



MVELAPHANDA GROUP LIMITED

Mvelaphanda Group Limited

(Incorporated in the Republic of South Africa)
(Registration number 1995/004153/06)

Ordinary share code: MVG ISIN: ZAE000060737
Preference share code: MVGP ISIN: ZAE000073540
("Mvela Group" or "the Company")

The disposal by Mvela Group of a portion of its interest in Life Healthcare Group Holdings (Proprietary) Limited ("Life Healthcare"), implemented through a share repurchase by Life Healthcare and a sale of shares as part of the initial public offering of Life Healthcare ("Life Healthcare IPO") and further cautionary announcement

1. Introduction

Mvela Group ordinary shareholders ("Shareholders") are referred to the:

- cautionary announcement by Mvela Group released on SENS on 8 March 2010 advising that the existing shareholders of Life Healthcare ("Existing Life Healthcare Shareholders") had chosen to pursue a listing of Life Healthcare; and
- further press announcement released today by Life Healthcare, in which the directors of Life Healthcare announced their intention to list the ordinary shares of Life Healthcare on the securities exchange operated by the JSE Limited (the "JSE") by 30 June 2010 (the "Life Healthcare Listing").

Pursuant to the Life Healthcare Listing, Life Healthcare intends issuing new Life Healthcare ordinary shares ("New Life Healthcare Shares") equivalent to a minimum of 30% of its existing shares to new investors who will participate in the Life Healthcare Listing. As Life Healthcare does not require additional capital through the Life Healthcare Listing, the proceeds received from the Life Healthcare Listing will, subject to signature of final agreements between Life Healthcare and the Existing Life Healthcare Shareholders, be utilised to repurchase the same number of Life Healthcare ordinary shares as was issued in terms of the Life Healthcare Listing, from Existing Life Healthcare Shareholders, including Mvela Group (the "Life Healthcare Repurchase").

Mvela Group owns an effective 21.65% of Life Healthcare; 4.25% of this interest is held through its wholly-owned subsidiary, Mvelaphanda Strategic Investments (Proprietary) Limited ("MSI") (referred to as the "MSI Life Healthcare Interest") and the balance of 17.40% is indirectly held through Business Venture Investments No 813 (Proprietary) Limited ("BVI 813") (referred to as the "BVI 813 Life Healthcare Interest").

Mvela Group intends to dispose of up to 100% of its MSI Life Healthcare Interest, of which a minimum of 30% will be disposed of through the Life Healthcare Repurchase and the remaining interest disposed of directly to new investors, as part of the Life Healthcare IPO (the "MSI Disposal"). In addition, depending on the Life Healthcare IPO, an effective c.1.90% of the BVI 813 Life Healthcare Interest will be disposed of through the Life Healthcare Repurchase and various ancillary transactions (the "BVI 813 Disposal"). Following the MSI Disposal and the BVI 813 Disposal (collectively referred to as the "Disposal"), Mvela Group will own approximately an effective 16% interest in Life Healthcare (the "Residual Interest"). The Disposal will not result in a Category 1 transaction in terms of the JSE Listings Requirements.

The purpose of this announcement is to provide Shareholders with information relating to the Disposal and its effect on the Company.

2. Background on Mvela Group

Mvela Group is one of South Africa's leading broad-based, black-controlled, owned and managed diversified industrial groups, with interests in a portfolio of companies operating in the financial services, healthcare and general industrial sectors.

Mvela Group's investments include:

- an effective 21.65% interest in Life Healthcare;
- an effective 44.7% interest in Batho Bonke Capital (Proprietary) Limited, which owns ordinary shares with an effective 5.01% interest in ABSA Group Limited. As a result, Mvela Group holds an effective 2.23% interest in ABSA Group Limited;
- an effective 11.27% interest in Group Five Limited;
- a 12.4% shareholding in Vox Telecom Limited; and
- a 100% interest in Mvelaserve Limited, a diversified services group which provides facilities management, professional services, food services and support services to a wide range of businesses and sectors across the country.

3. Overview of Life Healthcare

Life Healthcare is a leading private hospital operator in the South African Healthcare sector with more than 25 years' experience in operating private hospitals and with 27% of the private hospital bed market. The primary business is acute private hospital care with 62 acute care facilities and over 8 100 beds. In addition, Life Healthcare is a leading provider of contracted on-site occupational and primary healthcare services. Life Healthcare also owns Life Esidimeni which is South Africa's largest hospital public private partnership with 12 facilities and over 4 100 beds.

Life Healthcare is committed to delivering high quality healthcare across all facilities and services with a strong focus on patient satisfaction. Life Healthcare's status as a preferred hospital provider to medical schemes and employer of choice has allowed Life Healthcare to recruit and retain doctors and key clinical personnel.

Life Healthcare's strategy is to provide world-class, cost-effective healthcare in South Africa and other emerging markets. Life Healthcare plans to expand its coverage and penetration in South Africa as well as strengthen its partnerships with government whilst engaging in healthcare reform. Life Healthcare will look to leverage its successful business model in select emerging markets to enable further growth.

Significant opportunities exist in the South African healthcare market with further growth of the private healthcare market expected as new low cost options become available covering a wider section of the employed population.

4. Rationale for the Disposal

Pursuant to the Company's previous announcements on its plans to realise and/or unbundle its interest in Life Healthcare, Mvela Group believes that the Life Healthcare Listing, followed ultimately by the unbundling of the Residual Interest in Life Healthcare to Shareholders (the "Unbundling"), is in the best interests of Shareholders.

The Disposal will facilitate:

- the meeting of the free-float requirement for Life Healthcare pursuant to the Life Healthcare Listing;
- the settlement of the preference share obligations of Newshelf 776 (Proprietary) Limited ("Newshelf 776"), a subsidiary of MSI; and
- the simplification of Mvela Group's holding structure in Life Healthcare, which will assist with the implementation of the Unbundling.

5. Salient terms of the Disposal

5.1 The Life Healthcare Listing and bookbuild process

Pursuant to the Life Healthcare Listing, it is proposed that the duly appointed joint bookrunners of Life Healthcare undertake a bookbuild process with the objective of setting the price at which the Life Healthcare ordinary shares will list.

The key features of the bookbuild process are set out below:

- the bookbuild process will be undertaken with local and international institutional investors and will be based on an indicative price range;
- the price range published in Life Healthcare's prospectus will serve as a guide only and the final price may be higher or lower than the indicative price range;

- the bookbuild process will take place over a number of days. This will allow for sufficient time for potential investors to perform an analysis of the Life Healthcare IPO;

- all potential investors will have the same information available to them in order to make their investment decision;

- following the bookbuild process, the joint bookrunners together with the Life Healthcare board and management and the Existing Life Healthcare Shareholders will determine an appropriate price at which Life Healthcare will list (the "Bookbuild Price"), taking into account their view of fundamental value, the market demand, feedback from the bookbuild process and Life Healthcare's historical and expected results of operations; and

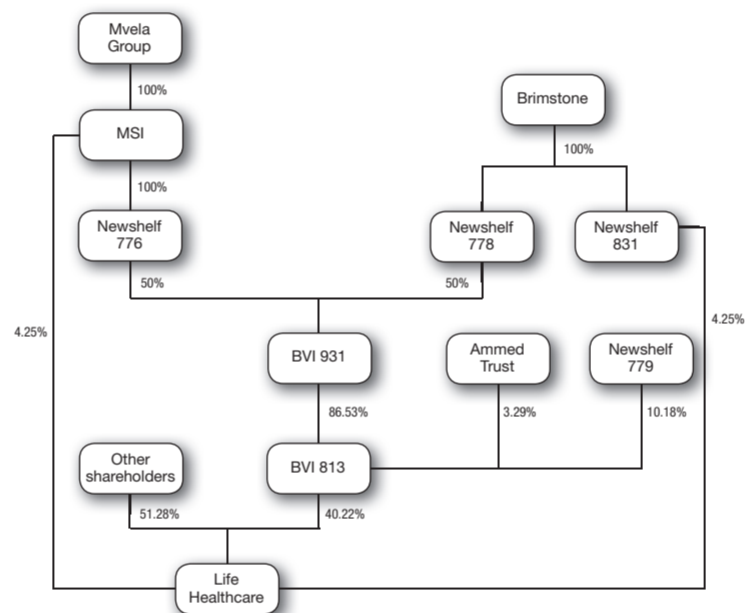
- it is proposed that the commencement of the Life Healthcare Listing, the issue of the New Life Healthcare Shares at the Bookbuild Price and the Life Healthcare Repurchase will take place before 30 June 2010 (but for the avoidance of doubt, on the same day).

5.2 The Disposal

Pursuant to the Life Healthcare Listing and in order to facilitate the optimal structure prior to the Unbundling, Mvela Group will, subject to signature of final agreements between Life Healthcare and the Existing Life Healthcare Shareholders, dispose of an expected c.6% of its interest in Life Healthcare.

Given that the Bookbuild Price will only be determined on completion of the bookbuild process, the proceeds to be received by Mvela Group on the Disposal remain uncertain at this stage. The directors of Mvela Group ("Mvela Group Directors") will, in the interest of Shareholders, only implement the Disposal if the price offered by Life Healthcare in terms of the Life Healthcare Repurchase (the "Repurchase Price") meets the Mvela Group Directors' expectations of fair value. The Repurchase Price will be based on the Bookbuild Price (including downward adjustments for secondary tax on companies ("STC") and securities transfer tax) per Life Healthcare ordinary share sold.

The current Mvela Group's shareholding in Life Healthcare structure is illustrated below:

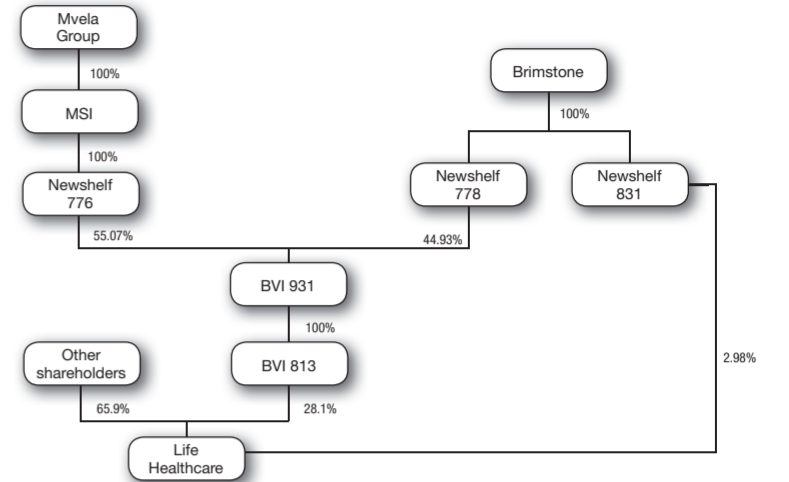


The Disposal is intended to be implemented via a series of inter-conditional steps outlined below:

- MSI and BVI 813 will each dispose of 30% of their stakes in Life Healthcare through the Life Healthcare Repurchase. MSI will receive a cash consideration per Life Healthcare ordinary share equal to the Repurchase Price and BVI 813 will receive a cash consideration per Life Healthcare ordinary share equal to the Repurchase Price plus any amount payable by Life Healthcare to Ammed Management Trust ("Ammed Trust") indemnifying Ammed Trust from certain costs (the "Ammed Indemnity Amount"). The resultant shareholding of MSI and BVI 813, subsequent to the Life Healthcare Repurchase, will be 2.98% and 28.15%, respectively;
- up to 100% of the remaining MSI Life Healthcare Interest will be disposed of at the Bookbuild Price as part of the Life Healthcare IPO;
- to the extent that fair value is achieved, BVI 813 will repurchase at least 90% (or, by agreement, a lesser percentage) ("Ammed Buyback Percentage") of Ammed Trust's and 100% of Newshelf 779 (Proprietary) Limited's ("Newshelf 779") shares in BVI 813. Ammed Trust will receive a cash consideration per BVI 813 ordinary share equal to the Repurchase Price plus an amount equal to the Ammed Indemnity Amount multiplied by the Ammed Buyback Percentage and Newshelf 779 will receive a cash consideration per BVI 813 ordinary share equal to the Repurchase Price. It is the intention and preference of BVI 813 to repurchase Ammed Trust's entire shareholding in BVI 813;
- the remaining cash in BVI 813, post the repurchase of its shares from Ammed Trust and Newshelf 779, will be distributed up to its shareholders, including BVI 931;
- BVI 931 will distribute a dividend of R180 million to each of its 50% shareholders, Newshelf 776 and Newshelf 778 (Proprietary) Limited ("Newshelf 778") (the "Limited Cash Distribution"). Mvela Group owns 100% of Newshelf 776 indirectly through MSI, and Brimstone Investment Corporation Limited ("Brimstone") owns 100% of Newshelf 778 and Newshelf 831 (Proprietary) Limited ("Newshelf 831"); and
- BVI 931 will utilise the balance of the cash remaining in BVI 931 after the Limited Cash Distribution to institute a specific repurchase from Newshelf 778 ("Newshelf 778 Repurchase"). The number of shares to be repurchased in terms of the Newshelf 778 Repurchase will be governed by a formula set out in terms of the Newshelf 778 Repurchase agreement. On the assumption that the Bookbuild Price is equal to the carrying value of Mvela Group's investment in Life Healthcare as per the financial results as at 31 December 2009, being R2.581 billion, c.10% of BVI 931's ordinary shares in issue will be repurchased in terms of the Newshelf 778 Repurchase agreement.

Subsequent to the transaction steps outlined above, Mvela Group will hold an expected c.16% indirect interest in Life Healthcare through BVI 813.

The resultant shareholding structure post the implementation of the transaction steps is illustrated below:



Notes:

- Assumes that Ammed Trust's entire shareholding in BVI 813 is repurchased.
- The resultant shareholdings in BVI 931 are calculated based on the carrying value of Mvela Group's investment in Life Healthcare as per the financial results as at 31 December 2009, being R2.581 billion. These will change depending on the Bookbuild Price achieved.

5.3 Proceeds from the Disposal

The proceeds received from the Disposal, effected in accordance with the transaction steps above, will ultimately be distributed to Mvela Group. Mvela Group will in turn utilise the proceeds to redeem the Industrial Development Corporation of South Africa Limited's ("IDC") preference shares in Newshelf 776, as well as other outstanding debt obligations.

5.4 Warranties

The agreement between MSI, BVI 813 and Life Healthcare governing the Disposal will contain warranties that are normal for a transaction of this nature.

5.5 Conditions precedent to the Disposal

The Disposal is subject to the following conditions precedent:

- Life Healthcare lists on the JSE and issues the New Life Healthcare Shares;
- a special resolution of Life Healthcare Shareholders authorising the specific repurchase of Life Healthcare ordinary shares is passed and registered;
- the Life Healthcare board of directors makes a written declaration that the implementation of the Life Healthcare Repurchase will not result in Life Healthcare being in breach of the liquidity and solvency requirements set out in section 85(4) of the Companies Act, 1973;
- any required approvals of the Existing Life Healthcare Shareholders to the Life Healthcare Repurchase are obtained; and
- any required Brimstone shareholder approval is obtained.

6. Financial effects

Pro forma financial effects of the Disposal

The table below sets out the unaudited *pro forma* financial effects of the Disposal on Mvela Group's unaudited earnings per ordinary share ("EPS"), headline earnings per ordinary share ("HEPS"), fully diluted earnings per ordinary share and fully diluted headline earnings per ordinary share for the six months ended 31 December 2009, as well as Mvela Group's net asset value ("NAV") per ordinary share and net tangible asset value ("NTAV") per ordinary share as at 31 December 2009. These *pro forma* financial effects have been prepared for illustrative purposes only and, because of their nature, may not fairly present Mvela Group's financial position, changes in equity, and results of operations or cash flows. The *pro forma* financial information is the responsibility of the Mvela Group Directors.

	Before the Disposal (cents)	Pro forma after the Disposal (cents)	Change (%)
Earnings per ordinary share	117.3	108.9	(7.18)
Diluted earnings per ordinary share	105.9	98.5	(6.96)
Headline earnings per ordinary share	124.9	113.7	(9.02)
Diluted headline earnings per ordinary share	112.5	102.6	(8.76)
Net asset value per ordinary share	929.1	930.6	0.16
Net tangible asset value per ordinary share	742.7	744.2	0.20
Number of ordinary shares in issue ('000)	407 139	407 139	–
Weighted number of ordinary shares ('000)	406 792	406 792	–

Notes and assumptions:

- The unaudited financial information has been extracted from the unaudited interim results of Mvela Group for the six months ended 31 December 2009.
- The *pro forma* adjustments to the income statement have been calculated on the assumption that the proceeds and related transaction costs from the Disposal were, respectively, received and paid on 1 July 2009.
- The *pro forma* adjustments to the balance sheet have been calculated on the assumption that the proceeds and related transaction costs were respectively received and paid on 31 December 2009.
- The fair value of Mvela Group's investment in Life Healthcare as at 1 July 2009, being R2.254 billion was used to determine the proceeds received from the Disposal for purposes of calculating the EPS and HEPS per share *pro forma* adjustments.
- The fair value of Mvela Group's investment in Life Healthcare as at 31 December 2009, being R2.581 billion, was used to determine the proceeds received on the Disposal for purposes of calculating the NAV and NTAV per share *pro forma* adjustments.
- The proceeds received by Mvela Group on the Disposal are net of STC at 10%.
- Deferred capital gains tax previously reflected on the fair value calculation of the investment in Life Healthcare relating to the Disposal has been reversed.
- Dividends received on Life Healthcare shares disposed of have been deducted from previously reported earnings.
- The fair value adjustment on the Life Healthcare shares disposed of for the six-month period ended 31 December 2009 has been reversed.
- It is assumed that the proceeds (net of transaction costs) would be utilised to settle the Life Healthcare investment related debt to the IDC and the balance invested in a money market instrument earning interest at 6.5% per annum.
- Transaction costs have been expensed to the income statement.

The final *pro forma* financial effects will be announced after the Life Healthcare Listing.

7. The unbundling

Subsequent to the successful Life Healthcare Listing and the implementation of the Disposal, Mvela Group and Brimstone intend to undertake a series of internal restructurings that will culminate in the unbundling of Mvela Group's and Brimstone's remaining interest in Life Healthcare to Mvela Group and Brimstone shareholders.

Shareholders will receive further information with regards to the Unbundling, and will be asked for their approval, in a circular to be posted to Shareholders in due course ("the Unbundling Circular").

8. Further announcements

Further details of the Life Healthcare Listing and the Unbundling will be made available by way of releases on SENS and published in the South African press, and by way of the Unbundling circular.

9. Further cautionary announcement

Shareholders are advised to continue to exercise caution when dealing in Mvela Group shares until a further announcement is made.

Johannesburg
23 April 2010

Merchant bank, structuring and transaction adviser

Sponsor

Reporting accountants

Attorneys

Advisers to Mvela Group

Financial PR advisors



Accountants & business advisers

