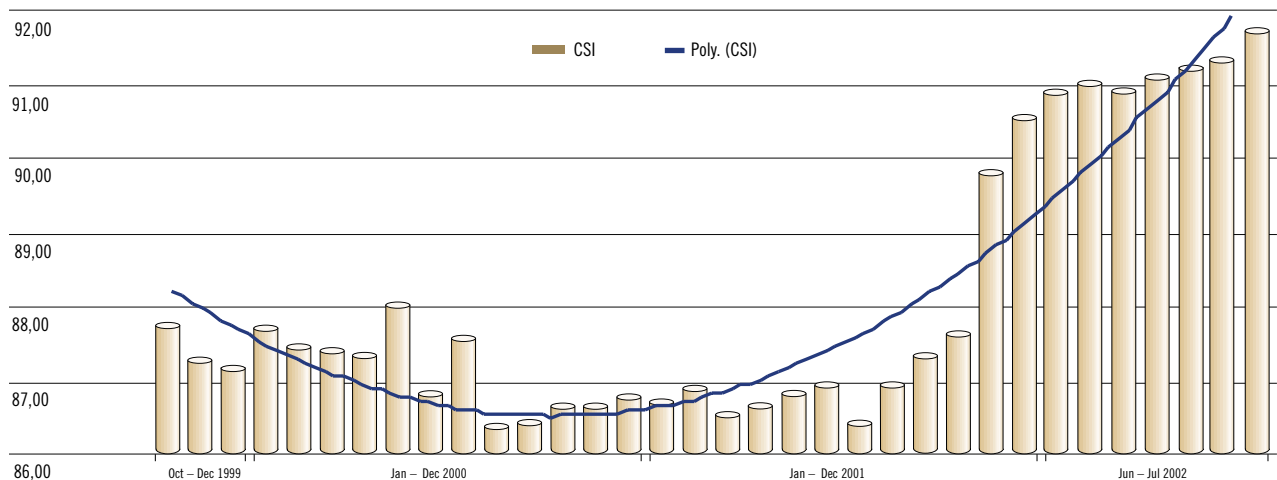
SERVICE EXCELLENCE

When it comes to patient care, Netcare seeks to provide the highest quality care through service excellence. We achieve this by embracing the core value disciplines of **best and safest product** (patient care and leaders in technology), **customer intimacy** (doctor orientated) and **operational efficiencies** (maximise returns). In everything we do, our policies and values dictate fanatical attention to detail.

We believe that people are our greatest asset and play a major role in the success of the Company. Therefore, achieving quality care starts at home with our own people. We have implemented an exclusive “GoldCare Service Excellence Programme” that rewards our nursing and administrative staff for the work they do and the caring manner in which they do it. The “GoldCare” programme is a world first, developed and run by behaviour modification experts and designed to recognise, motivate and reward staff for delivering best patient care. We know it’s working because we can see the results (See Graph below of improvement to externally monitored Patient Satisfaction Index). More than 14 000 of our staff have joined the programme and over 70% have received GoldCare rewards. Most importantly, our patient satisfaction index has increased dramatically during this past year from 86% to 93%.

Netcare operates a Nursing Academy that feeds highly skilled and qualified people into our own hospital system. We are expanding this facility to ensure we have top quality care givers in the face of an escalating national and international skills shortage. We utilise and have available state-of-the-art technology, advanced medical practices and the best and most effective pharmaceuticals in all our facilities.

Patient care rating



CUSTOMER EXCELLENCE

Our customer intimacy programme focuses on customisation of services and products and forming real partnership models with our supporting doctors and specialists. This includes forums for communication, patient listening forums and comprehensive surveys. We also maintain Physician Advisory Boards in all our hospitals to facilitate an exchange of views on healthcare matters and explore models for greater efficiency between our doctors and management. We are evolving a virtual private network to achieve complete connectivity between our healthcare providers in the Group. In keeping with the Netcare “doctor orientated” philosophy, during the year Netcare launched the “NetPartner Programme” to encourage specialists to assist the Group in achieving its objectives in service excellence. Some of the objectives of this programme are to customise and improve the service offered to the doctors, assist with the effective training of nurses and enhance their practice management skills.

OPERATIONAL EXCELLENCE

We focus on operational efficiencies within our hospitals to achieve and extract optimal returns on our investment. We therefore equip our hospitals with state-of-the-art technology for use in advanced healthcare applications and for administrative purposes. We have considerably improved our efficiencies by enhancing electronic connectivity between various elements of the healthcare value chain. While we centralise certain activities such as purchasing, to achieve greater buying power, our divisional structures are decentralised to allow for devolution of responsibility and accountability. We also adhere to the highest standards of financial accounting within our business operations. The operational excellence is enhanced through the range of devices and processes we apply in our daily management. These include, *inter alia*, local area networks and wide area networks; advanced accounting systems using central servers; “My market.com” procurement applications; biometric time and attendance devices; balanced scorecards; incentives linked to deliverables; share incentives and not least the skills and capacity of Netcare’s specialist in-house IT department, its risk management and internal audit departments.

GOVERNANCE EXCELLENCE

Netcare adheres to strict corporate governance and the highest standards of ethics and endorses the principles of integrity and accountability advocated by the King II Report on Corporate Governance. We have made significant progress to conform with international reporting trends with a view to greater transparency and accountability.

Our adherence to corporate governance does not stop there. We stand committed to absolute integrity when dealing with all our stakeholders. We have developed a clear guide to the expected behaviour of our employees and strive to maintain the highest ethical standards of business practice within the Group. This also extends to the selection of our business partners and suppliers. We strive to ensure there are no breakdowns in the ethical behaviour of our professionals – always mindful of their independence and professional codes that govern the conduct and ethics of health professionals in South Africa.

EMPOWERMENT PARTNERS

Netcare is particularly committed to the promotion of black empowerment healthcare enterprises. We have been instrumental in the creation of Community Healthcare Holdings (“Community”), South Africa’s first wholly-owned black healthcare group. We believe that black interests should have a major stake in the private healthcare industry.

Community has made significant progress since its formation, and its desire to establish a meaningful private healthcare enterprise bodes well for the future of healthcare in our country. As part of its growth strategy, Community is presently engaged in discussions with various provincial authorities relating to the establishment of Public Private Partnerships for healthcare delivery. The first of these partnerships has been secured with the Free State Health Department for co-location facilities management at Universitas and Pelonomi Hospitals in Bloemfontein.



EMPOWERMENT PARTNERS (continued)

In support of Community's endeavours, Netcare has provided financial guarantees of R78,4 million to various bankers for Community's hospital operations and has acquired a minority interest in their hospital division. We are very proud of Community's progress and will continue to assist and support them in whatever way we can in their objective of becoming a formidable black-owned private healthcare network.

GOING FORWARD

As we move forward, our primary objective is to continue offering integrated world-class healthcare solutions that support our core hospital business and ensure the natural expansion of our business model. We have already established a national footprint. However, we want to ensure that we offer widespread accessibility in all areas of the country through our network of hospitals. In this regard, we will seek to selectively invest through acquisitions of our own or with our various business associates.

To enhance the awareness of our services and caring culture we will continue to engage in selective marketing programmes to achieve these objectives, the best examples being the production and flighting on national television of the Netcare 911 actuality programmes of Code Red and Red Alert. In addition, our promotion of maternity, and particularly the Storks Nest, has seen maternity deliveries increase by 9,0% over the past three years.

We will also seek to grow the business internationally through our International Division. Some of the successful contracts that have been awarded to selected businesses within Netcare over the past 12 months include SAA Netcare Travel Clinics' provision of healthcare services to the Hillside Smelter Expansion Project for BHP Billiton, and similar services to Sasol International for their Mozambique Natural Gas Project.

In addition, Traumanet ("Netcare 911") has developed cross-border joint ventures in Mozambique, Swaziland, Botswana and Namibia for the provision of emergency medical services.

We will also seek to market and utilise our intellectual capital in evolving healthcare markets. We have already established hospital operations in the United Arab Emirates, Bahrain and Saudi Arabia. In terms of these contracts we commission the hospitals, provide management and administration skills and

hand over a turnkey operation to the owners. There is a growing demand for modern, private-sector facilities in a number of countries around the world and Netcare has developed a notable reputation for timeous delivery of these projects.

During September 2002 an agreement was concluded with a Trust within the National Health Service ("NHS") in the United Kingdom to provide services to NHS patients. A team of 40 South African medical and healthcare personnel travelled to the UK to perform over 800 cataract operations on patients resident in that country. Netcare was awarded the tender in a bid to address an extensive backlog of patients awaiting cataract operations. Apart from the attractive economic benefits and the experience gained in delivery of our world-class practices, we were able to give our staff an opportunity to travel and perform professionally outside South Africa without them having to emigrate. The exercise also enhanced our marketing ability locally and overseas. We see significant growth potential for Netcare in these activities.

PROSPECTS

Netcare's continued success is built upon our core belief that operational excellence leads to predictable, stable and sustainable financial results.

Our Group is investing for the future, we are making significant contributions to our communities and we continue to foster an environment that inspires compassion in the delivery of quality patient care. We believe that the success of these efforts positions us well to be the leaders in healthcare and to be regarded as such by the communities we serve.

Our operations have come a long way. We are proud of the effort of all our people and will continue to look after our staff through incentives, rewards and other benefits. We will continue to identify, develop and expand local and international healthcare opportunities that support our strategy and contribute to our financial performance. We believe that our business model is balanced and sound, and secures a solid foundation for future growth.



“

I am really thankful to Netcare for always giving me every opportunity to grow as a person and as a nurse.”



Staff Nurse Anchen Mitchell
Surgical Ward
N1 City Hospital, Cape Town

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INTRODUCTION

Our major focus area this year was on patient care, operational excellence and enhanced customer intimacy. This resulted in tangible improvements and has laid the foundation for a continuation of strong operational performance.

The results for 2002 largely reflect organic growth across all operating divisions, as well as operational efficiency gains. Two new companies, Genecare and Netcare Healthcare UK, were launched this year and are expected to contribute to earnings in the medium to long-term.

CORE HOSPITAL OPERATIONS

- GoldCare staff loyalty programme launched
- Netpartner launched
- Patient care improved significantly
- Over 2 000 nurses trained
- 340 000 visits through casualty
- Improved efficiencies through new IT developments

Financial Performance – Hospital Division

The hospital division recorded strong growth in revenue for the sixth consecutive year since listing on the JSE Securities Exchange South Africa. The 19,6% increase in revenue was largely organic. Excluding the acquisition of Margate Hospital, revenue growth for the division amounted to 19,0%.

Dr Richard H Friedland
Chief Operating Officer

Several key activity indicators demonstrated the Group's growth. These included:

Total casualty admissions to the Group's 34 accident and emergency ("A & E") units increased by 6,7%; admissions into higher intensity units increased by 4,5%; theatre hours continued their increase by 1,4% and average length of stay remained stable, halting a decline experienced annually since 1997. From a pure volume perspective, this was offset by admissions into general wards and day cases which decreased by 1,0%. As a result of the above, overall patient days remained unchanged. However, the change in case mix, greater productivity and the effects of the inflationary environment during the first six months of the financial year had a positive impact on EBITDA margins.

EBITDA margins increased from 19,9% to 21,8% in 2002, reflecting the performance highlighted above and further operational efficiency gains.

In terms of working capital, patient debtor days improved from 41 days in 2001 to 38 days at year end. This was largely attributable to centralised management and co-ordination of this function at the Netcare Operations Centre.

Refining Operational Efficiencies

2002 saw a focus on refining the existing operational model by reviewing key processes and exploiting the benefits of digitalisation. A centralised accounting system has been installed in all hospitals allowing for the centralised storage and management of all financial data. The short-term benefits have resulted in an annual saving of R1,3 million in maintenance and support costs. Longer-term benefits, such as the centralising of certain financial functions, are being explored.

During the year, "Hands on", a time and attendance management system incorporating biometric palm reading devices, has now been implemented in all hospitals. Benefits such as reduced absenteeism, improved nursing skills mix and accuracy of the payroll resulted in a saving in excess of R20,0 million and a further R20,0 million is targeted for 2003. The capital cost of the system was recouped in the first eight months.

A successful pilot programme, which linked all non-pharmaceutical suppliers to an electronic platform, was conducted during the year. The objective of this programme is to improve purchasing controls, aggregate purchasing and centralise payment. As a result of the pilot, "Buynet", a product

developed in conjunction with Mymarket.com is being implemented in all hospitals. A saving of between 2,0% and 2,5% on approximately R300,0 million of purchases is expected once the rollout is completed by September 2003.

The strategy of concentrating the Group's activities in areas of high demand and reducing exposure in areas of low demand continued in 2002 with the reallocation of 466 beds. In addition, various projects, including the construction of 12 theatres and 171 doctors' consulting rooms, were undertaken, to meet the anticipated demand. Expansion of Unitas Hospital in Pretoria to 476 beds was completed, making it the largest private hospital in South Africa.

In addition, the following building projects were initiated to upgrade and increase capacity in the hospital division:

- New and upgraded theatres at Linksfield, Pretoria East, Krugersdorp, The Bay Hospital, and Union;
- New and upgraded ICU's at St Anne's;
- New wards added and upgraded at Parklane, Union, Greenacres, Parklands, Kroon, Milpark and Femina;
- Major alterations and additions to the Trauma unit at Milpark;
- New Hyperbaric Medicine Therapy unit at St Augustine's;
- New Maternity unit and upgraded Paediatric unit at Sunninghill;
- New Sports Medicine Clinic at Linksfield;
- New doctors suites at Linksfield, Linmed, Olivedale, Sunward Park, Sunninghill, Union, Parklands, St Anne's, Kroon, Moot, Milpark, Christiaan Barnard Memorial, Greenacres and N1 City; and
- New Radiology and Radiotherapy units at St Anne's.

The Group continues to maintain its tertiary care core focus with a deliberate strategy to segment itself as the acute care provider of choice.

As a result of capacity constraints in KwaZulu Natal and an appropriate strategic alignment with the other Netcare hospitals, Margate hospital, a 58-bed hospital on KwaZulu Natal's South coast, was purchased in March 2002.

In July 2002, Netcare together with its empowerment partner Community, commissioned and opened the 100-bed multi-disciplinary Kuilsriver Hospital in the Cape. Netcare has a minority interest in, and has a management contract with the hospital.



Staff Initiatives

The most important challenge facing the hospital division remains the shortage of suitably qualified nursing personnel.

Several programmes aimed at enhancing the working environment and retaining staff, particularly nurses, were launched in 2002. One of the main initiatives to recognise and retain staff was GoldCare, a loyalty programme designed to reward staff for excellence.

Netpartner, a loyalty programme aimed at better understanding doctors' needs and addressing concerns on an individual basis was also launched in September 2002.

Both programmes are aimed at enhancing customer intimacy and improving patient care. There has already been a significant improvement in patient care and a decrease in the attrition rate of nurses. Feedback received also indicates that staff motivational levels have improved and attrition rates of nursing staff attenuated.

Management remains focused and motivated due to the Group's performance driven incentive culture. Balanced Scorecards, a measurement tool now in use since 1998, have allowed not only for the alignment of strategic objectives with operational deliverables, but also provided an objective measure or scorecard against which to measure performance.

TRAUMA DIVISION

This newly formed division within the hospital division focuses exclusively on the Group's 34 A & E units. Activity continues to increase in these units and standards, protocols and clinical outcomes are continuously reviewed.

A team from the trauma division was sent to Goma in the DRC earlier in the year to assist in the aftermath of the volcanic eruption and assistance was also provided to Mozambique following a train disaster.

During the year, Netcare and Community successfully tendered for the contract to provide medical posts at 17 venues and hotels for the World Summit on Sustainable Development. Netcare 911 also provided paramedic support, ambulance and rapid response cover for the duration of the Summit. More than 400 staff members from Netcare were involved in this outsourced operation.

The division is also responsible for the Rape Crisis clinics at 11 of the Group's hospitals and this year treated more than 800 survivors of rape and sexual assault. Following government's approval of antiretroviral therapy for rape survivors, the trauma division is assisting certain public health authorities in rolling out this programme.

CENTRAL REFERRAL OFFICE ("CRO")

The hospital division currently treats approximately 500 patients a month from Africa and abroad. While most of these patients are transferred to specific hospitals, the CRO provides a valuable service in assisting patients, arranging consultations, accommodation and any other assistance services required.

COMMUNITY HEALTHCARE

Netcare's joint investment in selected private hospitals with Community Hospital Group, and healthcare initiatives with Community Healthcare Holdings ("Community") have yielded encouraging results for the current year. The hospitals have all performed above expectation at activity levels in line with industry norms. The four operational hospitals currently generate revenues in excess of what Netcare generated when it listed in 1996 and, although gearing is relatively high, have collectively yielded positive results on the back of a developing infrastructure.

Opportunities are continuously being explored to jointly invest in businesses where Netcare's expertise and Community's development strategies will render suitable returns. In this regard, the Public Private Partnership with the Free State Health Department has made good progress with the intention of being officially signed by the end of the 2002 calendar year.

RISK MANAGEMENT

As referred to in more detail elsewhere in the Corporate Governance report, in line with the recommendations of King II, an operation risk steering committee was formed to actively manage and assess potential and current operational risks facing all divisions, particularly the hospital division. This committee regularly informs and reports to the newly constituted Board Risk Committee.

PROJECT MANAGEMENT

Given the myriad of initiatives undertaken by the various business units, a Project Support Office was developed and dedicated project managers appointed to assist in the focused evaluation and execution of these initiatives. There are currently 34 of these in different stages of project management.

INFORMATION TECHNOLOGY (IT)

Netcare Information Technology's aim is to build competitive advantages for the Group through the innovative use of new technologies. Every IT investment is analysed in terms of its ability to improve the quality, service and efficiency of the Group's healthcare services.

To this end, Netcare has developed a unique South African IT network. All of Netcare's hospitals, clinics, wards and specialised units are connected over a digital network that also extends to some of its doctors and business partners.

Over the course of the last year, the IT Division has supported the implementation of several innovative products throughout the Netcare Group, including:

- Electronically transacting with most of the Group's key funders and suppliers;
- Building a Patient Management System that identifies Netcare 911 patients and displays their details, even before the Netcare 911 operator answers the phone;
- Implementing a group-wide, real-time service and quality monitoring system using Palm™ handheld computers;
- Computer-based training for 3 000 employees in basic and advanced IT skills; and
- Implementing an advanced helpdesk system that provides support to 4 000 computer users at all clinics and hospitals across the country.

In addition, the Medicross IT team has been integrated with Netcare's Information System Division. The team has also developed and implemented an electronic diary and scheduling system for Medicross doctors and dentists.

Netcare's web presence has been significantly enhanced to provide more information to our various stakeholders, including patients, doctors and investors. A sophisticated doctor search facility allows prospective patients to search for a

Netcare-affiliated doctor or specialist of their choice in their area. The Netbaby facility allows parents, family and friends to view all the babies that are born at Netcare hospitals, and includes a greeting and call-back facility. The Netcare investor site has also been revamped to provide greater access to far more detail than has ever been available in the past.

Ten years ago, less than a third of South Africa's managers had computers on their desks. Today, almost every manager has a PC on their desk and uses it for a large part of their business. However, less than a third of South Africa's doctors, and fewer than 20,0% of the Group nurses, use a computer in their work environment. The Group believes that within five years every doctor, and every nurse, will use a computer every day.

Netcare, together with its healthcare IT partners and affiliates, Digital Healthcare Solutions (previously Mediswitch) and Prometheus Healthcare, is a firm believer in this vision. The capacity and the infrastructure has been built to make it happen, and to ensure that Netcare's customers, its doctors and its patients derive the tremendous benefits that technology offers.

MEDICROSS

Highlights:

- EBITDA increased to R52,8 million
- General practitioner ("GP") visits increased to 1,9 million
- Dental visits increased to 430 000
- Network of 335 doctors and 153 dentists
- 16 new GP practices on Medicross franchise model

The acquisition of the Medicross Healthcare Group by Netcare in May 2001 triggered a dramatic realignment of that organisation. This allowed the organisation to post an EBITDA of R52,8 million for the period under review, a turnaround from the loss-making position which existed for the previous 11 years prior to acquisition.

In addition to the enhanced financial performance, mutual synergies resulted in improved earnings within the Netcare Hospital Group. The turnaround is partly a consequence of greatly enhanced efficiencies, but equally due to the organic volume growth that was achieved across the spectrum of services offered. During the period, three of the satellite centres were closed due to rationalisation and under performance.

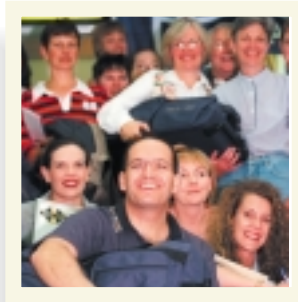


“What we have done has barely scratched the surface. It turns out that there is unlimited juice in that lemon. The fact is this is not about squeezing anything at all: It is about tapping an ocean of creativity, passion, and energy that, as far as we can see, has no bottom and no shores.”

Jack Welch



● *Lodox machine at Milpark Hospital*



● *Operation Cataract team leaving for the United Kingdom*

MEDICROSS (continued)

Medicross now consists of a network of 50 multi-disciplinary centres and 16 new GP practices on the newly-developed franchise model. The franchise model is a low capital-intensive model designed to offer Medicross' management expertise to general practitioner practices. Medicross aims to extend the franchise model significantly in 2003.

The organisation has developed a professional resource base, which currently comprises 335 general practitioners and 153 dentists.

Medicross has significant expertise in the management of doctors and their practices. The organisation has a six-year track record in the successful and profitable management of capitated risk. Consequently, Medicross finds itself uniquely positioned in its ability to develop and manage risk-sharing products across the spectrum of healthcare services. Growth of these products is pivotal to the Medicross strategy.

In the broader strategic context, Medicross will continue to play an increasingly important role in the development of Netcare as an integrated healthcare provider.

TRAUMANET (NETCARE 911)

Highlights:

- Acquired Europ Assistance's shareholdings in Traumalink (Netcare 911) and Netair Aeromedical Services
- Revenue increased by over 100%
- EBITDA increased by 45,5%
- Principal lives increased from 2,8 million to 5,2 million
- Operations expanded to Mozambique, Namibia, Swaziland and Botswana

Netcare 911 continued its impressive growth in 2002, growing its membership base from 2,8 million (2001) to 5,2 million principal lives. To meet the increased demand, a substantial investment in infrastructure, particularly the call centre, was made this year.

Netcare terminated its relationship with Europ Assistance (EA) and acquired its shareholding of 25,0% in the road division and 50,0% of the air division. This will allow Netcare to fully align this division with the Group's strategy and enter markets previously disallowed by the joint venture.

Due to the strong growth opportunities in Africa, Netcare 911 focused on expanding cross-border and established operations in Mozambique, Swaziland, Botswana and Namibia. Several joint ventures, most notably contracts to manage emergency services and hazardous material for several toll roads, have yielded positive results.

Netcare 911 has partnered with SAA Netcare Travel Clinics in providing emergency and paramedic cover for newly awarded contracts in Mozambique and South Africa. It also successfully provided the emergency cover for the World Summit on Sustainable Development.

The educational and awareness benefits of the previously flighted television actuality series Code Red and Red Alert have warranted a new series to be flighted on e-TV in early 2003.

NATIONAL RENAL CARE

Highlights:

- Revenue increased by 21,2%
- New units were commissioned in King Williamstown, Kuilsriver, Constantia Day Clinic and Pinetown Medicross
- Quality initiatives result in improved outcomes
- Healthy Start Clinics demonstrate real growth in patients

National Renal Care continued to maintain its position as a national provider of quality renal therapy. The Healthy Start Clinics, an initiative designed to identify early and educate and train potential sufferers of end-stage renal disease, showed substantial growth.

This, together with a wide range of quality initiatives instituted towards the end of last year, have begun to demonstrate improved clinical outcomes in patients receiving therapy and enhanced the lifestyles of those dealing with what is often a debilitating illness.

Due to the depreciation of the Rand against foreign currencies, the cost of renal consumables, which are included in the service offering, negatively impacted on operating margins. As a result, although a healthy 21,2% growth in revenue was achieved, only a 9,1% increase in operating profit was produced. Strategies to ameliorate this will be implemented in 2003.

TRANSPLANT DIVISION

The transplant division achieved several milestones in 2002. Over 220 transplants were performed in Netcare hospitals and South Africa's first two simultaneous kidney pancreas transplants were performed. This year also saw the first successful use of the "Berlin Heart" an artificial heart used to temporarily "bridge" or keep a patient alive until a suitable donor is found.

Over 1 000 transplants have now been performed in Netcare hospitals since the inception of the programme in 1995.

NETCARE INTERNATIONAL

The year under review has seen encouraging developments in the global arena as Netcare's international endeavours have started to bear fruit.

Netcare Healthcare UK

Various initiatives are currently being explored to increase Netcare's exposure to potential growth opportunities in the UK.

Netcare has been actively seeking to partner the National Health Service ("NHS") in the provision of services and was recently awarded a contract to perform 800 cataract operations. Further co-operation on a number of fronts is being investigated.

The Group has identified the United Kingdom as a future growth area and will be exploring several initiatives in the new year.



Netcare Middle East

Netcare has been involved in presenting selected tenders for commissioning and managing medical facilities in the Middle East. Netcare International announced in October 2002 that it has been awarded two hospital management contracts valued at US\$3,5 million for the Al-Hasa Hospital in Saudi Arabia and the Bahrain Specialist Hospital in Bahrain.

These contracts follow the successful commissioning of the hospitals, which generated US\$0,7 million in revenues to Netcare over the past 12 months.

The management contracts for the Bahrain Specialist Hospital and the Al-Hasa Hospital are for five and two years respectively. The management contracts are further linked to an incentive driven bonus.

Netcare's international strategy focuses on the sale of its intellectual capital, its operational procedures and its management information systems.

CLINICAL PARTNERS

The integrated healthcare funding model adopted by Clinical Partners, a Managed Care company within the Netcare Group has, in conjunction with Sovereign Health, resulted in the successful management of the Netcare Medical Scheme ("NMS"). This pilot projects' success is best demonstrated by the NMS reserves already being at 29,2% during financial year 2002, after just over three years in operation. Increases to member contributions have been maintained at single digits despite paying specialists in excess of tariffs.

These results, as well as other initiatives being explored, position Clinical Partners well for the creation of products for low-income earners going forward.

AMPATH

Highlights:

- Organisational restructure
- Number of requisitions increased

Following a downtrend in performance, 2002 has seen significant organisational and structural changes implemented at Ampath.

The number of requisitions has increased by 3,1%, indicating an increased market share. However, margins remain under pressure due to suboptimal tariff increases of only 6,0% and an increase in consumable costs predominantly due to the Rand's devaluation.

Growth in earnings going forward is largely dependant on an appropriate tariff increase as well as innovative approaches to what is a highly competitive market.

RADIOTHERAPY

Netcare's activities in Oncology are presently confined to Radiation therapy and radio-surgery. Radiation therapy is offered at six sites in the Group with eight of the 21 linear accelerators in the South African private healthcare market to be found in these facilities. Most of Netcare's units have state of the art technology comprising integrated verification, simulation, treatment planning and cadplan linked directly to an MRI or CT scanner.

HIVCARE

Cognisant of the dire need for healthcare solutions to the HIV/AIDS pandemic, Netcare embarked on an initiative in 1998 together with industry specialists and established Hivcare International. The format of the plan was to develop centres of excellence in each of the metropolitan cities and market medical solutions to the corporates and private individuals. Unfortunately, the structure of this plan and the social, political and economic difficulties continue to hamper any progress being made in the treatment of people living with HIV/AIDS. This has restricted the growth potential and has led to Netcare reviewing the Hivcare offering.

SAA – NETCARE TRAVEL CLINICS

Highlights:

- Revenue increased by more than 150% to R23,3 million
- Infectious disease and occupational health contracts to the value of R38,0 million awarded for 2002/2003
- Retail travel clinics all operating profitably

The travel clinics continue to provide an important consulting and treatment service to the travel and tourist industry, as well as infectious disease management and occupational health to several companies.

All retail clinics are now profitable. The provision of medical and occupational health services to companies for large cross-border projects has proved successful and a further two contracts were awarded this year. These include the provision of medical services for both the Sasol Mozambique Natural Gas Project and the Hillside Smelter Expansion Project for BHP Billiton. Importantly, a large portion of the cross-border contracts are paid in US Dollars.

CENTRES OF EXCELLENCE

Breast Care Centre of Excellence

Having now overtaken cervical cancer, breast cancer is today the number one killer of South African women. This alarming increase in breast cancer in South Africa prompted Netcare to join forces with a specialist in breast disease to establish the Netcare Breast Care Centre of Excellence.

The centre was launched in October 2001 and is dedicated to recommending and providing specialist breast care and disease management to all women, irrespective of whether they have access to medical aid funding. The Centre refers women to breast disease specialists around the country for diagnosis and treatment. The concept will be rolled out to include other regions during the 2003 financial year.

Netcare is also a founding member of the Breast Health Foundation, a Not For Profit company comprising all companies involved in breast cancer and aimed at promoting early detection and treatment.

The Endometriosis Institute of Southern Africa

The Endometriosis Institute at Netcare's Park Lane Clinic in Johannesburg is the only unit of its kind in Africa that offers advanced and precise robotic surgery to treat this common condition. The range of treatment options at the Institute is wide, and the management of the disease has been very positive. Ongoing education and counselling for patients and their families are part of the holistic approach offered at the Institute.

Epilepsy Monitoring Clinic

The Milpark Epilepsy Monitoring unit is one of three such units in South Africa.

The unit opened in August 2001, and has since monitored and treated over 300 patients. Due to this monitoring, certain patients are able to undergo extremely delicate and sophisticated corrective surgery to permanently eliminate their epilepsy. This obviates the need for life-long drug therapy.

If surgery is not possible, review and optimisation of their treatment regime is conducted.

Stork's Nest Well Baby Clinics

The Stork's Nest Well Baby Clinics continued to provide a valuable service to thousands of expectant mothers, babies and parents. New services introduced in various clinics during the year under review included vision screening and child safety and CPR courses.

Three new Stork's Nests opened at Garden City Clinic, Greenacres Hospital and Sunward Park Hospital, taking the total number of clinics to 21.

A further three Stork's Nests are expected to open at Christiaan Barnard Memorial Hospital, Kuilsriver Hospital and Sunninghill Hospital during the coming year.

OTHER INITIATIVES

In keeping with the Group's strategy of remaining at the cutting-edge of technology by supporting the development of medicine and surgery in South Africa, Netcare has made strategic investments and supported several initiatives.

Blood Conservation

Netcare has established a separate division called Blood Conservation within the hospital division. Blood Conservation seeks to conserve and, where possible, eliminate the need to use blood. This programme is a cornerstone of Netcare's philosophy of always choosing the "safer option". Whilst it is acknowledged that South Africa has one of the safest supplies of blood in the world, clinical studies continue to demonstrate the enhanced outcome for patients when surgery is conducted with a reduced reliance or utilisation of blood.





- Hemopure exhibition stand at the 34th International Military Medicine Conference held at Sun City.
- The Genecare team
Left to right: Dr Rochelle Thiar, Nico de Villiers, Professor Maritha Kotze, Dr Charlotte Scholtz.

Blood Conservation (continued)

A reduction in the use of blood has been recorded in hospitals participating in the blood conservation programme and formal training of personnel continues within the Group.

Lodox

Highlights:

- Successfully launched at a radiology conference in USA and International Military Medicine conference in South Africa
- FDA approval granted in July 2002
- Launch of Lodox North America
- First unit installed at Milpark Hospital

Lodox is a unique radiological device that offers a low-dose, but high-resolution, full-body screening functionality that is able to produce digital images within 30 seconds, following a 13 second screening. Besides the speed and safety advantages, Lodox is able to offer significant cost saving advantages by reducing the number of x-rays needed. Following the approval by the FDA this year, the first machine was installed at Milpark Hospital. A further unit is planned for the Baltimore Shock Centre in the USA.

As the USA has been identified as the primary market for the rollout of Lodox, a new division has been launched in the USA and a small team employed to run the operations.

Biopure

Highlights:

- FDA application filed on 31 July 2002
- Training of doctors in South Africa continues prior to launch in 2003

- Encouraging preliminary results through the use of Hemopure
- New Chief Executive Officer and Chairman appointed

In 2001, Netcare and our empowerment partners Community were awarded the exclusive five-year marketing and distribution rights in Africa for "Hemopure", an oxygen therapeutic developed by the NASDAQ-listed company Biopure Corporation (BPUR).

After a preliminary review process, the FDA announced in September 2002 that it would allow the Basic Licence Application (BLA) to proceed for formal evaluation. In anticipation of a national launch in 2003, training of doctors continues in Netcare facilities.

Netcare has engaged the services of a multinational pharmaceutical company to distribute and market the product on its behalf. There have also been significant management changes at Biopure to reposition the Company from its historic research and development focus and prepare itself for commercialisation.

Genecare

Genecare was established in February 2002 to explore the opportunities following recent advances in genetics and the unravelling of the human genome.

Genecare was created by a team of highly qualified research genetists in Cape Town. Netcare owns 40,0% of the Company and revenue will be generated from research work, routine screening for genetic disorders and the development of unique strip assays or tests for various rare disorders.

Given the global focus on early detection and prevention of illness, Netcare believes it is crucial to invest in and support companies such as Genecare. An investment in Genecare is also an investment in South African scientific and genetic excellence.



INTRODUCTION

“We aim to create an atmosphere that empowers our people to develop and inspires them to deliver quality care and service to all of our patients and their families.”

OUR PEOPLE

The year under review has seen a continuation of key initiatives directed at attracting and retaining quality staff members at all levels. We introduced several new programmes to ensure the optimal balance between efficient service and world-class patient care.

BENEFITS

The Netcare Retirement Fund and the Netcare Medical Scheme have continued to perform well and to benefit all employees. An increase of only 9,0% came into effect in January 2002 for medical aid contributions. This is well below the average industry increases. Reserves have accumulated during the financial year, resulting in a solvency ratio of 29,2%.

DEVELOPING OUR PEOPLE

We continued to focus strongly on investing in the development of our staff. Training expenditure for the year amounted to R30,0 million, which involved training programmes for over 12 000 employees.

Peter Warrener
Human Resources



DEVELOPING OUR PEOPLE (continued)

Training is focused on creating a culture of learning in the organisation and opening up opportunities for each individual to grow and advance their career. Training activities for the year have resulted in significant legislative and discretionary rebates from the Health and Welfare SETA.

RECOGNISING OUR PEOPLE

The introduction of the GoldCare service excellence programme, aimed specifically at providing well-earned recognition to the wide range of extraordinary people that provide excellent service at Netcare, has been a resounding success. The programme has surpassed all historical benchmarks for registration, participation and the issuing of rewards for similar programmes in other industries.

Please refer to pages 18 in the Chief Executive Officer's review for more detail on this programme.

ASSISTING OUR PEOPLE

Netcare has an employee well-being programme which provides appropriate and confidential counselling services for all staff and their immediate families on a 24 hours/365 days basis.

The Netcare Medical Scheme provides a proactive, comprehensive and supportive HIV/AIDS benefit programme aimed at maintaining affected employees' involvement in the business through composite clinical, medicinal and psychological interventions.

REWARDING OUR PEOPLE

The year has seen a record level of incentives paid to our people at all levels in the organisation. These rewards have been delivered largely through the GoldCare programme. Salary levels have been maintained at levels above the average for the industry and we are continually able to attract quality staff to the business.

EVALUATING OUR PEOPLE

Virtually all staff members now have focused performance measurement criteria through a balanced scorecard which ensures alignment between the Group's strategy and the implementation thereof. Individual balanced scorecards are built around the core focus areas of Patient Care, Staff Care, Fanatical Attention to Detail and Striving for Efficiencies. Different groups have weightings which are relevant to their specific areas of influence and responsibility and ensure that we constantly monitor the progress of our endeavours. This process ensures the objective evaluation and appropriate rewarding through incentives to all staff members.

LISTENING TO OUR PEOPLE

An organisational climate survey has been carried out for the third successive year. Results have indicated year-on-year improvements in the perception of staff around the areas of communication, recognition and a sense of effective participation in the continued success of Netcare.

RESPONSE FROM OUR ENVIRONMENT

This year has seen a decrease in vacancies amongst the nursing staff. We believe that in the context of the national shortage, this indicates some success in our quest to be the "employer of choice" in the industry.

Netcare was identified as one of the best companies to work for in South Africa by the Corporate Research Foundation. This is particularly pleasing as the independent research covers the following criteria:

- Salary and benefits
- Profit sharing and other incentives
- Internal promotional ability
- Education, training and development
- Working atmosphere and environment

This is the third successive time that we have been selected for inclusion in this bi-annual publication.



“S



ince I joined, I have come to realise why Netcare is different. We see patients as whole people, not just procedures.”

Staff Nurse Richard Mbatha
ICU Ward
St Augustine's Hospital, Durban

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INTRODUCTION

The Group's strategies and focus have again resulted in strong operational results and increased market share for the 2002 financial year, marking the sixth year since listing on the JSE Securities Exchange South Africa.

OPERATING RESULTS

Netcare's revenue for the year increased by 30,5% to R4 812,3 million (2001: R3 687,7 million). Excluding any acquisitions, the Group's organic growth in revenue amounted to 22,1%, while the core hospital division achieved a 19,0% organic revenue growth. EBITDA margins improved to 19,6% (2001: 18,8%). This was due to a combination of improved operational efficiencies, and a lower usage of creditor financing, which resulted in improved buying efficiencies.

While the Group has several business units, the South African hospital division is the Group's core business and consequently no detailed information for the other business units is required in terms of accounting standards on segmental reporting. However, an analysis of revenue and EBITDA follows for certain of the Group's larger business units, demonstrating a pleasing profit performance across the Group.

Headline earnings per share ("HEPS") increased by 39,5% to 36,7 cents (2001: 26,3 cents). Since 1997, the compound annual growth in HEPS has amounted to 38,5%.

Simon R (Bobby) Favish
Chief Financial Officer

	Revenue (Rm)		EBITDA (Rm)		EBITDA Margin (%)	
	2002	2001	2002	2001	2002	2001
Hospitals	3 992,6	3 337,2	869,5	664,5	21,8	19,9
Medicross	489,6	208,7	52,8	21,7	10,8	10,4
Traumanet ("Netcare 911")	163,0	73,2	8,0	5,5	4,9	7,5
Other	167,1	68,6	12,6	0,9	n/a	n/a
Total	4 812,3	3 687,7	942,9	692,6	19,6	18,8

The strong results have led to an improvement in the return on ordinary shareholders' equity ("ROE") to 28,1% (2001: 24,2%). It should be noted that taking into account past write-offs of goodwill, an adjusted ROE would reflect a more modest 19,9% (2001: 15,8%).

The effective taxation rate for the year was marginally lower at 25,0% (2001: 26,3%).

BORROWINGS AND FINANCING COSTS

Financing costs increased to R104,7 million (2001: R89,8 million), due primarily to average debt levels increasing over the period following the payment of R128,5 million to the vendors of Medicross in October 2001. Notwithstanding, interest cover improved to 7,5 times (2001: 6,3 times). The Group's strong operating cash flows were applied primarily to investment in an accelerated capital expenditure programme amounting to R366,1 million (2001: R228,2 million), as well as capital distributions of R137,4 million (2001: R82,9 million).

These factors resulted in net interest-bearing debt increasing to R569,0 million (2001: R494,1 million) and the net debt:equity ratio reducing to 25,9% (2001: 28,9%). It should be noted that by including the Medicross vendors for acquisition in the 2001 financial year debt, the comparative 2001 debt and net debt:equity ratio would have amounted to R622,6 million and 36,4% respectively.

Gross debt, excluding certain non-cash financial assets, amounted to R752,1 million (2001: R677,2 million), resulting in the gross debt:equity ratio reducing to 34,3% (2001: 39,5%).

CREDIT RATING

During the year Netcare was awarded positive credit ratings by Global Credit Ratings. Netcare achieved an A minus rating for its long-term debt and an A1 rating for its short-term debt, confirming that the Group has a high credit quality, sound protection factors and high certainty of timely payment.

COMMERCIAL PAPER

During the year, Netcare established a successful R200,0 million short-term Promissory Note programme aimed at diversifying the Group's short-term funding sources. The initial issue of R60,0 million was repaid before year-end and a further issue of R120,0 million was completed post year-end.

ACCOUNTING POLICIES

The Group has adopted the new accounting standards relating to employee benefits (AC116) and depreciation of owner-occupied buildings (AC135 and AC123). In aggregate, the adoption of these statements reduced HEPS by 2,0 cents per share (2001: 1,6 cents per share). Comparative figures have been restated while the necessary prior year adjustments were effected, resulting in the opening shareholders' equity being reduced by R81,3 million (5,6 cents per share).

Comprehensive healthcare services are provided by Netcare's owned business units and by certain entities contracted predominantly to the Netcare Group. In order to provide a more meaningful presentation of the healthcare services under the Netcare umbrella, the financial statements have been prepared on a basis which includes all healthcare services delivered by, or on behalf of the Group, to its customers. This has necessitated certain comparative figures being amended accordingly.



CORPORATE TRANSACTIONS

During the financial period Netcare acquired all the shares held by minorities in Clinic Holdings Limited (“Clinics”) in consideration for the issue of 98,5 million Netcare shares. This resulted in Clinics being delisted from the JSE in October 2001. Consequently, the impact of outside shareholders’ interest in subsidiaries has been substantially eliminated.

Netcare also acquired the minority interests in the Traumanet (“Netcare 911”) and Netair 911 Aeromedical divisions as well as 100% of the business and sale assets of the 58-bed Margate Hospital, which was acquired with effect from 1 March 2002. During the year Netcare also acquired the minority interests in selected hospital businesses in which it owned a controlling interest. The impact of these acquisitions on the results for the period under review was immaterial.

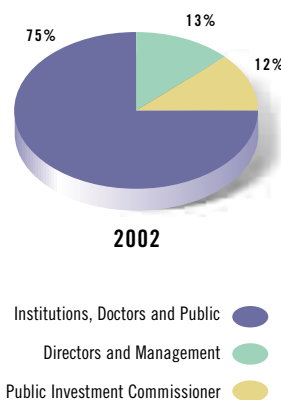
PROPOSED SHARE REPURCHASE

As part of a share placing of 188 million Netcare shares (previously held by Fedsure Life Assurance Limited, then Netcare’s largest shareholder), undertaken in December 2000, the Netcare Group retained the rights to effectively acquire 52,7 million Netcare shares at a cost of approximately R79,7 million (or 151 cents per share). Netcare intends, subject to shareholders’ approval, to exercise these rights. The pro-forma effect of this specific share repurchase would be to increase Netcare’s 2002 HEPS by 2,2%, from the stated 36,7 cents per share to 37,5 cents per share.

CAPITAL DISTRIBUTIONS

In accordance with the authority given to the directors by way of an Ordinary Resolution passed on 25 January 2002, the Board of Directors has declared a final capital distribution out of share premium of 7,0 cents per ordinary share, payable to shareholders recorded in the register of the Company as at Friday, 7 February 2003. Taken together with the interim distribution of 4,5 cents per share, the total distribution paid and to be paid in respect of the 2002 financial year amounts to 11,5 cents (2001: 8,5 cents) per ordinary share, an increase of 35,3% over the prior period.

Shareholder representation

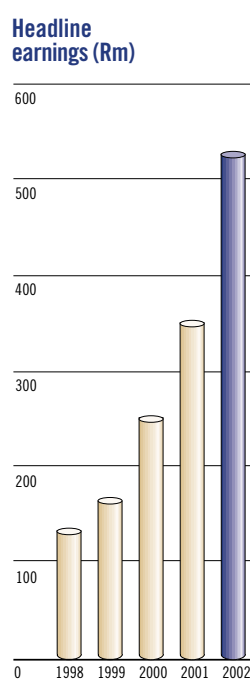
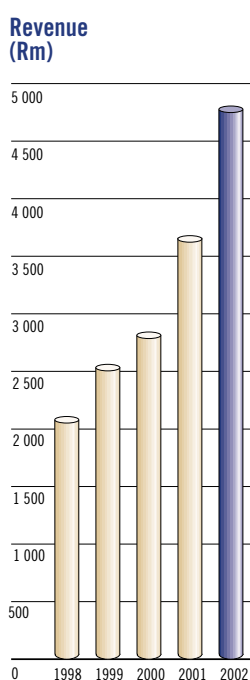


“N^etcare will strive for effective corporate governance by endeavouring to ensure that long-term strategies and plans are established and that the proper processes and management structures are in place to achieve its objectives and create value.

At the same time, it will seek to ensure that the business functions to maintain the organisation’s integrity, reputation and accountability to its stakeholders.”

Joel Wolpert
Company Secretary

Balance sheets	2002 Rm	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm
Assets						
Non-current assets						
Property, plant and equipment	2 413,0	2 202,8	1 936,1	1 864,0	1 785,2	1 339,8
Intangible assets	89,8	(61,2)	31,2	114,0	643,2	455,7
Investments and loans	160,6	139,7	94,5	78,8	148,7	1,7
Deferred taxation	41,5	34,1	33,6	32,0	-	-
Total non-current assets	2 704,9	2 315,4	2 095,4	2 088,8	2 577,1	1 797,2
Total current assets	1 108,6	1 004,2	750,9	674,8	670,3	475,1
Total assets	3 813,5	3 319,6	2 846,3	2 763,6	3 247,4	2 272,3
Equity and liabilities						
Ordinary shareholders' equity	2 187,7	1 580,2	1 334,2	1 283,5	1 629,7	1 177,2
Interest of outside shareholders in subsidiaries	7,7	132,1	209,3	198,7	170,2	168,3
Total shareholders' equity	2 195,4	1 712,3	1 543,5	1 482,2	1 799,9	1 345,5
Net interest-bearing debt	569,0	494,1	577,7	642,0	775,8	546,7
Non-current liabilities						
Deferred taxation	128,6	94,0	56,2	43,3	2,0	-
Non-interest-bearing current liabilities	920,5	1 019,2	668,9	596,1	669,7	380,1
Total equity and liabilities	3 813,5	3 319,6	2 846,3	2 763,6	3 247,4	2 272,3
Net equity per share (cents)	150,6	118,1	100,6	97,3	137,9	139,4



Income statements	Five-year compound growth % p.a.	2002 Rm	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm
Revenue	39,5	4 812,3	3 687,7	2 848,8	2 566,1	2 097,3	909,4
Operating profit before depreciation (EBITDA)	46,5	942,9	692,6	541,1	478,8	388,3	139,5
Depreciation		(155,9)	(127,4)	(91,0)	(91,0)	(73,9)	(35,3)
Operating profit (EBIT)	49,8	787,0	565,2	450,1	387,8	314,4	104,2
Net finance charges		(104,7)	(89,8)	(96,5)	(162,5)	(131,6)	(56,7)
Taxation		(170,6)	(124,9)	(88,9)	(50,5)	(50,7)	(11,7)
Attributable earnings of associates		20,5	25,9	22,3	19,9	20,4	–
Outside shareholders' interests		(2,3)	(24,8)	(36,4)	(28,5)	(18,0)	(11,6)
Headline earnings	85,4	529,9	351,6	250,6	166,2	134,5	24,2
Earnings per share (cents)							
Headline	38,5	36,7	26,3	18,8	13,6	11,8	7,2*
Capital distributions to shareholders (cents)		11,5	8,5	5,0	4,0	1,0•	1,0•

*Annualised

•Dividends paid

Cash flow statements	2002 Rm	2001 Rm	2000 Rm	1999 Rm	1998 Rm	1997 Rm
Cash generated from operations	941,2	686,0	528,0	472,4	380,6	139,5
Working capital movements	(137,9)	118,8	(36,8)	4,0	(11,0)	19,7
Net finance charges	(104,7)	(89,8)	(96,5)	(162,5)	(131,6)	(54,7)
Taxation paid	(130,5)	(87,4)	(44,2)	(9,7)	(2,5)	(1,3)
Cash inflow from operating activities	568,1	627,6	350,5	304,2	235,5	103,2
Capital distributions paid	(137,4)	(82,9)	(99,1)	–	(7,5)•	(4,4)•
Net cash retained	430,7	544,7	251,4	304,2	228,0	98,8
Other investing and financing activities	(504,6)	(472,7)	(187,1)	(170,4)	(254,3)	(122,6)
Net cash resources/(debt) assumed on acquisition of businesses	(1,0)	11,6	–	–	(202,8)	(522,9)
Movement in net interest-bearing debt	(74,9)	83,6	64,3	133,8	(229,1)	(546,7)
Net interest-bearing debt						
At beginning of year	(494,1)	(577,7)	(642,0)	(775,8)	(546,7)	–
At end of year	(569,0)	(494,1)	(577,7)	(642,0)	(775,8)	(546,7)

•Dividends paid



		2002	2001	2000	1999	1998	1997
Share performance							
Attributable earnings per share	(cents)						
basic		36,4	24,1	18,0	13,1	10,6	7,8
fully diluted		34,5	23,3	18,0	N/A	N/A	N/A
Headline earnings per share	(cents)						
basic		36,7	26,3	18,8	13,6	11,8	7,2
fully diluted		34,8	25,5	18,8	N/A	N/A	N/A
Attributable cash flow per share	(cents)	39,3	43,9	22,9	20,9	17,2	25,1
Cash equivalent earnings per share	(cents)	49,6	37,5	24,3	19,9	16,2	16,5
Cash realisation rate	(%)	79,2	117,1	94,2	105,0	106,2	152,1
Capital distribution to shareholders							
per share	(cents)	11,5	8,5	5,0	4,0	1,0•	1,0•
Capital distribution cover	(times)	3,2	3,1	3,8	3,4	11,8	7,2
Net equity per share	(cents)	150,6	118,1	100,6	97,3	137,9	139,4
Tangible net equity per share	(cents)	144,4	122,7	98,3	88,6	83,4	85,4
Returns and productivity							
EBITDA margin	(%)	19,6	18,8	19,0	18,7	18,5	15,3
Operating profit return on net assets							
as reported	(%)	32,8	27,8	22,7	17,7	15,4	5,5
adjusted for past goodwill write-offs	(%)	25,0	20,5	17,0	15,4	15,1	5,4
Return on ordinary shareholders' equity							
as reported	(%)	28,1	24,1	19,1	11,4	9,6	2,1
adjusted for past goodwill write-offs	(%)	19,9	15,8	12,4	9,2	9,3	2,0
Effective tax rate	(%)	25,0	26,3	25,1	22,4	27,7	24,6
Solvency and liquidity							
Net debt:equity ratio	(%)	25,9	28,9	37,4	43,3	43,1	40,6
Gross debt:equity ratio	(%)	34,3	39,5	45,4	50,5	43,1	40,6
Interest cover	(times)	7,5	6,3	4,7	2,4	2,4	1,8
Stock exchange performance							
Market prices per share							
year-end	(cents)	295	199	91	60	82	172
high	(cents)	330	225	113	128	265	262
low	(cents)	183	72	55	57	67	115
Weighted average price traded	(cents)	270	137	82	95	170	198
Number of share transactions		14 749	11 551	6 638	8 774	9 551	12 471
Value of share transactions	(R'000)	1 553 938	774 485	278 702	380 891	399 506	261 370
Volume of shares traded	(million)	575,2	566,0	340,1	401,9	235,2	131,9
Number of shares in issue	(million)	1 452,9	1 337,7	1 326,2	1 319,7	1 182,2	844,7
Volume traded to issued	(%)	39,6	42,3	25,6	30,5	19,9	15,6
Market capitalisation	(R million)	4 286,1	2 662,0	1 206,8	791,8	969,4	1 452,9
Earnings yield†	(%)	12,4	13,2	20,7	22,7	14,4	4,2
Price:Earnings ratio†	(times)	8,0	7,6	4,8	4,4	6,9	23,9

*Annualised

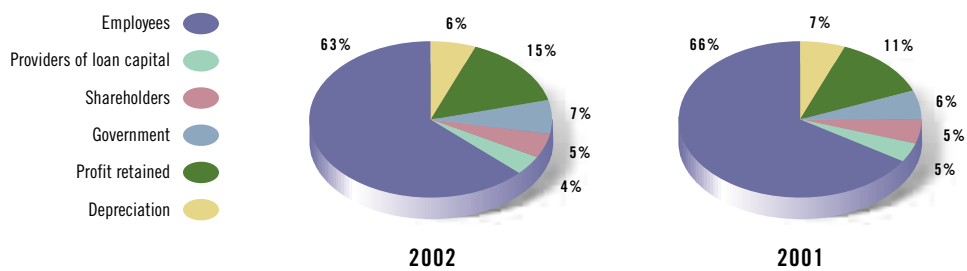
†Based on year-end price

•Dividends paid

THE VALUE-ADDED STATEMENT REFLECTS THE TOTAL WEALTH CREATED BY THE GROUP IN RENDERING HEALTHCARE SERVICES AND SHOWS HOW THE WEALTH HAS BEEN DISTRIBUTED BOTH TO MEET OBLIGATIONS AND TO REWARD THOSE RESPONSIBLE FOR ITS CREATION.

	2002 Rm	%	2001 Rm	%
Revenue	4 812,3		3 687,7	
Less: Payments to suppliers of materials and services	2 247,6		1 722,2	
Wealth created	2 564,7	100	1 965,5	100
Shared as follows:				
Employees				
Salaries, wages and other benefits	1 621,4	63	1 300,3	66
Providers of loan capital				
Finance charges paid	104,7	4	89,8	5
Shareholders				
Capital distributions	137,4	5	82,9	4
Outside shareholders	2,3	-	22,6	1
Government				
Income tax	170,6	7	124,9	6
Re-invested in the Group				
Profit retained	372,4	15	217,6	11
Depreciation	155,9	6	127,4	7
	2 564,7	100	1 965,5	100

Net distribution of wealth created



Holdings	Breakdown of shares	Number of shareholders	Percentage of shareholders	Number of shares millions	Percentage of issued shares
	1 – 1 000	2 601	34,6	1,0	0,1
	1 001 – 50 000	3 949	52,6	36,9	2,5
	50 001 – 100 000	349	4,6	25,0	1,7
	100 001 – 10 000 000	589	7,8	567,1	39,0
	10 000 001 – 250 000 000	30	0,4	822,9	56,7
Totals		7 518	100,0	1 452,9	100,0

Category	Number of shareholders	Percentage of shareholders	Number of shares millions	Percentage of issued shares
Individuals	6 915	92,0	493,6	34,0
Companies	139	1,8	361,8	24,9
Investment and trust companies	218	2,9	445,4	30,6
Nominee companies	102	1,4	43,2	3,0
Other corporate bodies	144	1,9	108,9	7,5
Totals	7 518	100,0	1 452,9	100,0

SHARE OWNERSHIP AT 30 SEPTEMBER 2002

Major individual holdings (Excluding directors: For directors' shareholdings see directors' report.)

According to the register of shareholders and information provided to the directors or established from enquiries, and, pursuant to the provisions of Section 140A of the Companies Act, 1973, as amended, beneficial shareholdings at 30 September 2002 which represent 5,0% or more of the total issued shares of the company were:

	Number of shares millions	Percentage of issued shares*
The Public Investment Commissioner	174,8	12,0
The Netcare Trust	125,2	8,6

NOTE

Shareholder spread

Other than directors (13 shareholders holding in aggregate 12,0% of the Company's shares), there were no "non-public" shareholders holding in excess of 10,0% of the share capital of the Company.

7 503 Public shareholders held 85,9% of shares issued and 15 Non-public shareholders held 14,1% of shares issued.

*Percentages are based on shares in issue less shares repurchased by a wholly-owned subsidiary of Netcare.

Netcare Group or “the Group”

Network Healthcare Holdings Limited and its subsidiaries, contracted entities, associates and incorporated joint ventures.

Netcare

Network Healthcare Holdings Limited.

Ordinary shareholders’ equity

Issued share capital, share premium and reserves.

Net equity per share

Ordinary shareholders’ equity divided by the number of shares in issue at the year-end date.

Tangible net equity per share

Net equity per share adjusted for intangible assets.

Earnings per share

Earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

Headline earnings

This comprises the earnings attributable to ordinary shareholders after adjusting for profits and losses on items of a capital nature in accordance with the guidelines set out in AC306.

Return on ordinary shareholders’ equity

Headline earnings attributable to ordinary shareholders divided by average ordinary shareholders’ equity.

Total shareholders’ equity

Ordinary shareholders’ equity and outside shareholders’ interests.

Interest cover

Operating profit before headline adjusting items divided by interest paid.

NACM

Nacm represents an interest rate expressed as “nominal annual compounded monthly”.

Net debt:equity ratio

Net interest-bearing debt to total shareholders’ equity.

Gross debt:equity ratio

The aggregate of net interest-bearing debt and certain non-cash financial assets to total shareholders equity.

Operating profit return on net assets

Operating profit and pre-tax income from associates divided by average capital employed.

Capital employed

Total shareholders’ equity and net interest-bearing debt.

EBIT

Earnings before interest and taxation.

EBITDA

Earnings before interest, taxation, depreciation and amortisation.

Attributable cash flow per share

Cash inflow from operating activities after adjusting for minority interests divided by the weighted average number of shares in issue during the year.

Cash equivalent earnings

This comprises the earnings attributable to ordinary shareholders after adjusting for attributable non-cash charges and credits, including equity accounted retained earnings divided by the weighted average number of shares in issue during the year.

Cash realisation rate

This is the rate at which cash equivalent earnings are actually realised and is derived by dividing cash flow per share by cash equivalent earnings per share.

The JSE

The JSE Securities Exchange South Africa.

Effective tax rate

Taxation expressed as a percentage of headline net income before tax.

Earnings yield

Headline earnings per share divided by the closing share price on the JSE.

Price earnings ratio

The closing share price on the JSE divided by the headline earnings per share.

INTRODUCTION

The Netcare Group remains fully committed to the principles of effective corporate governance and the application of the highest ethical standards in the conduct of its business. The Group, at all levels subscribes to the values of good corporate governance as set out in the Code of Corporate Practices and Conduct (“the Code”) contained in the King II Report on Corporate Governance for South Africa 2002 (“King II”), and accepts the need to conduct the enterprise with integrity, transparency and equal opportunity. The Board, its Committees, all other officers and senior management, similarly acknowledge their responsibility to ensure that the principles of good corporate governance are observed.

The Group intends ensuring compliance with applicable recommendations of the Code by 30 September 2003.

BOARD OF DIRECTORS – COMPOSITION, ROLE AND FUNCTIONS

The Board currently comprises five Non-executive and 11 Executive Directors.

Three of the five Non-executive Directors are classifiable as independent.

The names and credentials of the Directors appear on pages 52 - 55.

As recommended in the Code, the Board intends introducing a formal procedure for the assessment of the performance of the Board, individual members thereof and Board Committees, as well as developing a Board Charter which will define the Board’s responsibilities and will formalise existing corporate governance practices and the core values that have been in place in the Group for some time.

No Executive Director has a service contract exceeding one year. Generally, Directors have no fixed term of appointment but retire by rotation every three years and, if available, are considered for re-appointment at the Annual General Meeting.

The Board presently considers it to be in the Group’s interest to maintain the office of Executive Chairman.

The primary responsibilities of the Board include the regular review of strategic direction, investment decisions, performance against approved plans, budgets and best practice standards.

The Board retains full and effective control over the organisation and decisions on material matters are reserved by the Board. The Board meets at least four times annually and more frequently if circumstances or decisions require. Standing Subcommittees of the Board have been appointed, details of which are set out below, while ad hoc Subcommittees are created as and when necessary.

All Directors have access to the advice and services of the Group’s Company Secretary who is responsible to the Board. The Directors are also entitled to seek professional advice about the affairs of the Group and have unrestricted access to all company information, records, documents and property.

APPOINTMENT MECHANISMS

All proposed Board appointments are considered by the full Board of Directors.

BOARD SUBCOMMITTEES

Board Risk Committee

This Committee was established during the current financial year. For details of membership, see page 45.

Two independent Directors, one of whom is the Chairperson, and one of whom is also a member of the Audit Committee, and three executive Directors comprise this Committee.

Executive Management Committee

The Executive Directors meet on a regular basis to consider, *inter alia*, major investment and capital expenditure proposals, general operational matters, and various issues of strategic importance to the Group.

Board Remuneration Committee

The Board Remuneration Committee is responsible for approving the remuneration of Executive Directors. Independent external studies and comparisons are used to ensure that remuneration is market related and is linked to both individual and Group performance. Membership of the Remuneration Committee comprises two Non-executive Directors (one of whom is independent), the Board Chairman and an Executive Director. One of the Non-executive Directors is the Chairperson of the Committee. Refer to page 45 for details of membership.

Board Audit Committee

The Audit Committee is responsible for overseeing on behalf of the Board and reporting to the Board on the financial reporting process, the audit thereof, the internal control of the business and its review. For details of membership refer to the table alongside. A member of the Board Audit Committee is also a member of the Board Risk Committee.

The Audit Committee is constituted as a Subcommittee of the Board and comprises four members. The Chairperson is a Non-executive Director. The Audit Committee meets formally four times per annum to consider financial reporting issues and to advise the Board on a range of matters, including corporate governance practices, internal control policies and procedures, and internal and external audit management. The external auditors attend the formal committee meetings and also have unrestricted informal access to the Chairman of the Audit Committee. Fees in respect of non-audit services are reviewed by the Audit Committee.

ATTENDANCES AT BOARD/COMMITTEE MEETINGS

Board Meetings

Director	1 October 2001	14 November 2001	4 March 2002	20 May 2002
Dr RH Bush	√	√	√	√
IM Davis	√	√	√	√
SR Favish	√	√	√	√
Dr RH Friedland	√	√	√	√
Dr APH Jammine	√	√	√	√
Dr I Kadish	√	√	√	√
JM Kahn	√	√	√	√
HR Levin	√	√	√	√
PJ Lindeque	√	√	√	√
Dr C Rossolimos	√	√	√	√
MI Sacks (<i>Chairman</i>)	√	√	√	√
Dr J Shevel	√	√	√	√
Dr JA van Rooyen	*	√	√	√
P Warrener	√	√	√	√
N Weltman	√	√	√	√
SV Zilwa	N/A	N/A	√	√

Audit Committee Meetings

Director	12 November 2001	27 March 2002	15 May 2002	31 July 2002
SR Favish	√	√	√	√
HR Levin (<i>Chairperson</i>)	√	√	√	√
MI Sacks	√	√	√	*
SV Zilwa	N/A	*	*	*

(See note below)

Remuneration Committee Meetings

Director	14 April 2002
Dr APH Jammine	*
HR Levin (<i>Chairperson</i>)	√
MI Sacks	√
P Warrener	√

Risk Committee Meetings

Director	5 July 2002
SR Favish	*
Dr RH Friedland	√
JM Kahn (<i>Chairperson</i>)	√
MI Sacks	√
SV Zilwa	*

Note: SV Zilwa was appointed to the Board on 14 November 2001.

√ Indicates attendance

* Indicates absence with apology

RISK MANAGEMENT

The Board, in liaison with senior executives, is responsible for the overall risk management, which is a process of identifying and managing the risk factors across the Group, and the implementation of appropriate systems of internal control to mitigate risks to an acceptable level.

The Group has an independent risk management department which is involved in the implementation and monitoring of processes designed to incorporate a risk management philosophy into the day to day activities of the Group.

RISK MANAGEMENT (continued)

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group has been in place for the year under review and up to the date of approval of the Annual Report and financial statements.

Furthermore, in the event of the occurrence of a disastrous incident, there is a documented and tested process in place that will allow the continuity of critical business processes.

FINANCIAL STATEMENTS

The Board is responsible for preparing the financial statements and other information presented in reports to shareholders in a manner that fairly presents the state of affairs and results of the Group's business operations. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with South African Auditing Standards.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, based on appropriate accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and estimates.

GOING CONCERN

The financial statements have been prepared on a going concern basis and there is no reason to believe that the Group will not continue as a going concern in the next financial year.

INTERNAL CONTROL AND INTERNAL AUDIT

The Board is responsible for ensuring that the appropriate internal control systems are maintained to ensure that Company assets are safeguarded and managed, and losses arising from fraud and or other illegal acts are minimised. Control systems are continually monitored and improved in accordance with generally accepted best practices.

The internal audit department is a function established at Group level, reporting to the Audit Committee. The department assists executive management and the Audit Committee in the effective discharge of their respective responsibilities by means of independent financial, internal control and operational systems reviews.

Nothing has come to the attention of the Board of Directors to indicate that any material breakdown in the functioning of the abovementioned internal controls and systems has occurred during the year under review.

CLOSED PERIODS

The Company imposes a closed period prior to the publication of its interim and final results and similarly, at times when cautionary notices are in existence.

During these periods Directors, officers and other designated members of Group management who may have access to price-sensitive information, are precluded from dealing in the Company's shares.

All share dealings require the prior approval of the Chairman.

INVESTOR RELATIONS

The Board has established an Investor Relations division, with responsibility being delegated to a senior executive. Strict protocols are in place to control the nature, scope and frequency of Group communications with analysts and financial institutions in order to ensure that shareholder information is disseminated timeously and equally to all parties.

STAKEHOLDER COMMUNICATION

The Board considers that regular communication of the Group's activities to stakeholders is essential and endeavours to present information timeously.

The Company adopts a proactive stance in disseminating appropriate operational information to stakeholders through print and electronic news releases and the statutory publishing of the Group's financial performance.

All reports to stakeholders present a comprehensive and objective assessment of the Group so that all relevant stakeholders with legitimate interests in the Group's affairs, operations and conduct, are apprised of a complete, fair and responsible account of its performance and impact.

HUMAN CAPITAL DEVELOPMENT

(See Human Resources Review on page 31)

The Group believes that the importance of the effective development of its people cannot be over-emphasised and represents a key factor in the success of the Group. The human resource policies in operation are directed by a broad framework of corporate values and are driven by the need to ensure effective utilisation and investment in human resources. Merit and competence are the two criteria for advancement in the Group; however, the diversity of the cultures existing in the Group is acknowledged and appreciated. The Group continually seeks to address historical imbalances so that all employees can compete on equal terms. The Group also operates a share incentive scheme to enable employees to participate, on merit, in the equity of the Company.

ETHICS

The Group strives to ensure that directors and employees maintain the highest ethical standard of business practice, which extend to the selection of the Group's business partners and suppliers. In any instance where ethical standards are called into question, the circumstances are investigated and, where necessary, dealt with by an appropriate executive.

The Group is mindful of the professional codes which govern the conduct and ethics of health professionals in South Africa. The Group supports the Health Professions Council in all its endeavours to enforce any breaches of its code, its principles and its values.

ENVIRONMENTAL MANAGEMENT, HEALTH AND SAFETY

In accordance with the Occupational Health and Safety Act, 1993 (Act. No. 85 of 1993) as amended, including the Regulations, Netcare is committed to providing an occupational health and safety service for all Netcare employees that will protect and promote the health and safety of all our staff, and a safety and awareness programme that will protect the safety of our patients and members of the public entering Netcare hospitals.

In addition, the Group adopts best practice processes in the disposal of medical waste and is alert to other environmental issues relevant to the Group's business.

CORPORATE CITIZENSHIP

The Group intends, where applicable, to fulfil the requirements embodied in King II and to implement the appropriate sustainability initiatives and related "Triple Bottom Line Reporting". (See Corporate and Social Review pages 48 - 50)





● *Launch of the Breast Health Foundation
Left to right: Dr M Lange (Trustee),
Patron First Lady Mrs Mbeki,
Dr R Friedland (Trustee).*

● *Kingsway Hospital management handing
over a donation to the Kingsburgh Family
and Child Welfare in aid of the
Association for the Physically Disabled.*

INTRODUCTION

The Netcare Group is especially mindful of its corporate and social responsibilities, particularly to the communities served by Group enterprises. Corporate and social responsibility at Netcare means operating ethically, providing quality and reliable services and giving back or investing in the community in some way. It includes being a good neighbour to our community, to help in time of need, to add to the community's quality of life and to protect the environment.

Our community and social responsibility commitment is to focus our efforts around healthcare and healthcare related services and within this framework, to make healthcare more accessible to the underprivileged. We endeavour to respond where possible to all community needs in and outside the hospitals through a benevolent budget. In addition, we provide support for a wide variety of non-profit healthcare organisations. We participate in volunteer programmes, we are deliberately community conscious and particularly alert to the needs of the aged, the disadvantaged and infirm.

Through the hospital division, Medicross and Netcare 911, the Group is involved in over 260 projects and assistance programmes aimed at providing a real contribution to the communities they serve.

THE NETCARE FOUNDATION

During 2001 the Group established the Netcare Foundation (formerly The Netcare Endowment Trust) to manage the distribution of the Group's sponsorships and social budget.

The Netcare Foundation has been established as a non-profit Trust to promote medical research and education, to support community healthcare projects and charitable institutions, including healthcare related activities for the aged, the poor and other underprivileged members of the community.

COMMUNITY PROJECTS

Netcare's various divisions all individually play an active role in their different communities through a myriad of projects. These include, but are not limited to, outreach programmes to orphanages, AIDS care centres, old age homes, free screening clinics and treatment of indigent patients in emergency situations. During 2002, over 16 different welfare homes, clinics and AIDS hospices were actively supported and assisted by the various hospitals.

R16,0 million was spent on treating indigent patients in emergency situations arriving at the groups hospitals. An example of such cases were babies Joshua and Abdul who were found abandoned, still connected to their afterbirth.

After being brought in by the Flying Squad they were cared for in the paediatric ICU at Garden City Clinic and foster homes found.

Examples of some of the projects initiated by the Group include:

- The Netcare Rehabilitation Sports Day has become an annual event and this year over 160 participants took part from Government and private hospitals in Gauteng;
- Trauma staff members from various hospitals assist the Arrive Alive campaign during peak holiday season;
- In conjunction with the University of the Witwatersrand and a foreign donor, Park Lane Clinic is carrying out The Cleft Palate Project, whereby patients that are unable to afford reconstructive surgery, or the waiting time is excessive or prejudicial to the health of the patient, are afforded the opportunity to have the surgery completed at no charge;
- In KwaZulu Natal, Netcare has over the last three years provided financial support to Ethembeni School – a school for visually impaired and physically handicapped children – to assist with the purchase of equipment, wheelchairs and Braille textbooks that are urgently needed for their special education programme;
- Through the Imbizo Programme, meaning “Calling all people to come together and talk”, launched in Netcare to educate staff about HIV/AIDS, several successful outreach and training initiatives have been held in the various communities from which Netcare staff emanate;
- Netcare also gave sponsorship to the annual Blood Cycle tour in April during Blood Donor month; and
- Netcare sponsors Friends of the SA Bone Marrow Registry Foundation and is a major sponsor of the Organ Donor Foundation.

SCREENING

Netcare and Medicross provide free screening days during all South Africa’s health weeks as well as other times during the year. Some of the services offered are blood pressure and

cholesterol testing, cancer screening, breast self-examination education and ante natal clinics. Hospitals also play an active role during these weeks in fund-raising events.

SEXUAL ASSAULT CARE CENTRES

Netcare provides medical and psychological care at several sexual assault care centres. Netcare is the only private hospital group providing care to these victims on a *pro deo* basis. Over 800 survivors of rape and sexual assault were treated during the past year. Netcare also provides free medical training to health professionals on how to treat sexual assault victims.

BREAST HEALTH FOUNDATION

Netcare is a founder member of this Not For Profit company launched to address the critical health issues surrounding breast cancer in South Africa. As the number one killer of women in South Africa, the foundation was initiated to provide education, access to early treatment and counselling for rural and urban communities, traditionally devoid of such services.

CHILDREN OF FIRE

Children of Fire is a non-profit organisation that helps communities with fire prevention education and severely burned children with surgery and therapy. Netcare continues to play a major role in providing surgeons, nursing and covering theatre fees for burn victims.

THE “RIGHT TO SIGHT EYE CARE” CAMPAIGN

In 2001 the “Right to Sight Eye Care” Campaign was launched. The focus of the campaign is to assist with the surgery of indigent South African patients having cataracts with their best-corrected vision being below predetermined levels. In addition, various Ophthalmologists and Optometrists countrywide committed themselves to provide screening tests, spectacles at a reduced cost, and free surgery based on weekly quotas. Netcare is proud to be associated with this initiative, which ultimately helps eliminate cataract blindness in people.





- *The Christiaan Barnard Foundation was first conceived after HRH Princess Diana discussed the idea with Professor Chris Barnard.*
- *Clinical Facilitator lecturing nursing students at Milpark Hospital.*

CHRISTIAAN BARNARD MEMORIAL HOSPITAL

Netcare in 2001 renamed its Cape Town based City Park Hospital, the Christiaan Barnard Memorial Hospital, in memory of Professor Chris Barnard. Netcare formalised an arrangement with the Christiaan Barnard Foundation in Austria to ensure the continued treatment of underprivileged children suffering from heart disease and related conditions, and was able to provide such treatment during this year.

TRAINING

Netcare sponsors nurses at universities each year, providing them with practical experience in hospitals and a two-year contract on completion of their studies. In addition, Netcare is a founding member of the Manto Tshabalala-Msimang Health Professionals Bursary Trust which currently provides bursaries for 28 students from previously disadvantaged communities wishing to pursue careers in medicine.

Netcare also runs training programmes for the South African Police on emergency life-saving procedures in the field where they are issued with medical kits and medical stocks, as well as stress and trauma programmes for traffic officers.

NETCARE 911

Netcare 911 provides emergency services to a significant number of indigent patients on an annual basis. This cost Netcare 911 approximately R22,0 million in 2002.

If a public hospital is not available in emergencies, patients are stabilised at a Netcare hospital without any charge and then taken to a public hospital.

Netcare 911 is also involved in assisting local and provincial services in providing medical services to road users over holiday periods. Netcare staff join forces with their local ambulance services to augment staff levels during these critical periods.

Netcare 911 also rendered assistance to the train disaster in Mozambique and sent a team to the Volcano eruption in Goma, all on a complementary basis.

CORPORATE DONATIONS

Over and above Netcare's community involvement projects, many requests for financial assistance from charities and community-based non-profit organisations are funded on a discretionary basis.

“N

etcare has always made me feel special for recognising that caring for patients should not just be a job, but a passion.”



Helen Harris

Quality Assurance Manager

Netcare Operations Centre, Johannesburg

Executive Directors **52 - 54**

Non-executive Directors **55**

Directorate and Administration **56**

Executive Directors



Michael Sacks ♦ ♦ ♦ (59)
Chairman
CTA CA(SA) AICPA (ISR)

Michael Sacks acted as an independent corporate advisor for 25 years prior to his appointment as Chairman of Netcare. He has served and continues to serve as a non-executive director of a number of listed companies and Empowerment Committees. Mr Sacks is also an Officer of the International Association of Political Consultants.



Dr Jack Shevel (45)
Chief Executive Officer
MBBCh

Dr Shevel is known for his exceptional entrepreneurial flair and in-depth knowledge of the healthcare industry. The results of his pre-defined strategy for establishing a healthcare value chain bears testament to his ability and vision.



Dr Richard Friedland ♦ (41)
Chief Operating Officer
BVSc MBBCh Dip Fin Man MBA

Richard Friedland practiced as a Veterinary Surgeon in South Africa and the United Kingdom. After studying medicine and a short term in practice, he joined Medicross and was responsible for overall operations and establishing the medical centres on a national basis. Dr Friedland joined Netcare in early 1997 to lead the transformation and re-engineering of the businesses.



Bobby Favish ♦ ♦ (46)
Chief Financial Officer
BCom CA(SA) MBA

Bobby Favish has eight years experience as chief financial officer for JSE listed companies, as well as ten years experience in merchant banking where he was involved in a wide range of high-level corporate finance activities.



Dr Reg Bush (47)
MBBCh DCH (SA)

Dr Bush has 13 years' experience in hospital operations and healthcare corporate development. He currently oversees the Group's involvement in Ampath, Radiology and Medicross. He is chairman of the National Hospital Network and MedEmas (Pty) Limited, serves on the board of trustees of the Ampath Holdings Trust, and is a non-executive director of a number of companies, including the IMP Group.



Ingrid Davis (49)
Dip Pharm (MPS)

Ingrid Davis has 21 years' experience as a qualified pharmacist in the private hospital industry. Ingrid owns and manages the pharmacy concessions at Netcare hospitals, working in conjunction with the division contracted to provide infrastructural, administration and logistical support services. Ingrid is also responsible for managing various hospitality and allied divisions and is a member of the Medicross Board.



Dr Ian Kadish (40)
MBBCh MBA

Dr Kadish has extensive experience in hospital management and healthcare management consulting in the United States and Canada.

Dr Kadish is responsible for Information Technology ("IT") and Managed Care at Netcare and holds directorships in various private IT and managed care related companies in which Netcare has interests.



Piet Lindeque (39)
CA(SA)

Piet Lindeque has more than eight years' healthcare experience and is currently the regional general manager of the Gauteng East region.

- ❖ Board Audit Committee
- ✱ Board Remuneration Committee
- Board Risk Committee



Dr Sam Rossolimos (50)
MBBCh (DMS) Dip Bus M Prac Acc
Dr Rossolimos has been involved in the healthcare industry since 1982, with a focus on design, development and management of hospitals. Since September 1999, Dr Rossolimos has been responsible for Netcare's Middle East globalisation programmes.



Peter Warrener*† (41)
BSocSci DPLR Dip Fin Man
Peter Warrener, with 15 years of Human Resource ("HR") management expertise, has headed up the HR division since 1997 and has a sound balance of industry and function-related experience and knowledge.



Norman Weltman (54)
CA(SA)
Norman Weltman has been with the Group since 1993. His portfolios include funder negotiations and relationships, managed healthcare, radiotherapy and nursing budgets. He is a director of the Hospital Association of South Africa and the National Hospital Network.



Meyer Kahn • (63)
BA(Law) MBA DCom(hc) SOE

Mr Kahn is the former managing director and currently the chairman of SAB Miller plc. He has served two-and-a-half years as Chief Executive of the South African Police Service. He is also a director of various other companies and trustee of numerous organisations.



Hymie Levin ❖* (57)
BCom LLB LLM H Dip Tax Law
H Dip Co Law

Hymie Levin is a specialist corporate and tax lawyer. He is the senior partner of HR Levin Attorneys and his experience spans more than thirty years. He is also a non-executive director of various companies listed on the JSE.



Sindi Zilwa ❖• (35)
CA (SA) BCompt Hons CTA
ATC Dip FA

Sindi Zilwa is currently chairman of Nkonki & Associates, Public Accountants and Auditors and chairman of Sikhona Financial Advisors (Pty) Limited. She is also a member of the South African Institute of Chartered Accountants' Education Committee, as well as a Director of Primedia Limited, Eskom and Woolworths Limited.



Dr Azar Jammie ❖* (53)
BSc(Hons) BA(Hons) MSc PhD

Dr Jammie has been a Director and Chief Economist of Econometrix (Pty) Limited since 1985 and a non-executive director of many other companies, including Federated Employers Mutual, Iron Fireman, African Merchant Bank and Heckett Multiserv.



Dr Johannes van Rooyen (47)
MBBCh M Med (Clin Path)

Dr van Rooyen has significant medical and commercial pathology experience and is currently the national pathology director of The Ampath Trust.

- ❖ Board Audit Committee
- * Board Remuneration Committee
- Board Risk Committee
- † British

Executive Directors

MI Sacks (59)
CTA CA(SA) AICPA (ISR)
Chairman

Dr J Shevel (45)
MBBCh
Chief Executive Officer

Dr RH Friedland (41)
BVSc MBBCh Dip Fin Man MBA
Chief Operating Officer

SR Favish (46)
BCom CA(SA) MBA
Chief Financial Officer

Dr RH Bush (47)
MBBCh DCH (SA)

IM Davis (49)
Dip Pharm (MPS)

Dr I Kadish (40)
MBBCh MBA

PJ Lindeque (39)
CA(SA)

Dr C Rossolimos (50)
MBBCh (DMS) Dip Bus M Prac Acc

P Warrenner (41)
BSocSci DPLR Dip Fin Man

N Weltman (54)
CA(SA)

Independent Non-executive Directors

Dr APH Jammie (53)
BSc(Hons) BA(Hons) MSC PhD

JM Kahn (63)
BA(Law) MBA DCom(hc) SOE

SV Zilwa (35)
CA (SA) BCompt Hons ATC Dip FA

Non-executive Directors

HR Levin (57)
B Com LLB LLM H Dip Tax Law H Dip Co Law

Dr JA van Rooyen (47)
MBBCh MMed (Clin Path)

Company Secretary

J Wolpert (58)
CA(SA) FCMA FCIS

Business Address and Registered Office

Network Healthcare Holdings Limited
Registration number 1996/008242/06
3rd Floor, Sanlam Park South
9 Fredman Drive (cnr Bute Lane), Sandown
Sandton 2196
South Africa
Private Bag X34, Benmore 2010
Telephone +27 (0) 11 301 0000
www.netcare.co.za

Transfer Secretaries

Ultra Registrars (Pty) Limited
11 Diagonal Street, Johannesburg 2001
PO Box 4844, Johannesburg 2000
Telephone +27 (0) 11 832 2652

Principal Bankers

Investec Bank Limited
Nedcor Bank Limited
Citibank, N.A.

Joint Auditors

Fisher Hoffman PKF (Jhb) Inc
Chartered Accountants (SA)
Registration number 1994/001166/21
Registered Accountants and Auditors
FHS House, 15 Girton Road
Parktown 2193
Private Bag X30500, Houghton 2041
Grant Thornton Kessel Feinstein
Chartered Accountants (SA)
Registered Accountants and Auditors
Grant Thornton Kessel Feinstein Office Park
137 Daisy Street
Sandown, Sandton 2196
Private Bag X28, Benmore 2010

Attorneys

HR Levin
Kentgate, 64 Kent Road (cnr Oxford Road)
Dunkeld 2196
PO Box 52235, Saxonwold 2193

Sponsor

Merrill Lynch South Africa (Pty) Limited
Registration number 1995/001805/07
138 West Street, Sandown
Sandton 2196

JSE Information

Netcare
JSE share code: NTC
ISIN code: ZAE000011953



“Our team is like a family.
I feel I belong.”



Sister Wendy Letshela
High Care Unit
Femina Clinic, Pretoria

ANNUAL FINANCIAL STATEMENTS

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OF THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2002

The directors of Network Healthcare Holdings Limited are responsible for the preparation and integrity of the annual financial statements of the Company and the Group. The Group's external auditors are engaged to express an independent opinion on these annual financial statements.

In order to fulfil this responsibility, the Group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the Group's policies and procedures.

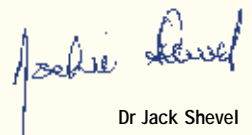
The directors are satisfied that such accounting and administrative control systems have been maintained during the year.

The annual financial statements are prepared on a going-concern basis and in accordance with South African Statements of Generally Accepted Accounting Practice. These financial statements are examined by our auditors in conformity with South African Auditing Standards.

The annual financial statements were approved by the board of directors on 12 November 2002 and are signed on their behalf by:



Michael I Sacks
Chairman

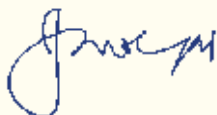


Dr Jack Shevel
Chief Executive Officer

Sandton

FOR THE YEAR ENDED 30 SEPTEMBER 2002

I hereby certify that, in accordance with section 268(G)(d) of the Companies Act 1973, as amended, the Company has lodged with the Registrar of Companies all such returns as are required of a public Company in terms of the Act and that such returns are true, correct and up to date.



J Wolpert CA(SA) FCMA FCIS
Company Secretary

Sandton
12 November 2002



TO THE SHAREHOLDERS OF NETWORK HEALTHCARE HOLDINGS LIMITED

We have audited the annual financial statements and Group annual financial statements of Network Healthcare Holdings Limited set out on pages 60 to 87 for the year ended 30 September 2002. These annual financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these annual financial statements based on our audit.

SCOPE

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

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

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

AUDIT OPINION

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 September 2002 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act.

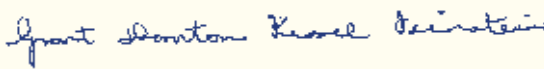


FISHER HOFFMAN PKF (JHB) INC

Chartered Accountants (SA)

Registration number 1994/001166/21

Registered Accountants and Auditors



Grant Thornton Kessel Feinstein

Chartered Accountants (SA)

Registered Accountants and Auditors

Johannesburg

12 November 2002

Your directors have pleasure in presenting their report on the activities of the Company and of the Group for the year ended 30 September 2002.

Nature of business

Netcare is an investment holding Company and through its subsidiaries carries on the business as South Africa's largest surgical and medical private hospital group, providing an extensive range of general and specialised medical care services throughout the country.

Financial results

The results of the Group's operations for the year are set out in the income statement on page 69.

Subsidiaries, associates and joint ventures

During the period under review the Group acquired 100% of Margate Private Hospital, subject to profit and other warranties, for approximately R22,3 million payable in cash. The effective date was 1 March 2002.

Netcare also acquired the minority interests in the Traumanet ("Netcare 911") and Netair 911 Aeromedical Services divisions for R2,8 million payable in cash.

Additional interests in certain subsidiaries which held the undernoted hospitals were acquired during the year:

Greenacres Hospital

N1 City Hospital

Mulbarton Hospital

The impact of these acquisitions on the results for the period under review is immaterial.

The Group also acquired all the shares held by minorities in Clinic Holdings Limited ("Clinics") in consideration for the issue of 98,5 million Netcare shares. Clinics was delisted in October 2001.

Details of interests in subsidiaries, associates and joint ventures are shown on pages 86 and 87.

Aggregate profits and losses of subsidiaries, associates and joint venture interests

The aggregate profits and losses of the subsidiaries, associates and joint ventures attributable to the holding Company are:

	2002 Rm	2001 Rm
Profits after taxation	549,1	385,1
Losses	(20,7)	(55,3)
Net	528,4	329,8

Special resolutions adopted by subsidiary companies

The statutory information relating to special resolutions passed by subsidiary companies is available from the registered office on request.

Share capital

Authorised and issued

Details of the authorised and issued share capital of the Company are reflected in note 7 to the annual financial statements.

Issued during the year

115 254 803 (2001: 66 487 083) ordinary shares were issued as follows:

Details	Date	Number of shares 2002	Issue price R
Clinics minorities	October 2001	98 505 040	2,00
Employee Share Incentive Scheme	Various	10 988 271	0,80
Mulbarton minorities	January 2002	5 761 492	2,39
Total shares issued		115 254 803	

The total amount of share premium arising from the above share issues was R218,4 million (2001: R64,2 million).

Acquisition of Company's own shares

In terms of the Company's Articles of Association, members will be requested to consider resolutions at the Annual General Meeting giving the directors both general and specific authority to permit the Company or a subsidiary of the Company to acquire its own shares, in terms of both a general authority and a specific authority to effectively acquire 52,7 million shares at an effective cost of approximately R79,7 million.

Directorate

Changes in the Board of Directors are reflected hereunder.

Appointed

Mrs SV Zilwa CA(SA) was appointed to the Board on 14 November 2001.

Retiring directors

Messrs I Kadish, APH Jammine, C Rossolimos, MI Sacks, JA van Rooyen and Mrs IM Davis retire in accordance with the Company's Articles of Association at the Annual General Meeting to be held on 24 January 2003, but offer themselves for re-election.

Interests of directors

The beneficial and non-beneficial interests of the directors of Netcare in Netcare shares at 30 September 2002, were as follows:

Name of director	Beneficial number of shares		Non-beneficial number of shares		Total number of shares held
	Direct	Indirect	Direct	Indirect	
<i>Executive directors</i>					
MI Sacks	2 000 000	1 500 000		46 191 400	49 691 400
Dr J Shevel	2 000 000	1 500 000		85 370 394	88 870 394
Dr RH Friedland	4 587 332	1 500 000			6 087 332
SR Favish	4 109 100				4 109 100
Dr RH Bush	2 334 082				2 334 082
IM Davis	3 160 773	1 500 000			4 660 773
Dr I Kadish	1 204 392				1 204 392
PJ Lindeque				2 101 830	2 101 830
Dr C Rossolimos	1 439 543				1 439 543
P Warrenner	1 000 000				1 000 000
N Weltman	1 520 000				1 520 000
<i>Non-executive directors</i>					
HR Levin	10 937 974				10 937 974
JA van Rooyen	114 372				114 372
Total	34 407 568	6 000 000		133 663 624	174 071 192

Directors holding in excess of 1% in Netcare are: Dr J Shevel 6,12% and Mr MI Sacks 3,42%.
(At 30 September 2001 directors held, in the aggregate, 163 605 561 shares).



FOR THE YEAR ENDED 30 SEPTEMBER 2002

Directors' share options

The following share options were held by the directors at 30 September 2002.

Name of director	Share options at 30 September 2001		Share options granted during the year		Share options exercised during the year		Share options at 30 September 2002		
	Number	Exercise price (cents)	Number	Exercise price (cents)	Number	Market price at exercise date (cents)	Benefit arising on exercise of option (R)	Number	Exercise price (cents)
Dr RH Bush	954 000	100			318 000	306	655 080	636 000	100
	1 600 000	62			400 000	306	976 000	1 200 000	62
			500 000	265				500 000	265
IM Davis	120 000	100						120 000	100
	2 800 000	62						2 800 000	62
			1 500 000	265				1 500 000	265
SR Favish	120 000	100			40 000	305	82 000	80 000	100
	1 600 000	62			400 000	305	972 000	1 200 000	62
			500 000	265				500 000	265
Dr RH Friedland	200 000	100			120 000	297	236 400	80 000	100
	4 000 000	62			1 680 000	297	3 948 000	2 320 000	62
			1 500 000	265				1 500 000	265
Dr I Kadish	120 000	100						120 000	100
	1 800 000	62						1 800 000	62
			750 000	265				750 000	265
PJ Lindeque	954 000	100			318 000	318	693 240	636 000	100
	200 000	62			50 000	318	128 000	150 000	62
			500 000	265				500 000	265
Dr C Rossolimos	2 000 000	100						2 000 000	100
	200 000	62						200 000	62
			500 000	265				500 000	265
MI Sacks	200 000	100						200 000	100
	4 000 000	62						4 000 000	62
			1 500 000	265				1 500 000	265
Dr J Shevel	200 000	100			80 000	280	144 000	120 000	100
	4 000 000	62			800 000	280	1 744 000	3 200 000	62
			1 500 000	265				1 500 000	265
P Warrenner	120 000	100						120 000	100
	1 600 000	62						1 600 000	62
			500 000	265				500 000	265
N Weltman	120 000	100			40 000	306	82 400	80 000	100
	1 800 000	62			200 000	306	488 000	1 600 000	62
			750 000	265				750 000	265
Total	28 708 000		10 000 000		4 446 000		10 149 120	34 262 000	

The share option exercise terms are detailed on page 64.

Directors' emoluments

Emoluments paid to directors of the Company by the Company and its subsidiaries (excluding gains on share options exercised) for the year to 30 September 2002, are set out below:

Executive directors	Salaries and benefits (Rm)	Bonus (Rm)	Total (Rm)
Dr J Shevel	1,8	1,0	2,8
MI Sacks	1,6	0,6	2,2
Dr RH Bush	1,2	0,3	1,5
IM Davis	1,3	0,6	1,9
SR Favish	1,2	0,4	1,6
Dr RH Friedland	1,7	0,8	2,5
Dr I Kadish	1,2	0,3	1,5
PJ Lindeque	0,8	0,3	1,1
Dr C Rossolimos	1,0	0,2	1,2
P Warrener	0,9	0,3	1,2
N Weltman	0,9	0,3	1,2
	13,6	5,1	18,7

Non-executive directors	Fees (R)
Dr APH Jamine	58 300
JM Kahn	56 500
HR Levin	66 500
JA van Rooyen	54 000
SV Zilwa	54 000
	289 300



FOR THE YEAR ENDED 30 SEPTEMBER 2002

Contracts

The following directors are restrained from competing with the Group and have entered into service agreements with the Company for periods not exceeding one year:

IM Davis, SR Favish, Dr RH Friedland, Dr I Kadish, Dr J Shevel, P Warrener and N Weltman.

Company secretary

The office of company secretary was held by J Wolpert during the period under review. The secretary's business, postal and e-mail addresses are as follows:

Business address	Postal address	E-mail address
3rd Floor Sanlam Park South 9 Fredman Drive Sandown	Private Bag X34 Benmore 2010	jwolpert@ho.netcare.co.za

Capital distributions

Details of the capital distributions for the year are:

	2002	2001
	Rm	Rm
Interim distribution of 4,5 cents (2001: 3,5 cents) per share paid on 8 July 2002	65,2	46,9
Final distribution of 7,0 cents (2001: 5,0 cents) per share payable on 10 February 2003	101,7	72,2
	166,9	119,1

Capital distributions are accounted for on the date of declaration. As a result, the final capital distribution of 7,0 cents per share is not reflected in the financial statements for the year ended 30 September 2002.

Employee Share Incentive Scheme

The Network Healthcare Holdings Limited Share Incentive Scheme has been established for the purpose of facilitating the acquisition of shares in the Company by the Group's employees. At 30 September 2002 approximately 123,0 million (2001: 95,1 million) shares had been "reserved" from the capital of Netcare in respect of options granted to employees to acquire shares in the Company. 27,7 million options are exercisable at R1,00 per share in five equal annual tranches from 1 June 2000, 41,3 million options are exercisable at R0,62 per share in five equal annual tranches from 1 June 2001 and 54,0 million options are exercisable at R2,65 per share in five equal annual tranches from 1 June 2002. The options expire after a period of ten years from issue date. A summary of share option movements during the year is reflected in note 7.

Events after the balance sheet date

The directors are not aware of any matter or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the Group for the year ended 30 September 2002 or the financial position at that date.

Basis of presentation

The annual financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those of the previous year, save for the changes set out on page 67, and comply with South African Statements of Generally Accepted Accounting Practice.

Basis of consolidation

The Group annual financial statements incorporate those of the Company, its subsidiaries, contracted entities and a proportionate share of the annual financial statements of joint ventures. Results of associates are equity accounted.

The results of subsidiaries or joint ventures acquired are included from the effective dates of acquisition to the effective dates of disposal. Inter-company transactions and balances have been eliminated.

Goodwill

Goodwill is the excess of the cost of shares acquired over the attributable fair value of the net assets of subsidiaries, associates and joint ventures at dates of acquisition and is amortised on the straight line basis over its estimated useful life up to a maximum of 20 years. Where the net assets of a subsidiary, associate or joint venture at date of acquisition exceed the cost of the shares acquired, the excess (negative goodwill) is included in goodwill. Negative goodwill is released to the income statement over a period not exceeding 20 years.

Impairment

The carrying value of assets is reviewed at balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amounts.

Subsidiaries

Subsidiaries are enterprises controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition up to the effective date of disposal.

The identifiable assets and liabilities of enterprises acquired are assessed and included in the balance sheet at their fair values at the date of acquisition.

A schedule of the Group's principal subsidiaries is set out in Annexure A.

Contracted entities

Contracted entities are entities that provide components of the comprehensive healthcare services which are provided by the Group on an outsourced basis.

Investment in associates

An associate is an enterprise in which the Group has between 20% and 50% of the voting rights, or over which the Group exercises significant influence but which is neither a subsidiary nor a joint venture. Investments in associates are accounted for under the equity method in the preparation of the Group annual financial statements, adjusted for impairment losses.

Details of the Group's principal associates are set out in Annexure B.

Joint ventures

A joint venture is a contractual arrangement between the Company and another party to undertake an economic activity which is subject to agreed sharing of control. Interests in joint ventures are stated at cost less any provision for impairment. In the consolidated financial statements, interests in joint ventures are accounted for using the proportionate consolidation method.

Additional details about the Group's principal joint ventures are reflected in Annexure B.

Property, plant and equipment

Land is stated at cost and is not depreciated.

All other assets are depreciated on either the straight-line or reducing balance bases at rates calculated over the following estimated useful lives:

Buildings	up to 50 years from date of acquisition
Hospital plant and equipment	three to ten years
Medical instruments	five years

Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of construction.

Initial supplies of medical instruments acquired when establishing or expanding a hospital, as well as replacements of



Property, plant and equipment (continued)

instruments, are stated at cost. The depreciation charge for medical instruments is the estimated average level of expenditure required to maintain their operating capability and approximates a straight-line write down over five years.

Development expenditure

Development expenditure is deferred until the project to which it relates commences trading. This expenditure is then written off over periods varying between three and ten years. Where a project is terminated, the related development expenditure is immediately written off.

Finance leases

Assets held under finance leases are capitalised. At the commencement of the leases, these assets are recorded at their cash cost equivalent and the related liability is recognised at an equivalent amount. Finance charges are charged over the periods of the leases based on the effective rates of interest.

Foreign currencies**Transactions and balances**

Transactions denominated in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains or losses arising on translation are credited to or charged against income.

Where foreign exchange contracts have been entered into to hedge the exposure for recognised foreign denominated transactions, these foreign exchange contracts are designated as fair value hedges. Fair value hedges are measured to fair value with the resultant gains or losses being charged against income.

Foreign entities

Foreign operations are operations in which the Group has an interest but whose activities are not an integral part of the Group. The financial statements of foreign entities are translated into South African Rand as follows:

- assets, including intangibles such as goodwill and liabilities, at rates of exchange ruling at balance sheet date; and
- income, expenditure and cash flow items at weighted average rates.

All resulting exchange differences are reflected in a foreign currency translation reserve as part of shareholders' equity. On disposal, such translation differences are recognised in the income statement as part of the cumulative gain or loss on disposal.

Inventories

Inventories, comprising medical consumables held by contracted entities, are valued at the lower of cost and net realisable value determined on the first-in, first-out basis.

Other consumables, including crockery, cutlery, linen and soft furnishings are valued at average cost and written down with regard to their age and condition.

Provisions

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

Income recognition

Revenue comprises the amount charged for accommodation, theatre fees and medical consumables, but excludes value added tax. Revenue within the Group is eliminated on consolidation. Revenue also includes administration fees charged to third parties.

Revenue from charges to patients is recognised when the service giving rise to this revenue is rendered.

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

Dividends are recognised when the shareholders' right to receive payment is established.

Retirement benefits**Retirement funds**

Current contributions to the Group's defined contribution retirement funds are based on current service and current salary and are recognised in the results for the year.

Medical funds

Medical aid contributions are recognised as an expense in the period during which the employees render services to the Group. In addition, provision is made for post employment medical obligations based on the net present value of the liability

Medical funds (continued)

for services rendered to date. These obligations are valued by independent, qualified actuaries.

Exceptional items

Exceptional items are material items of income and expense resulting from occurrences, the underlying nature of which is not typical of the ordinary trading or operating activities of the Group.

Taxation

Deferred taxation is provided using the balance sheet liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its balance sheet carrying amount. Deferred taxation assets are raised in respect of assessed losses where it is probable that future taxable profits will be available to utilise these losses in the foreseeable future.

Financial instruments

Financial assets are recognised when the Group has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the Group intends to settle on a net basis, the relevant financial assets and liabilities are offset and are not disclosed separately.

Interest costs are charged against income in the year in which they are incurred. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are taken to net interest payable over the life of the instrument.

Except where otherwise specified, financial assets and liabilities are valued either at cost or at fair value, which includes the utilisation of discounted cash flow models where appropriate.

Where the fair value of an asset's carrying amount falls below the asset's carrying value, any difference is, in the case of long-term assets, provided for if it is regarded that an impairment exists. In the case of short-term assets, provision is only made to the extent that it is considered as resulting in a lower net realisable value.

Derivative financial instruments

The derivative financial instruments used by the Group, which are used solely for hedging purposes, comprise interest rate derivatives. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

Interest rate differentials under swap arrangements used to manage interest rate exposures are recognised by adjustment to net interest payable. Premiums or discounts arising on the purchase of derivative instruments are amortised over the shorter of the life of the instrument and the underlying exposure.

Treasury shares

Treasury shares held by subsidiary companies are deducted from share capital and premium. These shares are not included in the number of shares in issue for purposes of calculating earnings per share and certain other performance ratios.

Changes in accounting policies

The Group prepares its financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. During the year under review the Group changed its accounting policies in respect of Employee Benefits (AC 116) and Depreciation of Buildings (AC 123 and AC 135), in compliance with these statements.

Comprehensive healthcare services are provided by Netcare's owned business units and by certain entities contracted predominantly to the Netcare Group. In order to provide a more meaningful presentation of the healthcare services provided by the Netcare Group the financial statements have been prepared on a basis which includes all healthcare services provided by, or on behalf of the Group, to its customers.

To give effect to the abovementioned changes comparative figures have been restated and the necessary prior year adjustments have been effected.



AT 30 SEPTEMBER 2002

	Notes	Group		Company	
		2002 Rm	2001 Rm	2002 Rm	2001 Rm
Assets					
Non-current assets					
Property, plant and equipment	1	2 413,0	2 202,8	-	-
Intangible assets	2	89,8	(61,2)	-	-
Investments in subsidiaries	3			1 281,7	1 411,3
Investments and loans	4	160,6	139,7	16,1	12,4
Deferred taxation	10	41,5	34,1	-	-
Total non-current assets		2 704,9	2 315,4	1 297,8	1 423,7
Current assets					
Inventories	5	233,6	186,7	-	-
Accounts receivable	6	875,0	817,5	-	-
Total current assets		1 108,6	1 004,2	-	-
Total assets		3 813,5	3 319,6	1 297,8	1 423,7
Equity and liabilities					
Capital and reserves					
Share capital and premium	7	849,1	767,6	903,5	827,6
Reserves	8	1 338,6	812,6	392,9	395,3
Ordinary shareholders' equity		2 187,7	1 580,2	1 296,4	1 222,9
Interest of outside shareholders in subsidiaries		7,7	132,1	-	-
Total shareholders' equity		2 195,4	1 712,3	1 296,4	1 222,9
Net interest-bearing debt	9	569,0	494,1	(2,6)	67,0
Long-term		597,2	710,5	-	-
Short-term		365,5	417,2	-	70,2
Cash and cash equivalents		(210,6)	(450,5)	(2,6)	(3,2)
Other financial assets		(183,1)	(183,1)	-	-
Non-current liabilities					
Deferred taxation	10	128,6	94,0	-	-
Current liabilities					
Accounts payable	11	749,7	738,5	3,2	5,0
Vendors for acquisition		13,3	128,5	-	128,5
Current taxation		157,5	152,2	0,8	0,3
Total current liabilities		920,5	1 019,2	4,0	133,8
Total equity and liabilities		3 813,5	3 319,6	1 297,8	1 423,7
Net equity per share (cents)		150,6	118,1		

	Notes	Group		Company	
		2002 Rm	2001 Rm	2002 Rm	2001 Rm
Revenue	12	4 812,3	3 687,7	-	-
Net operating costs before depreciation	13	(3 869,4)	(2 995,1)	(1,6)	(1,5)
Operating profit/(loss) before depreciation (EBITDA)		942,9	692,6	(1,6)	(1,5)
Depreciation	14	(155,9)	(127,4)	-	-
Operating profit/(loss) (EBIT)	14	787,0	565,2	(1,6)	(1,5)
Net finance charges	15	(104,7)	(89,8)	(0,6)	(5,9)
Profit/(loss) before headline adjusting items		682,3	475,4	(2,2)	(7,4)
Headline adjusting items	16	(3,9)	(31,4)	-	-
Profit/(loss) before taxation		678,4	444,0	(2,2)	(7,4)
Taxation	17	(170,6)	(124,9)	(0,2)	-
Profit/(loss) after taxation		507,8	319,1	(2,4)	(7,4)
Attributable earnings of associates		20,5	25,9	-	-
Profit/(loss) after taxation including associates		528,3	345,0	(2,4)	(7,4)
Outside shareholders' interests		(2,3)	(22,6)	-	-
Earnings/(loss) attributable to ordinary shareholders		526,0	322,4	(2,4)	(7,4)
Earnings per share (cents)					
Attributable earnings	18.1	36,4	24,1		
Fully diluted attributable earnings	18.3	34,5	23,3		
Headline earnings	18.2	36,7	26,3		
Fully diluted headline earnings	18.3	34,8	25,5		
Capital distributions (cents)					
Interim		4,5	3,5	4,5	3,5
Final		7,0	5,0	7,0	5,0

Cash Flow Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Notes	Group		Company	
		2002 Rm	2001 Rm	2002 Rm	2001 Rm
Cash generated from operations	19.1	941,2	686,0	(1,6)	(1,5)
Working capital movements	19.2	(137,9)	118,8	(1,8)	(1,9)
Cash generated from operating activities		803,3	804,8	(3,4)	(3,4)
Net finance charges		(104,7)	(89,8)	(0,6)	(5,9)
Taxation paid	19.3	(130,5)	(87,4)	0,3	-
Cash inflow from operating activities		568,1	627,6	(3,7)	(9,3)
Capital distributions paid		(137,4)	(82,9)	(143,0)	(83,4)
Net cash retained		430,7	544,7	(146,7)	(92,7)
Cash utilised in investment activities		(512,7)	(462,6)	(199,9)	(85,0)
Investment to maintain operations	19.4	(153,7)	(69,7)	-	-
Investment to expand operations	19.5	(209,4)	(219,1)	(3,7)	13,2
Net investment in businesses	19.6	(149,6)	(113,3)	(196,2)	(98,2)
Share re-purchase		-	(60,5)	-	-
Cash effects of financing activities		8,1	(10,1)	416,2	158,2
Net equity movements	19.7	8,1	(10,1)	218,9	64,1
Movements in subsidiary companies loans		-	-	197,3	94,1
		(73,9)	72,0	69,6	(19,5)
Net cash resources assumed on acquisition of businesses		(1,0)	11,6	-	-
(Increase)/decrease in net interest-bearing debt		(74,9)	83,6	69,6	(19,5)
Net interest-bearing debt					
At beginning of year		(494,1)	(577,7)	(67,0)	(47,5)
At end of year		(569,0)	(494,1)	2,6	(67,0)

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
Share capital and premium				
Balance at beginning of year	767,6	844,0	827,6	846,9
Share capital and premium movements	81,5	(76,4)	75,9	(19,3)
Issue of shares	1,1	0,7	1,1	0,7
Share premium	218,4	64,2	218,4	64,2
Treasury shares acquired	-	(60,5)	-	-
Share issue and listing expenses	(0,6)	(0,8)	(0,6)	(0,8)
Capital distributions	(137,4)	(80,0)	(143,0)	(83,4)
Balance at end of year	849,1	767,6	903,5	827,6
Non-distributable reserve				
Balance at beginning of year	-	-	403,2	403,2
Movement during year	-	-	-	-
Balance at end of year	-	-	403,2	403,2
Retained earnings/(loss)				
Balance at beginning of year	812,6	550,0	(7,9)	(0,5)
Prior year adjustments				
AC 116	-	(7,5)	-	-
AC 123 and AC 135	-	(52,3)	-	-
Restated balance	812,6	490,2	(7,9)	(0,5)
Earnings attributable to ordinary shareholders	526,0	322,4	(2,4)	(7,4)
As previously reported	526,0	343,9	(2,4)	(7,4)
Change in accounting policies to comply with				
AC 116	-	(4,6)	-	-
AC 123 and AC 135	-	(16,9)	-	-
Balance at end of year	1 338,6	812,6	(10,3)	(7,9)

FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
1. Property, plant and equipment				
1.1 Land and buildings				
– Cost	2 006,8	1 825,3		
– Accumulated depreciation	(101,7)	(79,6)		
– Impairment loss	(26,0)	(26,0)		
Carrying value of land and buildings	1 879,1	1 719,7		
1.2 Land and buildings are stated at cost less impairment losses. Mills Fitchet Valuation Surveyors carried out an external valuation of the Group's properties based on the continuation of existing use as fully operational hospitals ("Going Concern Value") effective 1 May 1999. This valuation, taken together with subsequent additions valued at cost has resulted in an aggregate value of land and buildings of R2 265,2 million. The revaluation surplus has not been recognised in the financial statements. Properties are re-valued at intervals not exceeding five years.				
1.3 A register containing details of land and buildings is available for inspection at the registered office of the Company.				
1.4 Land and buildings having a book value of R1 162,4 million (2001: R1 070,2 million) are encumbered by bonds in terms of various outstanding liabilities referred to in note 9.3				
1.5 Plant and equipment (note 9.1)				
1.5.1 Assets owned				
Hospital plant and equipment				
– Cost	1 405,4	1 221,2		
– Accumulated depreciation	(871,5)	(738,1)		
Carrying value of plant and equipment	533,9	483,1		
Carrying value of property, plant and equipment	2 413,0	2 202,8		
1.6 Movement in property, plant and equipment				
Land and buildings:				
Net book value at beginning of year	1 719,7	1 531,0		
Additions	181,5	233,9		
Depreciation	(22,1)	(19,2)		
Impairment loss	–	(26,0)		
Net book value at end of year	1 879,1	1 719,7		
Plant and equipment:				
Net book value at beginning of year	483,1	405,1		
Additions	186,3	187,7		
Disposals	(1,7)	(1,5)		
Depreciation	(133,8)	(108,2)		
Net book value at end of year	533,9	483,1		

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
2. Intangible assets				
2.1 Goodwill				
Balance at beginning of year	(65,5)	26,8		
Hindsight adjustments	51,5	-		
Acquisitions	104,7	(92,3)		
Balance at end of year	90,7	(65,5)		
Accumulated amortisation at beginning of year	0,9	-		
Goodwill amortised	(3,9)	0,9		
Accumulated amortisation at end of year	(3,0)	0,9		
Net carrying value at end of year	87,7	(64,6)		
2.2 Development expenditure				
Cost at beginning of year	3,8	4,4		
Amounts capitalised	-	0,7		
Projects fully impaired	-	(1,3)		
Cost at end of year	3,8	3,8		
Accumulated amortisation at beginning of year	(0,4)	-		
Amortisation current year	(1,3)	(0,4)		
Accumulated amortisation at end of year	(1,7)	(0,4)		
Net carrying value at end of year	2,1	3,4		
Total intangible assets	89,8	(61,2)		
3. Investments in subsidiaries				
3.1 Investments in subsidiaries				
Shares at cost less amounts written off	-	-	1 336,1	1 139,9
Amounts owing (to)/by subsidiaries	-	-	(54,4)	271,4
	-	-	1 281,7	1 411,3
3.2	A portion of the loan account of a certain subsidiary amounting to R104,5 million has been subordinated in favour of other creditors.			
3.3	A schedule of the Group's principal subsidiaries is set out in Annexure A.			
4. Investments and loans				
4.1 Interest in associated entities and joint ventures				
Equity units at cost	100,8	100,8		
Less: Goodwill written off	(100,8)	(100,8)		
	-	-		
Retained earnings and loans	64,3	66,7		
Details of the Group's principal associated entities and joint ventures are set out in Annexure B.				



FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
4. Investments and loans (continued)				
4.2 Other investments and loans				
Other non-current loans	96,3	73,0	16,1	12,4
Total investments and loans	160,6	139,7	16,1	12,4
Directors' valuation of unlisted investments and loans	261,4	240,5	16,1	12,4
5. Inventories				
Medical consumables	201,9	161,7	-	-
Other consumables, crockery, cutlery, linen and soft furnishings	31,7	25,0	-	-
	233,6	186,7	-	-
6. Accounts receivable				
Trade debtors	700,2	660,3	-	-
Other debtors and prepayments	168,4	152,8	-	-
Loan to Employee Share Incentive Scheme	6,4	4,4	-	-
	875,0	817,5	-	-
7. Share capital and premium				
7.1 Authorised share capital				
2 500 000 000 ordinary shares of 1,0 cent each	25,0	25,0	25,0	25,0
500 000 000 "N" ordinary shares of 0,01 cent each	0,1	0,1	0,1	0,1
500 000 000 "N" cumulative convertible preference shares of 0,01 cent each	0,1	0,1	0,1	0,1
7.2 Issued share capital				
1 511 400 777 ordinary shares of 1,0 cent each (2001: 1 396 145 974)	15,1	14,0	15,1	14,0
Treasury shares held 58 479 452 (2001: 58 479 452) ordinary shares acquired by a subsidiary, representing 3,9% of the Company's issued share capital.	(63,4)	(63,4)	-	-
The treasury shares held do not carry voting rights and are not taken into account in the calculation of earnings per share				
Share premium	897,4	817,0	888,4	813,6
At beginning of year	817,0	833,6	813,6	833,6
Arising on share issues	218,4	64,2	218,4	64,2
Capital distributions	(137,4)	(80,0)	(143,0)	(83,4)
Share issue expenses	(0,6)	(0,8)	(0,6)	(0,8)
Total share capital and premium (2002: 1 452 921 325 ordinary shares)	849,1	767,6	903,5	827,6

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
7. Share capital and premium (continued)				
7.3 Unissued ordinary shares (number of shares – million)				
Under control of the directors	865,6	1 008,8	865,6	1 008,8
Reserved for the Employee Share Incentive Scheme	123,0	95,1	123,0	95,1
Unissued ordinary shares at 30 September 2002	988,6	1 103,9	988,6	1 103,9
The unissued ordinary shares are under the control of the directors until the next Annual General Meeting.				
7.4 Employee Share Incentive Scheme				
7.4.1 Included in accounts receivable is a loan to the Share Incentive Scheme	6,4	4,4		
The loan is interest free with no set date for repayment				
7.4.2 Directors' valuation	6,4	4,4		
7.5 Reconciliation of issued shares (million)				
In issue at beginning of year	1 337,7	1 326,2	1 396,2	1 329,7
Issued during year	115,2	66,5	115,2	66,5
Treasury shares acquired	–	(55,0)	–	–
In issue at end of year	1 452,9	1 337,7	1 511,4	1 396,2
7.6 Reconciliation of share options (million)				
Options at beginning of year	95,1	77,9	95,1	77,9
Options granted	54,0	26,6	54,0	26,6
Options exercised or lapsed	(26,1)	(9,4)	(26,1)	(9,4)
Options unexercised at end of year	123,0	95,1	123,0	95,1
8. Reserves				
8.1 Non-distributable reserve				
Surplus on disposal of subsidiaries	–	–	403,2	403,2
8.2 Retained earnings	1 338,6	812,6	(10,3)	(7,9)
Total reserves	1 338,6	812,6	392,9	395,3



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	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
9. Net interest-bearing debt				
9.1 Secured liabilities	299,3	220,3	-	-
Secured in terms of suspensive sale agreements over plant and equipment having a book value of R351,3 million (2001: R235,2 million). The liabilities bear variable interest rates currently between 12,7% and 15,6% nacm, and are repayable in monthly instalments or in terms of banking facilities.				
9.2 Unsecured long-term loans	123,6	169,9	-	-
Interest rates currently between 13,7% and 14,3% nacm.				
9.3 Secured long-term financial instruments	539,8	657,5	-	-
Fair value of financial instruments issued by the Group. The term of the instruments is over a period ending in 2009, although arrangements are in place for early redemption from 2007. The liability incurs an average interest rate, which is partially fixed and partially floating and at year-end carried an average interest rate of 13,7% nacm.				
Secured by covering bonds registered over properties with a book value of R1 162,4 million (2001: R1 070,2 million), and a pledge of shares in certain subsidiaries.				
9.4 Secured short-term loans	-	70,2	-	70,2
9.5 Bank overdrafts	-	9,8	-	-
9.6 Financial assets				
9.6.1 Cash and cash equivalents	(210,6)	(450,5)	(2,6)	(3,2)
9.6.2 Other financial assets (note 25)	(183,1)	(183,1)	-	-
	569,0	494,1	(2,6)	67,0
Repayable as follows:				
Within one year	365,5	417,2	-	70,2
One to two years	252,6	181,5	-	-
Two to three years	144,3	134,7	-	-
Three to four years	85,1	74,2	-	-
Over four years	115,2	320,1	-	-
	962,7	1 127,7	-	70,2
Financial assets	(393,7)	(633,6)	(2,6)	(3,2)
	569,0	494,1	(2,6)	67,0

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
10. Deferred taxation				
Balance at beginning of year	59,9	26,4		
Deferred tax liability	94,0	60,0		
Deferred tax asset	(34,1)	(33,6)		
Movement:				
Property, plant and equipment	(0,9)	(0,8)		
Assessable losses	-	(0,5)		
Hindsight adjustments	(7,4)	-		
Other temporary differences	35,5	34,8		
Balance at end of year	87,1	59,9		
Deferred tax liability	128,6	94,0		
Deferred tax asset	(41,5)	(34,1)		
Analysis of closing balance:				
Property, plant and equipment	25,2	26,1		
Other temporary differences	103,4	67,9		
Assessable losses	(41,5)	(34,1)		
	87,1	59,9		
11. Accounts payable				
Trade creditors	341,3	321,7	-	-
Other payables	408,4	416,8	3,2	5,0
	749,7	738,5	3,2	5,0
12. Revenue				
Hospitals	3 992,6	3 337,2		
Primary Care Clinics ("Medicross")	489,6	208,7		
Joint ventures	42,5	46,4		
Other*	287,6	95,4		
	4 812,3	3 687,7		
13. Net operating costs				
Cost of sales	3 179,7	2 519,0	-	-
Other net operating costs	689,7	476,1	1,6	1,5
	3 869,4	2 995,1	1,6	1,5

*Comprises revenue generated predominantly by Traumanet, Netcare International and SAA Netcare Travel Clinics.



FOR THE YEAR ENDED 30 SEPTEMBER 2002

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
14. Operating profit/(loss)				
Operating profit/(loss) is stated after (crediting)/charging:				
Income				
Profit on disposal of investments	-	(0,2)		
Profit on disposal of plant and equipment	(1,7)	(0,7)		
Foreign exchange gains	-	(0,2)		
Charges				
Auditors' remuneration	5,3	4,8		
Current year	5,1	4,1		
Prior year	-	0,4		
Fees for other services	0,2	0,3		
Depreciation – property, plant and equipment	155,9	127,4		
Development expenditure	1,3	1,7		
Total employee costs	1 621,4	1 300,3		
Employee costs	1 545,6	1 233,8		
Retirement benefit contributions	75,8	66,5		
Operating lease charges	90,8	66,0		
Land and buildings	74,8	54,0		
Other	16,0	12,0		
Technical, managerial and secretarial services	33,6	15,7		
Directors' emoluments				
Executive directors	18,7	11,6		
Paid by subsidiaries				
Basic remuneration, bonuses, retirement and medical benefits	18,7	11,6		
Non-executive directors				
For services as directors	0,3	0,2		
	19,0	11,8		
Details of directors' emoluments are reflected on page 63				
15. Net finance charges				
Interest paid	171,4	158,5	1,0	11,9
Revaluation of other financial assets (note 25)	-	(14,3)	-	-
Finance income received	(66,7)	(54,4)	(0,4)	(6,0)
	104,7	89,8	0,6	5,9

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
16. Headline adjusting items (Net of tax)				
Goodwill charged/(released) to income statement	3,9	(0,9)		
Restructuring and reorganisation costs	-	6,3		
Impairment loss on properties	-	26,0		
	3,9	31,4		
17. Taxation				
17.1 South African normal taxation				
Current	139,9	80,9	-	-
Prior years	(4,1)	2,8	0,2	-
Deferred taxation				
Current	35,4	41,2	-	-
Prior years	(0,6)	-	-	-
Net taxation for the year	170,6	124,9	0,2	-
17.2 Reconciliation of rate of taxation (%)				
Standard rate	30,0	30,0		
Adjusted for:				
Permanent differences	(1,4)	1,0		
Prior year adjustments	0,6	(0,6)		
Utilisation of assessed losses	(4,2)	(4,1)		
Effective rate	25,0	26,3		
17.3 Estimated taxation losses				
Unused tax losses available for set-off against future taxable income (Rm)	146,7	277,3		
18. Earnings per share				
18.1 Attributable earnings per share				
Earnings (cents)	36,4	24,1		
Weighted average number of shares (millions)	1 444,8	1 335,2		
18.2 Headline earnings per share				
Earnings (cents)	36,7	26,3		
Weighted average number of shares (millions)	1 444,8	1 335,2		

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	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
18. Earnings per share (continued)				
18.3 Fully diluted earnings per share				
Attributable earnings – fully diluted (cents)	34,5	23,3		
Headline earnings – fully diluted (cents)	34,8	25,5		
Weighted average number of shares (millions)	1 444,8	1 335,2		
Dilutive effect of employee share options (millions)	79,1	43,8		
	1 523,9	1 379,0		
18.3.1 Reconciliation between attributable earnings and headline earnings				
Earnings attributable to ordinary shareholders	526,0	322,4		
Headline adjusting items (net of tax)	3,9	31,4		
Minority share of headline adjusting items	–	(2,2)		
Headline earnings	529,9	351,6		
18.4 Attributable cash flow				
Cash inflow from operating activities	568,1	627,6		
Adjusted for:				
Minority interests	–	(41,1)		
	568,1	586,5		
Weighted average number of shares (millions)	1 444,8	1 335,2		
Attributable cash flow per share (cents)	39,3	43,9		
18.5 Cash equivalent earnings				
Earnings attributable to ordinary shareholders	526,0	322,4		
Adjusted for:				
Depreciation	155,9	127,4		
Deferred taxation	34,8	41,2		
Other non-cash flow items	2,2	25,2		
Equity accounted retained earnings of associates	(2,1)	(2,6)		
Adjustment for minority share of non-cash flow items	–	(12,6)		
Cash equivalent earnings	716,8	501,0		
Weighted average number of shares (millions)	1 444,8	1 335,2		
Cash equivalent earnings per share	49,6	37,5		

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
19. Cash flow statements				
19.1 Cash generated from operations				
Operating profit after headline adjusting items	783,1	533,8	(1,6)	(1,5)
Adjustments:				
Depreciation	155,9	127,4	-	-
Profit on disposal of plant and equipment	(1,7)	(0,7)	-	-
Profit on disposal of investment	-	(0,2)	-	-
Amortisation of goodwill	3,9	(0,9)	-	-
Impairment loss on properties	-	26,0	-	-
Other non-cash flow items	-	0,6	-	-
	941,2	686,0	(1,6)	(1,5)
19.2 Working capital movements				
Increase in inventories	(46,9)	(35,4)	-	-
Increase in accounts receivable	(108,6)	(217,9)	-	-
Increase/(decrease) in accounts payable	11,2	225,3	(1,8)	(1,9)
Adjustment in respect of subsidiaries acquired	6,4	146,8	-	-
	(137,9)	118,8	(1,8)	(1,9)
19.3 Taxation paid				
Amounts payable at beginning of year	(152,2)	(155,7)	(0,3)	(0,3)
Normal taxation charged to the income statement	(135,8)	(83,7)	(0,2)	-
Adjustments in respect of subsidiaries acquired	-	(0,2)	-	-
Amounts payable at end of year	157,5	152,2	0,8	0,3
	(130,5)	(87,4)	0,3	-
19.4 Investment to maintain operations				
Additions to land and buildings	(43,7)	(20,9)		
Replacement of plant and equipment	(113,4)	(51,0)		
Proceeds on disposal of plant and equipment	3,4	2,2		
	(153,7)	(69,7)		
19.5 Investment to expand operations				
Additions to land and buildings	(137,8)	(83,0)	-	-
Additions to plant and equipment	(71,2)	(75,5)	-	-
Increase in investments and loans	(0,4)	(60,6)	(3,7)	13,2
	(209,4)	(219,1)	(3,7)	13,2

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	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
19. Cash flow statements (continued)				
19.6 Net investment in businesses				
The fair value of assets acquired and liabilities assumed were as follows:				
Property, plant and equipment	(1,7)	(191,2)	-	-
Taxation	-	(3,7)	-	-
Working capital	(6,4)	(146,8)	-	-
Cash and cash equivalents	-	(20,0)	-	-
Long-term liabilities	1,0	8,4	-	-
Investments	-	1,9	-	-
Purchase of additional shares in businesses	(12,4)	(61,0)	-	-
Investment in subsidiaries	-	-	(196,2)	(98,2)
Goodwill on acquisitions	(1,6)	170,6	-	-
Vendor for acquisition	(128,5)	128,5	-	-
	(149,6)	(113,3)	(196,2)	(98,2)
19.7 Net equity movements				
Share issues	8,7	51,2	219,5	64,9
Share issue and listing expenses	(0,6)	(0,8)	(0,6)	(0,8)
Treasury shares acquired	-	(60,5)	-	-
	8,1	(10,1)	218,9	64,1
20. Leases				
The Group has entered into various operating lease agreements on premises and vehicles.				
Leases on premises are contracted for periods of between one and 20 years with renewal options for a further one to 20 years.				
Rental escalations approximate 11,0% per annum.				
Vehicle leases are contracted for periods of between 18 and 60 months with interest rates averaging 15,0% per annum.				
At 30 September 2002 future non-cancellable minimum lease rentals are payable during the following financial years:				
Within one year	62,9	39,5		
One to five years	240,9	199,6		
Over five years	441,9	415,7		

	Group		Company	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
21. Contingent liabilities				
21.1 Guarantees				
The Company has guaranteed the obligations of certain subsidiaries of Community Hospital Group (Pty) Limited ("Community") to the extent of R78,4 million (2001: R40,0 million). Community is a black empowerment hospital group, in which the Group has a minority interest.				
The Company has provided guarantees in respect of securing certain subsidiaries' loan finance obligations.				
The Company has also guaranteed certain educational loan obligations of employees amounting to R5,4 million (2001: Rnil)				
21.2 General				
Litigation, current or pending, is not considered likely to have a material adverse effect on the Group.				
22. Commitments				
Contracted				
Land and buildings	88,6	60,5		
Approved				
Land and buildings	88,3	95,0		
Plant and equipment	29,5	21,1		
	206,4	176,6		
This expenditure will be financed from internally generated funds and existing banking facilities				
To be expended				
Within one year	206,4	176,6		
23. Retirement benefits				
Post-employment benefits – pensions				
The Group contributed to several retirement funds, all of which are governed by the Pension Funds Act, 1956. The funds cover substantially all of its employees in terms of defined contribution schemes. Contributions paid by Group companies are charged against income as incurred.				
Post-retirement medical aid benefits				
The Group provides post-retirement medical benefit subsidies to certain pensioners.				
Provision for post-retirement medical aid obligations				
Opening provision for unfunded obligations	21,5	12,7		
Current year charge to income	9,9	8,8		
Subsidies to retired employees charged against provision	-	-		
Closing provision	31,4	21,5		
Key actuarial assumptions (%)				
Discount rate	12,0	12,0		
Healthcare cost inflation	9,3	9,3		



24. Borrowing powers

In terms of the Company's Articles of Association, borrowing powers are unlimited.

25. Financial instruments**Other financial assets**

The Group's other financial assets consist of the present value of interest rebates anticipated under certain long-term financing arrangements. The rebates are expected to arise from the activities of The Netcare Trust, an entity formed to facilitate the sale of Netcare shares to selected business associates. The sale of these shares was structured in such a way that surpluses arising on the sale of shares are received by the Group by way of interest rebates on the finance charges under the long-term loan.

The carrying value of this financial asset at 30 September 2002 is R183,1 million (2001: R183,1 million), although the value based on current market prices of Netcare shares is R327,3 million (2001: R238,5 million).

Right to acquire Netcare shares

During December 2000, arising out of an agreement and placing arrangement concluded between Fedsure Life Assurance Limited and a Consortium headed by Dr J Shevel, a director of the Company, the Group secured rights to acquire 52,7 million of the 78,0 million Netcare shares placed with a financial institution. This was achieved through the funding of that transaction being structured in such a way that the capital providers received the benefits in respect of 25,3 million Netcare shares, while the Netcare Group secured the right to acquire 52,7 million Netcare shares for an amount based on the original cost of the shares, as well as holding and ancillary costs.

Having regard to the significant growth in the Netcare share price over the past year this right, based on the current market price of a Netcare share, now has a value of approximately R79,0 million.

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates adversely impact on the Group's earnings and capital. The Group has entered into various interest rate derivatives to manage interest rate volatility.

At 30 September 2002, the Group was exposed to fixed interest rates on long-term borrowings of R403,0 million with interest on the remaining debt payable at floating rates. During October 2002, the Group unwound this position, reverting to a fully floating interest rate base, subject to an interest rate cap in respect of long-term debt amounting to an initial R450,0 million and reducing to R275,0 million by October 2005. Interest rates on this debt will be capped at no more than 16,5% nacm in the event of the three-month Johannesburg Inter Bank Acceptance Rate exceeding 14,0%.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Short-term cash surpluses are placed on call with major financial institutions.

At 30 September 2002 the Group had the following undrawn banking facilities:

Long-term unsecured (three-year) (Rm)	200,0
Short-term unsecured (Rm)	278,0
	478,0

Short-term undrawn facilities are of a general nature and are thus subject to review from time to time. Undrawn long-term facilities may also be reviewed if not drawn down.

Credit risk

The principal area of credit risk consists of trade accounts receivable which are governed by clearly defined credit and collection policies and consist of a large number of individual patient accounts. It is Group policy to obtain confirmation in respect of those accounts where patients have medical insurance, which comprises the majority of the patient accounts. In other cases indebtedness is secured by advance deposits from patients. Credit risk is also mitigated by developments in the medical aid industry resulting in the imposition of requirements on medical aids relating to the buildup of reserves, accreditation and quarterly reporting.

Currency exposures

The Group's major currency risk is indirect exposure to risk through local South African suppliers, who provide the Group with certain medical equipment and medical consumables, which have initially been imported. The Group's risks are generally mitigated by recovering the bulk of imported cost increases from customers. The Group held uncovered foreign currency monetary items of R20,2 million at 30 September 2002. The foreign currencies held were US Dollars and GB Pounds and the exchange rates used were R10,40 per US Dollar and R16,29 per GB Pound.

26. Related parties

Related party relationships exist within the Group, all of which are on commercial arms length terms. Details of certain transactions with related parties not disclosed elsewhere in the financial statements are set out below.

- 26.1** During the year certain subsidiaries of the Group, in the ordinary course of business, entered into various rental arrangements with its associate, the Ampath Trust. These arrangements are on terms no less favourable than those arranged with third parties. The amount of rental received by the Group amounted to R5,5 million (2001: R5,0 million.)
- 26.2** Certain relatives of executive directors entered into consultancy arrangements with Group companies on commercial terms with a total value of R0,6 million (2001: R0,3 million).
- 26.3** One of the directors is the Company's legal counsel. Services rendered are billed on a commercial arms length basis.
- 26.4** Certain administrative and logistic services are provided by the Group to a pharmacy purchasing and dispensing organisation which is owned by one of the directors. Such services are contracted on an arms length basis.

27. Segmental reporting

27.1 Business segments

The Group's South Africa hospital division, by far generates the greater part of revenue and employs the major portion of net assets. Details of the Group's hospital division and other business units are set out below.

	Hospitals		Other		Total	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm	2002 Rm	2001 Rm
Revenue						
Total external revenue	3 992,6	3 337,2	819,7	350,5	4 812,3	3 687,7
Segment result						
Operating profit	741,6	550,8	45,4	14,4	787,0	565,2
Headline adjusting items	(3,9)	(25,1)	–	(6,3)	(3,9)	(31,4)
Interest paid net	(97,6)	(86,8)	(7,1)	(3,0)	(104,7)	(89,8)
Income from associates	–	–	20,5	25,9	20,5	25,9
Income tax	(161,0)	(120,9)	(9,6)	(4,0)	(170,6)	(124,9)
Other information						
Segment assets	3 250,7	2 853,4	402,2	326,5	3 652,9	3 179,9
Investments and loans	25,6	16,0	135,0	123,7	160,6	139,7
	3 276,3	2 869,4	537,2	450,2	3 813,5	3 319,6
Segment liabilities						
Current liabilities	605,5	664,2	315,0	355,0	920,5	1 019,2
Non-current liabilities	625,1	549,9	72,5	38,2	697,6	588,1
	1 230,6	1 214,1	387,5	393,2	1 618,1	1 607,3
Capital expenditure	350,3	215,3	15,8	13,6	366,1	228,9
Depreciation	127,9	113,7	28,0	13,7	155,9	127,4

27.2 Geographical segments

The Group operates mainly in South Africa with no other geographical area qualifying as a geographical segment.

28. Comparative figures

Comparative figures have been regrouped or reclassified where appropriate to give a more meaningful comparison.

Other than the prior year adjustments which have been dealt with in the statement of changes in shareholders' equity, the impact of such regrouping or reclassification is not considered material.



INVESTMENT IN PRINCIPAL SUBSIDIARIES

NETCARE OWNS DIRECTLY OR INDIRECTLY, 100% OF THE SHARES IN THE FOLLOWING COMPANIES UNLESS OTHERWISE STATED.

Principal subsidiaries	Nature of business	Amount of issued capital		Book value of interest			
		2002 Rm	2001 Rm	Shares 2002 Rm	2001 Rm	Indebtedness 2002 Rm	2001 Rm
Clindeb Investments (Proprietary) Limited	Financing						
Clinical Partners (Proprietary) Limited	Medical aid marketing						
Clinic Holdings Limited (100%: 2001: 92,6%)	Investment holding	7,9	7,9	1 335,8	1 139,6	(71,0)	-
Constantia Clinic (Proprietary) Limited (50%)	Hospital/healthcare services						
Constellation Investments (Proprietary) Limited (80%)	Investment holding						
Dumacre Investments (Proprietary) Limited	Property owning						
Femina Properties (Proprietary) Limited	Property owning	0,1	0,1				
Greenacres Hospital (Proprietary) Limited (100%: 2001: 90%)	Hospital/healthcare services						
Kingsway Hospital (Proprietary) Limited	Property owning	0,5	0,5				
Kroon Hospitaal (Eiendoms) Beperk (80%)	Hospital/healthcare services						
Linksfield Grove (Proprietary) Limited	Property owning						
Medicross Healthcare Group (Proprietary) Limited	Healthcare services					129,0	132,4
Mulbarton Hospital Limited (76,1%: 2001: 75,3%)	Hospital/healthcare services						
N1 City Hospital (Proprietary) Limited (100%: 2001: 75%)	Hospital/healthcare services						
Netcare Cape (Proprietary) Limited	Hospital/healthcare services					(78,4)	97,1
Netcare Finance Company (Proprietary) Limited	Financing						
Netcare Gauteng One (Proprietary) Limited	Hospital/healthcare services	0,2	0,2				
Netcare Gauteng Two (Proprietary) Limited	Hospital/healthcare services						
Netcare Gauteng Three (Proprietary) Limited	Hospital/healthcare services						
Netcare Gauteng Four Limited	Hospital/healthcare services	0,2	0,2				
Netcare Health Systems (Proprietary) Limited	Healthcare management services					-	54,5
Netcare Hospital Group (Proprietary) Limited	Investment holding						
Netcare Hospital Management (Proprietary) Limited	Hospital group management services					(6,7)	(8,6)
Netcare International Holdings Limited (Mauritius)	Healthcare services						
Netcare International SA (Proprietary) Limited	Investment holding						
Netcare KwaZulu (Proprietary) Limited	Hospital/healthcare services						
Nedbank Medical Centre Limited	Property owning						
Netcare Management (Proprietary) Limited	Netcare group management services			0,3	0,3	(168,1)	(167,1)
Netcare Pretoria One (Proprietary) Limited	Hospital/healthcare services						
Netcare Pretoria Two (Proprietary) Limited	Hospital/healthcare services						
Optiklin (Proprietary) Limited	Hospital/healthcare services						
Park Lane Clinic (Proprietary) Limited	Property owning						
Protea Clinic (Krugersdorp) (Proprietary) Limited	Hospital/healthcare services						
Randburg Nursing Home (Proprietary) Limited	Hospital/healthcare services						
SAA Netcare Travel Clinics (Proprietary) Limited (74%)	Travel clinics						
Taylam (Proprietary) Limited	Property owning						
Trauma Link (Proprietary) Limited (100%: 2001: 75%)	Pre-hospital emergency services					2,3	-
Traumonet (Proprietary) Limited	Investment holding						
Umhlanga Medical Centre Limited	Hospital/healthcare services	0,2	0,2				

Note 1: All Companies are incorporated in South Africa.

Note 2: Information in respect of subsidiaries as required in terms of paragraphs 69 and 70 of the Fourth Schedule to the Companies Act is set out in respect of only those subsidiaries, the financial position or results of which are material for a proper appreciation of the affairs of the Group.

Note 3: A register disclosing full details of all Companies in which the Group has investments is available for inspection during business hours at the registered office of the Company by members or their duly authorised agents.

INTEREST IN PRINCIPAL ASSOCIATED ENTITIES AND JOINT VENTURES

	Nature of business	Year-end	Carrying value		Owned	
			2002 Rm	2001 Rm	2002 %	2001 %
Joint ventures						
National Renal Care (Pty) Limited	Note 1	30 September	1,1	2,8	50,0	50,0
NetAir 911 Aeromedical Services (Pty) Limited	Note 2	30 September	N/A	1,5	N/A	50,0
Parklands Stereotactic Radiosurgery (Pty) Limited	Note 3	30 September	0,3	0,3	50,0	50,0
Associates						
Community Hospital Group (Pty) Limited	Note 4	31 March	15,2	–	43,8	–
The Ampath Trust	Notes 5 and 6	28 February	64,3	66,7	50,0	50,0
			80,9	71,3		

Note 1: Providers of acute and chronic renal care throughout South Africa.

Note 2: Pre-hospital emergency air services. This Company became a subsidiary during the year.

Note 3: Providers of stereotactic radiosurgery.

Note 4: Providers of hospital/healthcare services

Note 5: Administration and logistical services to high technology pathology laboratories.

Note 6: Amounts owing from the Ampath Trust have been pledged as security for certain loan financing obligations of the Ampath Trust Group.

The Group's effective share of income statement and balance sheet items in respect of principal associates and joint ventures is as follows:

	Associates		Joint ventures	
	2002 Rm	2001 Rm	2002 Rm	2001 Rm
Income statements				
Revenue	379,9	281,5	42,5	46,3
Profit from operations	41,3	46,6	3,4	5,9
Financing costs	(12,0)	(10,4)	0,6	(0,3)
Profit before taxation	29,3	36,2	4,0	5,6
Taxation	(8,8)	(10,3)	(0,2)	(1,8)
Net profit for the year	20,5	25,9	3,8	3,8
Balance sheets				
Total assets	226,4	155,6	12,5	17,8
Capital and reserves	54,8	66,8	6,1	8,9
Interest-bearing debt	126,3	44,6	0,7	1,7
Current liabilities	45,3	44,2	5,7	7,2
Total equity and liabilities	226,4	155,6	12,5	17,8



Directory of Facilities



Name	Address	Telephone number	Total beds	Total theatres
CAPE				
Netcare				
● Christiaan Barnard Memorial Hospital	181 Longmarket Street, Cape Town	(021) 480-6111	247	14
Cuyler Clinic	34 Cuyler Street, Uitenhage	(041) 991-1331	156	5
Greenacres Hospital	Cnr Cape & Rochelle Roads, Greenacres	(041) 390-7000	240	11
● N1 City Hospital	Louwtjie Rothman Street, Goodwood	(021) 590-4444	228	7
Southern Cross Hospital	Cnr Main & Maynard Roads, Wynberg	(021) 799-3000	103	5
Medicross				
Algoa Park	50 St Leonards Road, Algoa Park, Port Elizabeth	(041) 456-1551		
Brackenfell	21 Roslyn Street, Brackenfell	(021) 981-5542		
Cape Road	171 Cape Road, Mill Park, Port Elizabeth	(041) 391-8700		
Delmar	Delmar Centre, Rothchild Road, Panorama	(021) 939-7545		
East London	Cnr Lukin & Pearce Roads, Berea	(043) 721-0105		
Greenacres	Room 319, 3rd Floor, Greenacres Hospital Cnr Ring & Cape Roads, Greenacres	(041) 363-1988		
Kenilworth	67 Rosmead Avenue, Kenilworth	(021) 683-5867		
Kimberley	48 Long Street, Kimberley	(053) 833-2731		
Langeberg	Arcadia Centre, Cnr Brighton & Kipling Street, Kraaifontein	(021) 987-1690	6	1
Lorraine Gardens	Gardens Shopping Centre, Circular Drive, Lorraine	(041) 368-6031		
Mosselbaai	111 Montagu Street, Mosselbaai	(044) 690-3545		
Northpine	Northpine Drive, Northpine	(021) 981-3640		
Parow	8 McIntyre Road, Parow	(021) 930-5580	6	1
Protea Heights	Protea Medipark, Protea Road, Protea Heights, Brackenfell	(021) 981-8050		
Stelkor	34 Piet Retief Street, Stellenbosch	(021) 887-0305		
Table View	Table View Medi-Centre, 95 Blaauwberg Road, Table View	(021) 521-1000		
Tokai	Cnr Tokai Road & Keyser River Drive, Tokai	(021) 715-7063	16	1
Vredeloof	69 Vredeloof Boulevard, Vredeloof	(021) 981-6857		
Walmer	Cnr Buffelsfontein & 17th Avenues, Miramar	(041) 396-4800		
Westering	541 Cape Road, Westering	(041) 392-7800		
Centres of Excellence*				
Genecare	Christiaan Barnard Memorial Hospital, 162 Longmarket Sreet, Cape Town	(021) 422-5538		
Community Hospital Group				
● Kuilsriver Hospital	33 van Riebeeck Road, Kuilsriver	(021) 900-6000	100	3

*Head Office





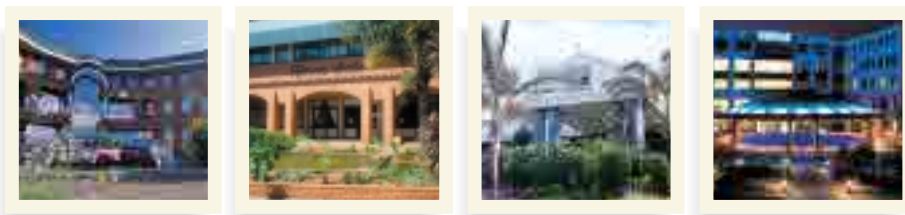
Name	Address	Telephone number	Total beds	Total theatres
FREE STATE				
Netcare				
Kroon Hospital	Noordweg, Kroonstad	(056) 215-1881	80	3
Medicross				
Bloemfontein Noordstad	Noordstad Shopping Centre, Eeufees Avenue, Bayswater, Bloemfontein	(051) 406-0200		
Parys – Kruisstraat	Cnr Bree & Kruis Streets, Parys	(056) 811-2700		
Parys – Phillipstraat	34 Phillip Street, Parys	(056) 811-2852		
Welkom	34 Dvorak Street, Riebeeckstad, Welkom	(057) 388-1011		
GAUTENG				
Netcare				
Bagleyston Day Clinic	400 Louis Botha Avenue, Highlands North	(011) 640-3000	24	3
Clinton Clinic	62 Clinton Road, New Redruth, Alberton	(011) 907-2435	165	6
Constantia Clinic	374 Ontdekkers Road, Cnr Christiaan de Wet, Constantia Kloof	(011) 472-1478	24	3
Garden City Clinic	35 Bartlett Road, Mayfair West	(011) 495-5000	395	11
Krugersdorp Hospital	9 Burger Street, Krugersdorp	(011) 951-0200	310	9
Linksfeld Park Clinic	24 – 12th Avenue, Linksfeld West	(011) 647-3400	283	10
Linmed Hospital	5 Hull Road, Rynfield, Benoni	(011) 425-2331	172	5
● Milpark Hospital	9 Guild Road, Parktown West	(011) 480-5600	343	9
Mulbarton Hospital	25 True North Road, Mulbarton	(011) 432-3930	96	4
Netcare Rehabilitation Hospital	2 Bunting Road, Auckland Park	(011) 489-1111	110	
Olivedale Clinic	Cnr President Fouche & Windsor Way, Randburg	(011) 777-2000	275	9
● Optiklin Eye Hospital	104 Klein Street, Lakefield, Benoni	(011) 918-5478	14	2
Park Lane Clinic	Cnr Junction Avenue & Park Lane, Parktown	(011) 480-4000	204	11
Protea Day Clinic	Medicross Building, Cnr Luipaard Street & Paardekraal Drive, Krugersdorp	(011) 660-7224	10	2
Rand Clinic	33 Bruce Street, Berea	(011) 644-2700	151	5
Randburg Day Clinic	77 Conrad Drive, Blairgowrie	(011) 886-1634	12	2
Rosebank Clinic	14 Sturdee Avenue, Rosebank	(011) 328-0500	135	6
● Sunninghill Hospital	Cnr Nanyuki & Witkoppen Roads, Sunninghill Park	(011) 806-1500	252	7
Sunward Park Hospital	Cnr Kingfisher Avenue & Bert Lacy Drive, Sunward Park, Boksburg	(011) 897-1600	174	7
Union Hospital	47 Clinton Road, New Redruth, Alberton	(011) 724-2000	222	6
Vaalpark Hospital	40 Karas Street, Vaalpark	(016) 971-1091	68	3





Name	Address	Telephone number	Total beds	Total theatres
GAUTENG (continued)				
Medicross				
Bellstreet	210 Bell Street, Noordheuwel, Krugersdorp	(011) 954-4455		
Benoni	Cnr Kei & Great North Streets, Farramere, Benoni	(011) 425-4000		
Blockhouse	7 Blockhouse Street, Kempton Park	(011) 928-5700	10	1
● Boksburg	Cnr Trichardt & Northrand Streets, Boksburg	(011) 898-6500	12	1
Brackenhurst	101 Hennie Alberts Street, Brackenhurst	(011) 867-6850		
Crystal Park	Cnr Vlei & Pretoria Roads, 214 Terrace Pharmacy, Rynfield Terrace	(011) 968-1069		
Delmas	1 Fourth Street, Delmas	(013) 665-2101		
● Edenvale	Cnr 7th Street & van Riebeeck Avenue, Edenvale	(011) 451-9500		
Germiston	Cnr Weber & Olivier Roads, Estera, Germiston	(011) 824-7300	12	1
Greymont	Northcliff Plaza, Cnr Long Roads & West Streets, Greymont	(011) 670-8126	6	1
Kembirch	Cnr Olienhout Avenue & Elgin Road, Birchleigh, Kempton Park	(011) 391-9000		
Krugersdorp	Cnr Luipaard & Paardekraal Roads, Krugersdorp	(011) 953-1700		
Meldene	Cnr 3rd Avenue & Main Street, Melville	(011) 482-2291		
Monument	82 Monument Road, Nimrod Park, Kempton Park	(011) 970-2428		
Moorivier	110 Moorivier Drive, Norkem Park, Kempton Park	(011) 972-5313		
Potchefstroom	Cnr van Riebeeck & Lombard Streets, Potchefstroom	(018) 297-0650	10	1
Rant-En-Dal	Rant-En-Dal Shopping Centre, Nightingale Street, Krugersdorp	(011) 953-1308		
Randburg	Cnr Rabie & Hans Strydom Avenues, Randburg	(011) 792-6391	8	1
Roodepoort	54 Ontdekkers Road, Ontdekkerspark, Roodepoort	(011) 764-1919		
Springs	1 Rigel Road, Selection Park, Springs	(011) 815-4447		
The Berg	The Berg Shopping Centre, Gordon Road, Bergbron	(011) 673-4150		
Triomf	Cnr Edward & Millar Streets, Triomf	(011) 673-1240		
Vereeniging	Cnr Nile Drive & The Square, Three Rivers	(016) 423-5494		
Centres of Excellence*				
Endometriosis Institute	Park Lane Clinic, Cnr Junction Avenue & Park Lane, Parktown	(011) 480-4226		
Epilepsy Monitoring Unit	Milpark Hospital, 9 Guild Road, Parktown West	(011) 480-5964		
Linmed Menopause Clinic	Linmed Hospital, 5 Hull Road, Rynfield, Benoni	(011) 849-1506		
National Renal Care	2 Bunting Road, 4th Floor, Netcare Rehabilitation Hospital, Auckland Park	(011) 726-5206		
● Netcare 911	49 New Road, Midrand	(011) 254-1911/082 911		
Netcare Breast Care Centre of Excellence	Park Lane Clinic, Cnr Junction Avenue & Park Lane, Parktown	0860 233 233		
SAA Netcare Travel Clinic	Ground Floor, Sanlam Park South, 9 Fredman Drive, Sandton	(011) 301-0249		
Storks Nest	Park Lane Clinic, Cnr Junction Avenue & Park Lane, Parktown	(011) 480-4125		
Community Hospital Group				
East Rand N17 Private Hospital	7 Tonk Meter Avenue, Pollak Park	(011) 365-1400	130	5

* Head Office



Name	Address	Telephone number	Total beds	Total theatres
KWAZULU NATAL				
Netcare				
Durban Oncology Clinic	99 Jan Smuts Highway, Westridge	(031) 261-8221		
Kingsway Hospital	607 Kingsway Road, Amanzimtoti	(031) 904-3600	135	6
Margate Private Hospital	24 Wartski Drive, Margate	(039) 317-3201	58	4
Parklands Hospital	75 Hopelands Road, Overport	(031) 208-8181	188	8
● St Anne's Hospital	320 Loop Street, Pietermaritzburg	(033) 897-5000	146	6
St Augustine's Hospital	107 Chelmsford Road, Berea, Durban	(031) 268-5000	418	15
The Bay Hospital	Krugerrand Road, Richards Bay	(035) 780-6111	160	4
Umhlanga Hospital	323 Umhlanga Rocks Drive, Umhlanga Rocks	(031) 560-5500	177	5
Medicross				
Bluff	54 Lighthouse Road, Bluff	(031) 466-5030	7	1
Empangeni	30 Union Street, Empangeni	(035) 772-6635		
Hayfields	Hayfields Mall, Cnr Blackburrow & Cleland Roads, Hayfields	(033) 386-9208		
Hillcrest	Hillcrest Medical Centre, 54 Old Main Road, Hillcrest	(031) 765-3344		
Malvern	Cnr Ethelbert & Conabor Streets, Queensburgh, Malvern	(031) 463-2055	9	1
Meer-en-See	60 Angler's Road, Meer-en-See, Richards Bay	(035) 753-3671		
Northbeach	Summer Square, 37 Sol Harris Crescent, Northbeach, Durban	(031) 332-6060		
Pinetown	Cnr Old Main & Mellor Roads, Pinetown	(031) 709-3070		
Richards Bay	3 Lira Link, Richards Bay	(035) 789-1564		
PRETORIA				
Netcare				
Akasia Clinic	Cnr Heinrich & Brits Avenues, Karenpark Ext 25, Akasia	(012) 549-1023	116	5
Bronkhorstspruit Hospital	1 Barney Hurwitz Avenue, Bronkhorstspruit	(01393) 24-101	43	3
● Femina Clinic	460 Belvedere Street, Arcadia, Pretoria	(012) 328-3838	134	5
Ferncrest Hospital	Moumo Street, Thlabane	(014) 568-4399	163	4
Jakaranda Hospital	213 Middelberg Street, Muckleneuk, Pretoria	(012) 343-2360	130	6
Moot Algemene Hospitaal	572 – 18th Avenue, Rietfontein, Pretoria	(012) 330-0324	92	3
● Pretoria East Hospital	Cnr Garsfontein & Seekat Roads, Moreleta Park, Pretoria	(012) 422-2300	352	8
● Unitas Hospital	Clifton Avenue, Lyttelton	(012) 677-8000	470	17
Medicross				
Constantia Park	Cnr Chopin & Duvernoy Streets, Garsfontein	(012) 993-9000	8	1
Elardus Park	850 Barnard Street, Elardus Park, Pretoria	(012) 345-3006		
Gezina	Gezina Stad Shopping Centre, Michael Brink Street, Gezina	(012) 404-9000		
Pretoria North	291 Burger Street, Pretoria North	(012) 565-6091		
Pretoria West	551 Church Street, Pretoria West	(012) 327-5131		
Rustenburg	152 Klopper Street, Rustenburg	(014) 592-8562		
Silverton	310 Pretoria Street, Silverton, Pretoria	(012) 804-4356	7	1
Community Hospital Group				
Bougainville Private Hospital	Cnr Jennings & Redlinghuys Streets, Daspoort, Pretoria	(012) 379-0264	60	3
Montana Private Hospital	Cnr Dr Swanepoel & Rooibos Streets, Pretoria	(012) 548-0567	128	4



Financial Year-end		30 September
Reports and Profit Statements		
• Audited Group Results – year to September	Published	November
• Annual Report	Published	December
• Interim Report – half-year to March	Published	May
Annual General Meeting	Held	January
Capital Distributions		
• Interim	Declared/Paid	May/July
• Final	Declared/Paid	November/February

Note

This document is being posted together with:

- (a) A Notice convening the Annual General Meeting of Network Healthcare Holdings Limited to be held on 24 January 2003.
- (b) A Circular relating to a specific share repurchase, the approval of which is included in a Special Resolution proposed as part of the above notice.