MEDICLINIC
INTERNATIONAL

SUMMARISED AUDITED GROUP RESULTS

OF MEDICLINIC INTERNATIONAL LIMITED
AND ITS SUBSIDIARIES FOR THE YEAR ENDED **31 MARCH 2015**
AND DECLARATION OF CASH DIVIDEND

Incorporated in the Republic of South Africa Registration Number: 1983/010725/06 ISIN code: ZAE000074142 Income tax no: 9950122714
JSE Share Code: MDC NSX Share Code: MCI ("Mediclinic" or "the Company")

SALIENT FEATURES

- STRONG GROWTH IN PATIENT NUMBERS
- SUCCESSFUL R3.1BN CAPITAL RAISE
- ACQUIRED 2 SWISS HOSPITALS AND HOSPITAL SITE IN DUBAI
- COMMISSIONED MEDICLINIC MIDSTREAM IN SOUTH AFRICA
- SWISS DEBT REFINANCED ON FAVOURABLE TERMS
- POSITIVE IMPACT OF CURRENCY MOVEMENTS
- BASIC NORMALISED HEADLINE EARNINGS PER SHARE INCREASED BY 9% TO 408.2 CENTS
- FINAL DIVIDEND PER ORDINARY SHARE INCREASED BY 11% TO 75.5 CENTS (2014: 68.0 CENTS)

CONSOLIDATED SUMMARISED STATEMENT OF FINANCIAL POSITION

as at 31 March

	2015 R'm	2014 R'm
ASSETS		
Non-current assets	**65 813**	59 308
Property, equipment and vehicles	**53 776**	49 597
Intangible assets	**11 565**	9 210
Investments in associates	**2**	4
Investments in joint venture	**65**	67
Other investments and loans	**93**	68
Derivative financial instruments	**10**	60
Deferred income tax assets	**302**	302
Current assets	**13 366**	11 226
Inventories	**1 074**	904
Trade and other receivables	**7 479**	6 768
Current income tax assets	**34**	33
Cash and cash equivalents	**4 779**	3 521
Total assets	**79 179**	70 534
EQUITY AND LIABILITIES		
Total equity	**33 162**	25 391
Share capital and reserves	**32 064**	24 468
Non-controlling interests	**1 098**	923
LIABILITIES		
Non-current liabilities	**38 078**	36 899
Borrowings	**27 927**	28 704
Deferred income tax liabilities	**7 729**	7 251
Retirement benefit obligations	**1 292**	414
Provisions	**665**	492
Derivative financial instruments	**465**	38
Current liabilities	**7 939**	8 244
Trade and other payables	**6 032**	5 048
Borrowings	**1 229**	1 666
Provisions	**429**	376
Derivative financial instruments	**21**	–
Current income tax liabilities	**228**	1 154
Total liabilities	**46 017**	45 143
Total equity and liabilities	**79 179**	70 534
Net asset value per ordinary share – cents	**3 752.5**	3 008.0

CONSOLIDATED SUMMARISED INCOME STATEMENT

for the year ended 31 March

	Notes	2015 R'm	Increase %	2014 R'm
Revenue		**35 238**	16%	30 495
Cost of sales		**(19 887)**		(17 189)
Administration and other operating expenses		**(8 116)**		(6 562)
Operating profit before depreciation (EBITDA)	1	**7 235**	7%	6 744
Depreciation and amortisation		**(1 512)**		(1 239)
Operating profit		**5 723**		5 505
Other gains and losses	2	**93**		2
Income from associates		**2**		3
Loss from joint venture		**(1)**		–
Finance income		**103**		73
Finance cost	3	**(1 179)**		(1 221)
Profit before tax		**4 741**		4 362
Income tax expense		**(206)**		(776)
Profit for the year		**4 535**		3 586
Attributable to:				
Equity holders of the Company		**4 297**		3 385
Non-controlling interests		**238**		201
		4 535		3 586
		Number ('000)		Number ('000)
PER SHARE PERFORMANCE				
Weighted average number of shares				
Before equity raising		**842 779**		809 319
Adjustment for equity raising (IAS33 para 26)		**606**		2 764
Weighted average number of ordinary shares in issue		**843 385**		812 083
Diluted weighted average number of shares				
Before equity raising		**858 712**		826 956
Adjustment for equity raising (IAS33 para 26)		**606**		2 764
Diluted weighted average number of ordinary shares in issue		**859 318**		829 720
Earnings per ordinary share		**cents**		cents
– Basic earnings basis		**509.5**	22%	416.8
– Diluted earnings basis		**500.0**		408.0
– Basic headline earnings basis		**483.9**	17%	413.1
– Diluted headline earnings basis		**474.9**		404.4
– Basic normalised headline earnings basis		**408.2**	9%	375.8
– Normalised diluted headline earnings basis		**400.6**		367.8
Dividends per ordinary share				
– interim		**31.0**		28.0
– final		**75.5**		68.0
		106.5		96.0
EARNINGS RECONCILIATION		**R'm**		R'm
Profit attributable to shareholders		**4 297**	27%	3 385
Re-measurements for headline earnings		**(248)**		(38)
Profit on sale of property, equipment and vehicles		**(87)**		(4)
Impairment of property		**31**		8
Insurance proceeds		**(158)**		(40)
Gain on disposal of subsidiary		**(34)**		–
Gain from a bargain purchase		**–**		(2)
Income tax effects		**32**		8
Headline earnings		**4 081**	22%	3 355
Re-measurements for normalised headline earnings		**(613)**		(352)
Realised gain on foreign currency forward contracts		**(32)**		–
Ineffective cash flow hedges		**342**		–
Swiss tax charges relating to prior years		**(712)**		(111)
Discount on repayment of loan		**(211)**		–
Past service cost		**–**		(241)
Income tax effects		**(25)**		49
Normalised headline earnings		**3 443**	13%	3 052

CONSOLIDATED SUMMARISED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	2015 R'm	Increase %	2014 R'm
Profit for the year	**4 535**	26%	3 586
Other comprehensive income			
Items that may be reclassified to the income statement			
Currency translation differences	**1 643**		4 371
Fair value adjustment to cash flow hedges (net of tax)	**(94)**		29
Items that may not be reclassified to the income statement			
Actuarial gains and losses	**(561)**		138
Other comprehensive income, net of tax	**988**		4 538
Total comprehensive income for the year	**5 523**		8 124
Attributable to:			
Equity holders of the Company	**5 287**		7 922
Non-controlling interests	**236**		202
	5 523		8 124

CONSOLIDATED SUMMARISED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

	2015 R'm	2014 R'm
Opening balance	**25 391**	18 002
Shares issued	**3 178**	–
Share issue costs	**(64)**	–
Movement in shares held in treasury	**(16)**	7
Movement in share-based payment reserve	**24**	19
Increase in non-controlling interests	**62**	24
Total comprehensive income for the year	**5 523**	8 124
Transactions with non-controlling shareholders	**9**	2
Distributed to shareholders	**(822)**	(688)
Distributed to non-controlling interests	**(123)**	(99)
Closing balance	**33 162**	25 391
Comprising:		
Share capital	**14 141**	11 027
Treasury shares	**(265)**	(249)
Share-based payment reserve	**183**	159
Foreign currency translation reserve	**10 840**	9 197
Hedge reserve	**(85)**	9
Retained earnings	**7 250**	4 325
Shareholders' equity	**32 064**	24 468
Non-controlling interests	**1 098**	923
Total equity	**33 162**	25 391

CONSOLIDATED SUMMARISED STATEMENT OF CASH FLOWS

for the year ended 31 March

	Notes	2015 R'm	2014 R'm
Cash flow from operating activities		**6 008**	4 615
Cash generated from operations		**7 848**	6 340
Net finance cost		**(916)**	(982)
Taxation paid		**(924)**	(743)
Cash flow from investment activities		**(4 594)**	(2 539)
Investment to maintain operations		**(1 215)**	(926)
Investment to expand operations		**(2 214)**	(1 679)
Business combinations	8	**(1 446)**	(5)
Proceeds on disposal of property, equipment and vehicles		**98**	32
Disposal of subsidiary		**45**	–
Insurance proceeds		**158**	40
Loans advanced		**(25)**	–
Proceeds from other investments and loans		**5**	1
Investment in joint venture		**–**	(2)
Cash flow from financing activities		**(361)**	(1 605)
Proceeds from shares issued		**3 178**	–
Share issue costs		**(64)**	–
Distributions to shareholders		**(822)**	(688)
Distributions to non-controlling interests		**(123)**	(99)
Proceeds from borrowings		**4 982**	223
Repayment of borrowings		**(7 443)**	(1 074)
Proceeds from disposal of treasury shares		**5**	7
Treasury shares purchased		**(22)**	–
Refinancing transaction costs		**(125)**	–
Proceeds on disposal of non-controlling interest		**73**	26
Net movement in cash, cash equivalents and bank overdrafts		**1 053**	471
Opening balance of cash, cash equivalents and bank overdrafts		**3 485**	2 705
Exchange rate fluctuations on foreign cash		**241**	309
Closing balance of cash, cash equivalents and bank overdrafts		**4 779**	3 485
Cash and cash equivalents		**4 779**	3 521
Bank overdrafts		**–**	(36)
		4 779	3 485

SUMMARISED SEGMENTAL REPORT
for the year ended 31 March

	2015 R'm	2014 R'm
Revenue		
Southern Africa	**12 323**	11 205
Middle East	**4 305**	3 416
Switzerland	**18 610**	15 874
	35 238	30 495
EBITDA		
Southern Africa	**2 676**	2 453
Middle East	**940**	752
Switzerland	**3 619**	3 539
	7 235	6 744
Operating profit		
Southern Africa	**2 282**	2 151
Middle East	**805**	616
Switzerland	**2 636**	2 738
	5 723	5 505

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

		2015 R'm	Increase %	2014 R'm
1	**EBITDA RECONCILIATION**			
	Operating profit before depreciation (EBITDA)	**7 235**		6 744
	Adjusted for:			
	Past service cost	**–**		(241)
	Impairment of property and equipment	**31**		8
	Insurance proceeds	**–**		(40)
	Profit on sale of property, equipment and vehicles	**(87)**		(4)
	Normalised EBITDA	**7 179**	11%	6 467

		2015 R'm	2014 R'm
2	**OTHER GAINS AND LOSSES**		
	Realised gain on foreign currency forward contracts	**32**	–
	Gain on disposal of subsidiary	**34**	–
	Ineffective cash flow hedges	**(342)**	–
	Gain on a bargain purchase	**–**	2
	Discount on loan repayment	**211**	–
	Insurance proceeds	**158**	–
		93	2
3	**FINANCE COST**		
	Interest	**933**	990
	Amortisation of capitalised financing costs	**147**	133
	Preference share dividend	**128**	125
	Less: amounts included in the cost of qualifying assets	**(29)**	(27)
		1 179	1 221
4	**COMMITMENTS**		
	Capital commitments	**3 779**	3 233
	Southern Africa	**2 325**	1 717
	Middle East	**782**	683
	Switzerland	**672**	833
5	**EXCHANGE RATES**	**R**	R
	Average Swiss franc (ZAR/CHF)	**11.91**	11.05
	Closing Swiss franc (ZAR/CHF)	**12.55**	11.96
	Average UAE dirham (ZAR/AED)	**3.01**	2.76
	Closing UAE dirham (ZAR/AED)	**3.32**	2.88
6	**NUMBER OF SHARES ISSUED**	**Number '000**	Number '000
	Ordinary shares in issue	**867 957**	826 957
	Ordinary shares held in treasury	**(13 483)**	(13 521)
	Ordinary shares in issue net of treasury shares	**854 474**	813 436

7 FAIR VALUE MEASUREMENT

Derivative financial instruments comprise interest rate swaps and are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Based on the degree to which the fair values are observable, the interest rate swaps are grouped as Level 2. Level 2 means that inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), whereas Level 1 refers to quoted prices (unadjusted) in active markets for identical assets or liabilities.

		2015 R'm	2014 R'm
8	**INVESTMENTS TO EXPAND OPERATIONS**		
	Cash flow on business combinations		
	Hirslanden Clinique La Colline SA	**1 333**	–
	Swissana Clinic AG	**107**	–
	Radiotherapie Hirslanden AG	**–**	5
	IMRAD SA	**6**	–
		1 446	5

On 25 June 2014, Hirslanden AG acquired a 100% interest in the operating company of Hirslanden Clinique La Colline SA. Hirslanden Clinique La Colline SA is a private hospital based in Geneva, Switzerland.

The goodwill of R1 136m arising from the acquisition is attributable to the earnings potential of the business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Cash consideration for Hirslanden Clinique La Colline SA	**1 361**
Assets	
Property, equipment and vehicles	**123**
Intangible assets	**322**
Inventories	**23**
Trade and other receivables	**179**
Cash and cash equivalents	**28**
Total assets	**675**
Liabilities	
Borrowings	**185**
Derivative financial instrument	**3**
Other liabilities	**3**
Provisions	**15**
Pension liability	**68**
Deferred tax liabilities	**81**
Income tax payable	**3**
Trade and other payables	**92**
Total liabilities	**450**
Total identifiable net assets at fair value	**225**
Goodwill	**1 136**
Total	**1 361**
Analysis of cash flow on acquisition	
Total consideration transferred	**1 361**
Net cash acquired with the subsidiary	**(28)**
Net cash flow on acquisition	**1 333**

Acquisition-related costs of R9m have been charged to administrative expenses in the consolidated income statement.

From the date of acquisition, Hirslanden Clinique La Colline SA has contributed R576m of revenue and R126m to the profit before tax of the Group. If the business combination had taken place at the beginning of the financial year, revenue from continuing operations would have been R757m and the profit before tax for the Group would have been R167m.

	2015 R'm	2014 R'm
8 INVESTMENTS TO EXPAND OPERATIONS (continued)		

On 8 August 2014, Hirslanden AG acquired a 100% interest in the operating company of Swissana Clinic AG. Swissana Clinic AG is a private hospital based in Meggen, Switzerland.

The goodwill of R103m arising from the acquisition is attributable to the earnings potential of the business. None of the goodwill recognised is expected to be deductible for income tax purposes.

	2015 R'm	2014 R'm
Cash consideration for Swissana Clinic AG	108	
Total assets	59	
Total liabilities	(54)	
Total identifiable net assets at fair value	5	
Goodwill	103	
Total	108	
Analysis of cash flow on acquisition		
Total consideration transferred	108	
Net cash acquired with the subsidiary	(1)	
Net cash flow on acquisition	107	

Acquisition-related costs of R1m have been charged to administrative expenses in the consolidated income statement.

From the date of acquisition, Swissana Clinic AG has contributed R79m of revenue and R2m to the net profit before tax of the Group. If the combination had taken place at the beginning of the financial year, revenue from continuing operations would have been R112m and the loss before tax for the Group would have been R5m.

Danie Meintjes, CEO of Mediclinic International commented:

"The Group has shown continued strong growth in patient numbers at all our operating platforms. We continue to invest to support further growth across our businesses as well as in systems to enhance quality and long-term efficiency."

TRADING RESULTS

We are pleased to report that the Group has maintained its consistent growth pattern.

Group normalised revenue increased by 16% to R35 238m (2014: R30 495m) for the period under review. Normalised operating profit before interest, tax, depreciation and amortisation ("normalised EBITDA") was 11% higher at R7 179m (2014: R6 467m) and basic normalised headline earnings per share was 9% higher at 408.2 cents (2014: 375.8 cents).

The Group's normalised EBITDA margin decreased from 21.2% to 20.4% for the period under review.

The current Group results included a number of one-off and exceptional items of R613m (R638m after tax) which were excluded in determining normalised headline earnings. The one-off items are:

- positive Swiss prior year tax adjustments amounting to R712m;
- a charge of R342m (R276m after tax) to account for the six month (1 October 2014 to 31 March 2015) mark-to-market fair value adjustment relating to the Swiss interest rate swaps, which became ineffective during this period with the introduction of negative Swiss interest rates;
- a discount of R211m (R170m after tax) on the repayment of the third lien Swiss loan; and
- realised gain on foreign currency forward contracts of R32m.

The comparative results included one-off items of R352m (R303m after tax) relating to a past-service cost credit of R241m (R192m after tax) and prior year tax adjustments amounting to R111m.

Including these one-off items, headline earnings increased by 22% to R4 081m (2014: R3 355m) and basic headline earnings per ordinary share increased by 17% to 483.9 cents (2014: 413.1 cents).

Movements in the exchange rates had a positive effect on the reported results. The average ZAR/Swiss franc (CHF) exchange rate was R11.91 compared to R11.05 for the comparative period and the average ZAR/UAE dirham (AED) exchange rate was R3.01 compared to R2.76 for the comparative period.

Finance cost

Finance cost includes amortisation of capitalised financing costs of R147m (2014: R133m). The capitalised financing costs are amortised over the term of the relevant loans in accordance with IAS 39 Financial Instruments.

Cash flow

The Group's cash flow continued to be strong. The Group converted 109% (2014: 98%) of normalised EBITDA into cash generated from operations. Cash and cash equivalents increased from R3 521m at 31 March 2014 to R4 779m at 31 March 2015.

Interest-bearing borrowings

Interest-bearing borrowings decreased from R30 370m at 31 March 2014 to R29 156m at 31 March 2015. The decrease is mainly as a result of debt amortisation. Foreign debt of the Group's Swiss and Middle Eastern operations, amounting to R23 522m, is matched with foreign assets in the same currencies. The foreign debt has no recourse to the Southern African operations' assets.

Assets

Property, equipment and vehicles increased from R49 597m at 31 March 2014 to R53 776m at 31 March 2015, and intangible assets increased from R9 210m at 31 March 2014 to R11 565m at 31 March 2015. These increases are mainly as a result of additions as well as the change in the closing ZAR/CHF and the ZAR/AED exchange rates.

Normalised non-IFRS financial measures

The Group uses normalised revenue, normalised EBITDA, normalised headline earnings and normalised basic headline earnings per share as non-IFRS measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting. These non-IFRS measures are defined as reportable EBITDA, headline earnings and basic headline earnings per share in terms of accounting standards, excluding one-off and exceptional items, as detailed above.

OPERATIONS IN SOUTHERN AFRICA

MEDICLINIC SOUTHERN AFRICA

Financial performance

Mediclinic Southern Africa's normalised revenue increased by 10% to R12 323m (2014: R11 205m) for the period under review. Normalised EBITDA was 9% higher at R2 625m (2014: R2 418m).

The Southern African operations contributed R1 118m (2014: R984m) to the normalised headline earnings of the Group after:

- depreciation charges of R394m (2014: R302m);
- net finance charges of R322m (2014: R403m);
- loss from joint venture of R1m (2014: Rnil);
- taxation of R552m (2014: R528m); and
- non-controlling interests amounting to R238m (2014: R201m).

Business performance

The 10% revenue growth was driven by a 4.4% increase in bed-days sold and a 5.8% increase in the average income per bed-day. The number of patients admitted increased by 2.3%, while the average length of stay increased by 2.1%.

The normalised EBITDA margin of the Southern African operations decreased from 21.6% to 21.3% mainly due to pre-opening costs of Mediclinic Midstream.

Mediclinic Southern Africa's cash flow continued to be strong as it converted 106% (2014: 105%) of normalised EBITDA into cash generated from operations.

Cash and cash equivalents increased from R1 359m at 31 March 2014 to R1 498m at 31 March 2015.

Interest-bearing borrowings decreased from R5 842m at 31 March 2014 to R5 635m at 31 March 2015.

Projects and capital expenditure

During the year, the Southern African operations spent R1 131m (2014: R577m) on capital projects and new equipment to enhance its business and R305m (2014: R308m) on the replacement of existing equipment. In addition, R305m (2014: R289m) was spent on the repair and maintenance of property and equipment, charged through the income statement. For the next financial year, R813m is budgeted for capital projects and new equipment to enhance its business, R333m for the replacement of existing equipment and R316m for repairs and maintenance. Incremental EBITDA resulting from capital projects in progress or approved is budgeted to amount to R56m and R55m in 2016 and 2017 respectively.

The number of beds increased from 7 614 to 7 885 during the period under review.

During the past year a number of building projects were completed at various hospitals, that created 271 additional beds as well as new consulting rooms, of which the most significant was the commissioning of Mediclinic Midstream (176 beds) during March 2015. Furthermore, at Mediclinic Durbanville a da Vinci surgical robot was commissioned.

The number of beds is expected to increase from 7 885 to 8 044 during the next 12 months. Building projects in progress, which should be completed during the next financial year, will add 159 additional beds.

Regulatory environment

The Competition Commission is currently undertaking a market inquiry into the private healthcare sector in South Africa. In line with the Commission's published Terms of Reference and Administrative Guidelines, Mediclinic prepared and delivered a comprehensive submission. Mediclinic has also submitted comments on the submissions of other stakeholders. Mediclinic has the assistance of expert legal and economic advisers and we believe that we are well prepared to participate fully in the inquiry.

The Minister of Health has published draft regulations dealing with the norms and standards applicable to health establishments, which will be implemented by the Office of Health Standards Compliance. Mediclinic Southern Africa has submitted comprehensive comment on the draft regulations. We support this initiative and believe this to be a positive development that should enhance the quality of care in both the public and private healthcare sectors once it has been implemented successfully.

OPERATIONS IN SWITZERLAND

HIRSLANDEN

Financial performance

Hirslanden's normalised revenue increased by 17% to R18 610m (2014: R15 874m) for the period under review. Normalised EBITDA was 10% higher at R3 614m (2014: R3 297m). In Swiss francs, normalised revenue increased by 9% to CHF1 563m (2014: CHF1 436m) and normalised EBITDA increased by 2% to CHF303m (2014: CHF298m).

Hirslanden contributed R1 567m (2014: R1 545m) to the normalised headline earnings of the Group after:

- depreciation charges of R982m (2014: R801m);
- net external finance charges of R708m (2014: R651m);
- normalised tax of R359m (2014: R303m); and
- income from an associate of R2m (2014: R3m).

In Swiss francs, Hirslanden contributed CHF132m (2014: CHF139m) to the normalised headline earnings of the Group after:

- depreciation charges of CHF82m (2014: CHF73m);
- net external finance charges of CHF59m (2014: CHF59m);
- normalised tax of CHF30m (2014: CHF27m); and
- income from an associate of CHF0.2m (2014: CHF0.3m).

Business performance

The 9% normalised revenue growth is a result of an 8% increase in inpatient admissions and increased revenue per case due to increased numbers of complex cases.

The normalised EBITDA margin of Hirslanden decreased from 20.8% to 19.4%, impacted by an adjustment of the national outpatient tariff in October 2014 and increased number of generally insured patients.

Hirslanden converted 114% (2014: 92%) of normalised EBITDA into cash generated from operations.

Cash and cash equivalents increased from R1 138m (CHF95m) at 31 March 2014 to R2 497m (CHF199m) at 31 March 2015.

Interest-bearing borrowings reported in ZAR decreased from R23 040m (CHF1 926m) at 31 March 2014 to R22 512m (CHF1 794m) at 31 March 2015, mainly as a result of debt amortisation. As detailed in a SENS announcement on 30 March 2015, the Swiss debt package was refinanced during March 2015 which will result in substantial future finance cost savings.

Projects and capital expenditure

During the year Hirslanden invested R856m (CHF72m) (2014: R769m (CHF70m)) in capital projects and new equipment to enhance its business and R835m (CHF70m) (2014: R558m (CHF51m)) on the replacement of existing equipment. In addition, R457m (CHF38m) (2014: R397m (CHF36m)) was spent on the repair and maintenance of property and equipment, charged through the income statement. For the next financial year CHF70m is budgeted for capital projects and new equipment, CHF80m for the replacement of existing equipment and CHF39m for repairs and maintenance. Incremental EBITDA resulting from capital projects in progress or approved is budgeted to amount to CHF8m and CHF6m in 2016 and 2017 respectively.

Major building projects completed during the period under review:

- in January 2015, the outpatient clinic at the main station in Schaffhausen opened for business as a general practitioner and walk-in practice; and
- in March 2015, Klinik Stephanshorn opened a new 24 bed ward.

Investments in medical technology during the period under review included a PET/CT, a 3 Tesla MRI, a hybrid operating theatre and a da Vinci surgical robot.

The major ongoing expansion projects are as follows:

- major extensions including a radiology unit, additional theatre, new patient rooms, doctors consulting rooms and an expanded accident and emergency unit at Hirslanden Klinik Birshof are in progress; and
- a new practice centre is currently being built close to the railway station in Düdingen in the canton of Fribourg.

The number of inpatient beds is expected to increase from 1 655 to 1 684 during the next financial year.

Regulatory environment

Hirslanden, together with other service providers instituted legal action regarding the processes dealing with the highly specialised medicine (“HSM”) initiative. The Federal Administrative Court ruled on a revised process to decide on what constitutes HSM and how mandates should be granted. Representatives from the private sector are now also represented on the HSM advisory committee. The eventual outcome of the process is uncertain at this stage.

OPERATIONS IN UNITED ARAB EMIRATES

MEDICLINIC MIDDLE EAST

Financial performance

Mediclinic Middle East’s normalised revenue increased by 26% to R4 305m (2014: R3 416m) for the period under review. Normalised EBITDA increased by 25% to R940m (2014: R752m). In UAE dirhams, normalised revenue increased by 16% to AED1 430m (2014: AED1 238m) and normalised EBITDA increased by 15% to AED312m (2014: AED272m).

Mediclinic Middle East contributed R758m (2014: R523m) to the normalised headline earnings of the Group after:

- depreciation charges of R135m (2014: R136m); and
- net finance charges of R47m (2014: R93m).

In UAE dirhams, Mediclinic Middle East contributed AED252m (2014: AED189m) to the normalised headline earnings of the Group after:

- depreciation charges of AED45m (2014: AED49m); and
- net finance charges of AED15m (2014: AED34m).

Business performance

The 16% revenue growth was driven by inpatient hospital admissions increasing by 6%, while hospital outpatient consultations and visits to the emergency units increased by 8%. Clinic outpatient consultations increased by 14%.

The normalised EBITDA margin of Mediclinic Middle East decreased from 22.0% to 21.8%, due to start-up losses in the two new clinics in Abu Dhabi.

Mediclinic Middle East converted 102% (2014: 102%) of normalised EBITDA into cash generated from operations.

Cash and cash equivalents increased from R724m (AED251m) at 31 March 2014 to R779m (AED235m) at 31 March 2015. Interest-bearing borrowings decreased from R1 488m (AED517m) at 31 March 2014 to R1 010m (AED304m) at 31 March 2015, mainly because of loan repayments.

Projects and capital expenditure

During the year, Mediclinic Middle East invested R227m (AED75m) (2014: R71m (AED26m)) in capital projects and new equipment to enhance its business, apart from R74m (AED25m) (2014: R59m (AED22m)) on the replacement of existing equipment. In addition, R60m (AED20m) (2014: R52m (AED19m)) was spent on repairs and maintenance of property and equipment, as accounted for in the income statement.

For the next financial year, AED133m is budgeted for capital projects and new equipment to enhance the business in the longer term and AED145m is budgeted for the construction of Mediclinic Parkview Hospital, AED32m for the replacement of existing equipment and AED20m for repairs and maintenance. EBITDA resulting from capital projects in progress or approved is budgeted to amount to AED18m in 2017.

The number of beds remained at 382, which includes 27 day beds available at the clinics.

During the period under review, Mediclinic City Hospital continued construction on the North Wing extension, due to open in mid-2016. Furthermore, land was recently acquired in the fast-growing southern side of Dubai for the construction of the 150-bed Mediclinic Parkview Hospital.

PROSPECTS

We continue to invest for growth across our platforms in anticipation of the continuing increase in demand for cost-effective quality healthcare.

CHANGES TO THE BOARD OF DIRECTORS

There were no changes to the Board during the period under review.

REPORTS OF THE INDEPENDENT AUDITOR

The annual financial statements have been audited by PricewaterhouseCoopers Inc. and their unqualified audit reports on the comprehensive annual financial statements and the summarised annual financial statements are available for inspection at the registered office of the Company.

The auditor's report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the registered office of the Company after the reports have been released on or before 24 June 2015.

BASIS OF PREPARATION

The accounting policies applied in the preparation of these summarised Group annual financial statements, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the prior year. The summarised Group annual financial statements have been prepared in accordance with the Financial Reporting Guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants and in terms of IAS 34 *Interim Financial Reporting* as well as in compliance with the Companies Act 71 of 2008, as amended, and the Listings Requirements of the JSE Limited. The preparation of the summarised Group annual financial statements was supervised by the Chief Financial Officer, Mr CI Tingle (CA(SA)).

CASH DIVIDEND TO SHAREHOLDERS

Notice is hereby given that the directors have declared a final gross cash dividend in respect of the year under review of 75.5 cents (2014: 68.0 cents) (64.1750 cents (2014: 57.8000 cents) net of dividend withholding tax) per ordinary share. The dividend declared increased by 11% compared to the comparative period.

Together with the interim dividend declared during November 2014, the total gross dividend relating to the year under review increased by 11% to 106.5 cents (2014: 96.0 cents).

The dividend has been declared from income reserves. A dividend withholding tax of 15% will be applicable to all shareholders who are not exempt therefrom. The Company's issued share capital at the declaration date is 867 957 325 ordinary shares.

The salient dates for the dividend will be as follows:

Last date to trade *cum* dividend	Thursday, 11 June 2015
First date of trading *ex* dividend	Friday, 12 June 2015
Record date	Friday, 19 June 2015
Payment date	Monday, 22 June 2015

Share certificates may not be dematerialised or rematerialised from Friday, 12 June 2015 to Friday, 19 June 2015, both days inclusive.

Signed on behalf of the board of directors:

E DE LA H HERTZOG
Chairman

D P MEINTJES
Chief Executive Officer

Stellenbosch, 21 May 2015

EXPERTISE YOU CAN TRUST.

HEAD OFFICE ADDRESS AND REGISTERED OFFICE

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Namibia: Transfer Secretaries (Proprietary) Limited
4 Robert Mugabe Avenue, Windhoek
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Tel: +264 61 227 647 Fax: +264 61 248 531

SPONSOR

South Africa: Rand Merchant Bank (a division of FirstRand Bank Limited)
Namibia: Simonis Storm Securities (Proprietary) Limited