AUDITED GROUP RESULTS OF
MEDICLINIC INTERNATIONAL LIMITED
AND ITS SUBSIDIARIES FOR THE YEAR ENDED 31 MARCH 2014 AND DECLARATION OF CASH DIVIDEND

Incorporated in the Republic of South Africa Reg. no. 1983/010725/06 Share code: MDC ISIN code: ZAE000074142 Income tax no: 9950122714 ("Mediclinic" or "the Company")

CONSOLIDATED ABRIDGED INCOME STATEMENT

for the year ended 31 March	Notes	2014 R'm	Change %	2013 (restated) R'm
Revenue	1	**30 495**	25%	24 436
Cost of sales		**(17 189)**		(13 881)
Administration and other operating expenses		**(6 562)**		(5 428)
Operating profit before depreciation (EBITDA)	2	**6 744**	32%	5 127
Depreciation and amortisation		**(1 239)**		(994)
Operating profit		**5 505**		4 133
Other gains and losses	3	**2**		531
Income from associates		**3**		2
Income from joint venture		**–**		3
Finance income		**73**		69
Finance cost	4	**(1 221)**		(5 166)
Profit/(loss) before tax		**4 362**		(428)
Income tax expense		**(776)**		(418)
Profit/(loss) for the year		**3 586**		(846)
Attributable to:				
Equity holders of the Company		**3 385**		(1 105)
Non-controlling interests		**201**		259
		3 586		(846)
		Number ('000)		Number ('000)
PER SHARE PERFORMANCE				
Weighted average number of shares				
Before rights offer		**n/a**		714 856
Adjustment for rights offer (IAS 33 para 26)		**n/a**		27 002
Weighted average number of ordinary shares in issue		**809 319**		741 858
Diluted weighted average number of shares				
Before rights offer		**n/a**		735 860
Adjustment for rights offer (IAS 33 para 26)		**n/a**		27 002
Diluted weighted average number of ordinary shares in issue		**826 956**		762 862
		cents		cents
Earnings per ordinary share				
– Basic earnings/(loss) basis		**418.3**	381%	(148.9)
– Diluted earnings/(loss) basis		**409.3**		(144.8)
– Basic headline earnings/(loss) basis		**414.6**	377%	(149.5)
– Diluted headline earnings/(loss) basis		**405.7**		(145.4)
– Basic normalised headline earnings basis		**377.1**	45%	259.3
– Normalised diluted headline earnings basis		**369.1**		252.2
Dividends per ordinary share				
– interim		**28.0**		25.3
– final		**68.0**		60.5
		96.0		85.8
		2014 R'm		2013 R'm
EARNINGS RECONCILIATION:				
Profit/(loss) attributable to shareholders		**3 385**		(1 105)
Re-measurements for headline earnings		**(38)**		(6)
Profit on sale of property, equipment and vehicles		**(4)**		(6)
Impairment of property and equipment		**8**		–
Insurance proceeds		**(40)**		–
Gain from a bargain purchase		**(2)**		
Income tax effects		**8**		1
Headline earnings/(loss)		**3 355**	402%	(1 110)
Re-measurements for normalised headline earnings		**(352)**		3 331
Group one-off refinancing charges		**–**		3 215
Pre-acquisition tariff provision		**–**		151
Swiss tax charges relating to prior years		**(111)**		–
Past-service cost		**(241)**		(35)
Income tax effects		**49**		(297)
Normalised headline earnings		**3 052**	59%	1 924

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

	2014 R'm	Change %	2013 (restated) R'm
1. REVENUE RECONCILIATION			
Revenue	**30 495**		24 436
Adjusted for:			
Pre-acquisition tariff provision	**–**		151
Normalised revenue	**30 495**	24%	24 587
2. EBITDA RECONCILIATION			
Operating profit before depreciation (EBITDA)	**6 744**		5 127
Adjusted for:			
Past-service cost	**(241)**		(35)
Pre-acquisition tariff provision	**–**		151
Impairment of equipment	**8**		–
Insurance proceeds	**(40)**		–
Profit on sale of property, equipment and vehicles	**(4)**		(6)
Normalised EBITDA	**6 467**	23%	5 237
3. OTHER GAINS AND LOSSES			
Realised gains on forward contracts	**–**		574
Gain on a bargain purchase	**2**		–
Stamp duty	**–**		(41)
Other	**–**		(2)
	2		531
4. FINANCE COST			
Interest	**990**	(24%)	1 301
Amortisation of capitalised financing fees	**133**		89
Loan breakage charges	**–**		54
Preference share dividend	**125**		59
Accelerated recognition of capitalised financing fees	**–**		163
Derecognition of Swiss interest rate swap	**–**		3 531
Less: amounts included in the cost of qualifying assets	**(27)**		(31)
	1 221		5 166
5. COMMITMENTS			
Capital commitments	**3 233**		3 307
Southern Africa	**1 717**		2 011
Middle East	**683**		607
Switzerland	**833**		689
	R		R
6. EXCHANGE RATES			
Average Swiss franc (ZAR/CHF)	**11,05**		9,05
Closing Swiss franc (ZAR/CHF)	**11,96**		9,69
Average UAE dirham (ZAR/AED)	**2,76**		2,32
Closing UAE dirham (ZAR/AED)	**2,88**		2,51
	Number ('000)		Number ('000)
7. NUMBER OF SHARES ISSUED			
Ordinary shares in issue	**826 957**		826 957
Ordinary shares held in treasury	**(16 832)**		(19 078)
Ordinary shares in issue net of treasury shares	**810 125**		807 879

CONSOLIDATED ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March	2014 R'm	Change %	2013 (restated) R'm
Profit/(loss) for the period	**3 586**	524%	(846)
Other comprehensive income			
Items that may be reclassified to the income statement			
Currency translation differences	**4 371**		1 699
Fair value adjustment to cash flow hedges (net of tax)	**29**		3 203
Items that may not be reclassified to the income statement			
Actuarial gains and losses (net of tax)	**138**		54
Other comprehensive income, net of tax	**4 538**		4 956
Total comprehensive income for the period	**8 124**		4 110
Attributable to:			
Equity holders of the Company	**7 922**		3 808
Non-controlling interests	**202**		302
	8 124		4 110

CONSOLIDATED ABRIDGED STATEMENT OF FINANCIAL POSITION

as at 31 March	2014 R'm	2013 (restated) R'm
ASSETS		
Non-current assets	**59 308**	47 885
Property, equipment and vehicles	**49 597**	40 137
Intangible assets	**9 210**	7 279
Investments in associates	**4**	2
Investments in joint venture	**67**	65
Other investments and loans	**68**	63
Derivative financial instruments	**60**	100
Deferred income tax assets	**302**	239
Current assets	**11 226**	8 857
Inventories	**904**	681
Trade and other receivables	**6 768**	5 427
Current income tax assets	**33**	44
Cash and cash equivalents	**3 521**	2 705
Total assets	**70 534**	56 742
EQUITY AND LIABILITIES		
Total equity	**25 391**	18 002
Share capital and reserves	**24 468**	17 206
Non-controlling interests	**923**	796
LIABILITIES		
Non-current liabilities	**36 899**	32 692
Borrowings	**28 704**	25 351
Deferred income tax liabilities	**7 251**	6 182
Retirement benefit obligations	**414**	709
Provisions	**492**	365
Derivative financial instruments	**38**	85
Current liabilities	**8 244**	6 048
Trade and other payables	**5 048**	4 121
Borrowings	**1 666**	1 011
Provisions	**376**	322
Derivative financial instruments	**–**	65
Current income tax liabilities	**1 154**	529
Total liabilities	**45 143**	38 740
Total equity and liabilities	**70 534**	56 742
Net asset value per ordinary share – cents	**3 020.3**	2 129.8

CONSOLIDATED ABRIDGED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March	2014 R'm	2013 (restated) R'm
Opening balance	**18 002**	11 487
Shares issued	**–**	5 000
Share issue costs	**–**	(104)
Movement in shares held in treasury	**7**	13
Movement in share-based payment reserve	**19**	5
Non-controlling interests acquired by the Group	**24**	(588)
Total comprehensive income for the period	**8 124**	4 110
Transactions with non-controlling shareholders	**2**	(1 268)
Gain on sale of nil-paid letters of allocation	**–**	41
Distributed to shareholders	**(688)**	(488)
Distributed to non-controlling interests	**(99)**	(206)
Closing balance	**25 391**	18 002
Comprising		
Share capital	**11 027**	11 027
Treasury shares	**(249)**	(256)
Share-based payment reserve	**159**	140
Foreign currency translation reserve	**9 197**	4 827
Hedge reserve	**9**	(20)
Retained earnings	**4 325**	1 488
Shareholders' equity	**24 468**	17 206
Non-controlling interests	**923**	796
Total equity	**25 391**	18 002

CONSOLIDATED ABRIDGED STATEMENT OF CASH FLOWS

for the year ended 31 March	2014 R'm	2013 (restated) R'm
Cash flow from operating activities	**4 615**	3 549
Cash generated from operations	**6 340**	5 571
Net finance cost	**(982)**	(1 508)
Taxation paid	**(743)**	(514)
Cash flow from investment activities	**(2 539)**	(527)
Investment to maintain operations	**(926)**	(792)
Investment to expand operations	**(1 684)**	(1 230)
Proceeds on disposal of property, equipment and vehicles	**32**	52
Insurance proceeds	**40**	–
Proceeds from derivative financial instruments	**–**	25
Proceeds from other investments and loans	**1**	4
Investment in joint venture	**(2)**	(8)
Amounts advanced to joint venture	**–**	(1)
Purchases of FVTPL financial assets	**–**	868
Proceeds from money market funds	**–**	1 200
Purchases of money market funds	**–**	(657)
Interest received	**–**	12
Cash flow from financing activities	**(1 605)**	(2 837)
Proceeds from shares issued	**–**	5 000
Share issue costs	**–**	(104)
Distributions to shareholders	**(688)**	(488)
Distributions to non-controlling interests	**(99)**	(206)
Proceeds from borrowings	**223**	21 996
Repayment of borrowings	**(1 074)**	(24 939)
Settlement of interest rate swap	**–**	(1 633)
Proceeds from disposal of treasury shares	**7**	27
Treasury shares purchased	**–**	(16)
Acquisition of non-controlling interests	**–**	(1 971)
Refinancing transaction costs	**–**	(615)
Proceeds on disposal of nil-paid letters of allocation	**–**	41
Proceeds on disposal of non-controlling interest	**26**	71
Net movement in cash, cash equivalents and bank overdrafts	**471**	185
Opening balance of cash, cash equivalents and bank overdrafts	**2 705**	1 979
Exchange rate fluctuations on foreign cash	**309**	541
Closing balance of cash, cash equivalents and bank overdrafts	**3 485**	2 705
Cash and cash equivalents	**3 521**	2 705
Bank overdrafts	**(36)**	–
	3 485	2 705

ABRIDGED SEGMENTAL REPORT

for the year ended 31 March	2014 R'm	2013 (restated) R'm
Revenue		
Southern Africa	**11 205**	10 059
Middle East	**3 416**	2 485
Switzerland	**15 874**	11 892
	30 495	24 436
EBITDA		
Southern Africa	**2 453**	2 163
Middle East	**752**	495
Switzerland	**3 539**	2 469
	6 744	5 127
Operating profit		
Southern Africa	**2 151**	1 886
Middle East	**616**	382
Switzerland	**2 738**	1 865
	5 505	4 133

CHANGES IN ACCOUNTING POLICY

Impact on profit (loss) of the application of new and revised standards	For the year ended 31 March 2013 as previously reported R'm	IFRS 11 adjust-ments R'm	IAS 19 adjust-ments R'm	For the year ended 31 March 2013 (restated) R'm
Revenue	24 562	(126)	–	24 436
Cost of sales	(13 845)	59	(95)	(13 881)
Administration and other operating expenses	(5 454)	61	(35)	(5 428)
Depreciation and amortisation	(999)	5	–	(994)
Income from joint venture	–	3	–	3
Finance income	68	1	–	69
Income tax expense	(442)	(3)	27	(418)
Loss for the year	(743)	–	(103)	(846)
Increase in loss for the year attributable to:				
Equity holders of the Company	(1 002)	–	(103)	(1 105)
Impact on other comprehensive income of the application of the new and revised standards				
Actuarial gains and losses	201	–	(147)	54
Currency translation differences	1 705	–	(6)	1 699
Other comprehensive income for the year, net of tax	5 109	–	(153)	4 956
Decrease in total comprehensive income for the year attributable to:				
Equity holders of the Company	4 064	–	(256)	3 808

Impact on assets, liabilities and equity of the application of the new and revised standards	As at 31 March 2013 as previously reported R'm	IFRS 11 adjust-ments R'm	IAS 19 adjust-ment R'm	As at 31 March 2013 (restated) R'm
Property, equipment and vehicles	40 233	(96)	–	40 137
Intangible assets	7 279	–	–	7 279
Investment in joint venture	–	65	–	65
Other investments and loans	17	46	–	63
Deferred income tax assets	244	(5)	–	239
Inventories	684	(3)	–	681
Trade and other receivables	5 466	(39)	–	5 427
Borrowings (non-current)	(25 359)	8	–	(25 351)
Deferred income tax liabilities	(6 227)	–	45	(6 182)
Retirement benefit obligations	(501)	10	(218)	(709)
Trade and other payables	(4 135)	14	–	(4 121)
Total effect on net assets	17 701	–	(173)	17 528
Retained earnings	(1 655)			(1 655)
Opening balance adjustments		–	(83)	(83)
Adjustments for the period		–	250	250
		–	167	(1 488)
Other reserves (Foreign currency translation reserve)	(4 833)	–	6	(4 827)
Total effect on equity	(6 488)	–	173	(6 315)

Danie Meintjes, CEO of Mediclinic International commented:

"All our platforms performed strongly, benefiting from a marked increase in the number of patients treated. We continue to invest for growth across our businesses. The diversity of our geographic reach has resulted in more than 60% of our revenue and earnings now being generated in Switzerland and the United Arab Emirates."

TRADING RESULTS

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

Group normalised revenue increased by 24% to R30 495m (2013: R24 587m) for the period under review. Normalised operating profit before interest, tax, depreciation and amortisation ("normalised EBITDA") was 23% higher at R6 467m (2013: R5 237m). The leveraging effect of the Group's capital structure, together with the positive effects of the Group refinancing and acquisition of the minority interests in Mediclinic Middle East completed in October 2012, augmented the Group's financial performance and resulted in basic normalised headline earnings per share growth of 45% to 377.1 cents (2013: 259.3 cents).

The Group's normalised EBITDA margin decreased from 21.3% to 21.2% for the period under review.

The current Group results included a number of one-off items which were excluded in determining normalised headline earnings. The one-off items are:

- a past-service cost credit of R241m (R192m after tax) arising in the main Hirslanden pension fund; and
- Swiss prior year tax and deferred tax adjustments amounting to R111m.

The comparative results included one-off charges of R3 215m (R2 946m after tax) relating to the refinancing of the Group's debt, a pre-acquisition Swiss tariff provision charge of R151m (R115m after tax) and a past-service cost credit of R35m (R27m after tax) arising in one of the Group's pension funds.

Including these one-off items, headline earnings increased by 402% to R3 355m (2013: loss of R1 110m) and basic headline earnings per ordinary share increased by 377% to 414.6 cents (2013: loss of 149.5 cents).

This year, significant movements in the exchange rates had a material effect on the reported results. The average ZAR/Swiss franc (CHF) exchange rate was R11.05 compared to R9.05 for the comparative period and the average ZAR/UAE dirham (AED) exchange rate was R2.76 compared to R2.32 for the comparative period.

Finance cost

Finance cost includes amortisation of capitalised financing expenses of R133m (2013: R89m).

The capitalised financing expenses are amortised over the terms of the relevant loans in line with future cash payments as prescribed in IAS 39 Financial Instruments.

Cash flow

The Group's cash flow continued to be strong. The Group converted 98% (2013: 106%) of normalised EBITDA into cash generated from operations. Cash and cash equivalents increased from R2 705m at 31 March 2013 to R3 521m at 31 March 2014.

Interest-bearing borrowings

Interest-bearing borrowings increased from R26 362m at 31 March 2013 to R30 370m at 31 March 2014, mainly as a result of the change in the closing ZAR/CHF and ZAR/AED exchange rates. The closing ZAR/CHF exchange rate moved from R9.69 at 31 March 2013 to R11.96 at 31 March 2014 and the closing ZAR/AED exchange rate moved from R2.51 at 31 March 2013 to R2.88 at 31 March 2014. It is important to note

MEDICLINIC
INTERNATIONAL

- STRONG GROWTH IN PATIENT NUMBERS
- POSITIVE EFFECT OF GROUP REFINANCING FOR FIRST FULL YEAR
- POSITIVE EFFECT OF ACQUIRING MINORITY INTEREST IN MEDICLINIC MIDDLE EAST
- POSITIVE IMPACT OF CURRENCY MOVEMENTS
- BASIC NORMALISED HEADLINE EARNINGS PER SHARE INCREASED BY **45%** TO **377.1 CENTS**
- FINAL DIVIDEND PER ORDINARY SHARE INCREASED TO **68.0 CENTS** (2013: 60.5 CENTS)

that the foreign debt of the Group's Swiss and Middle Eastern operations, amounting to R24 528m, 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 R40 137m at 31 March 2013 to R49 597m at 31 March 2014, and intangible assets increased from R7 279m at 31 March 2013 to R9 210m at 31 March 2014. These increases are mainly as a result of the change in the closing ZAR/CHF and the ZAR/AED exchange rates, as mentioned above.

Restatement of comparative numbers

The impacts of the application of the revised IAS 19 standard and the new IFRS 11 standard are as follows:

- The revised IAS 19 standard deals with the accounting for defined benefit obligations and plan assets. Previously the net interest income on Hirslanden's plan assets was recognised in profit or loss based on the expected return on plan assets. The net interest rate on plan assets is no longer calculated based on expected return but rather equal to the discount rate used for determining retirement benefit obligations.
- The new IFRS 11 standard deals with the accounting of joint ventures. Previously Wits University Donald Gordon Medical Centre (Pty) Ltd was proportionately consolidated whereas, under IFRS 11, the company is now equity accounted.

Refer to the 'Changes to accounting policy' note for details of the restated comparative numbers.

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 items, as detailed above.

OPERATIONS IN SOUTHERN AFRICA

MEDICLINIC SOUTHERN AFRICA

Financial performance

Mediclinic Southern Africa's normalised revenue increased by 11% to R11 205m (2013: R10 059m) for the period under review. Normalised EBITDA was 12% higher at R2 418m (2013: R2 158m).

The Southern African operations contributed R984m (2013: R901m) to the normalised attributable income of the Group after:

- depreciation charges of R302m (2013: R277m);
- net finance charges of R403m (2013: R368m);
- income from joint venture of Rnil (2013: R3m);
- taxation of R528m (2013: R445m); and
- minority interest amounting to R201m (2013: R170m).

Business performance

The 11% revenue growth was driven by a 5.9% increase in bed-days sold and a 5.4% increase in the average income per bed-day. The number of patients admitted increased by 3.6%, while the average length of stay increased by 2.3%.

The normalised EBITDA margin of the Southern African operations increased from 21.5% to 21.6%.

Mediclinic Southern Africa's cash flow continued to be strong as it converted 105% (2013: 112%) of normalised EBITDA into cash generated from operations.

Cash and cash equivalents increased from R1 305m at 31 March 2013 to R1 359m at 31 March 2014.

Interest-bearing borrowings increased from R5 809m at 31 March 2013 to R5 842m at 31 March 2014.

Projects and capital expenditure

During the year the Southern African operations spent R577m (2013: R445m) on capital projects and new equipment to enhance its business and R308m (2013: R249m) on the replacement of existing equipment. In addition, R289m (2013: R276m) was spent on the repair and maintenance of property and equipment, charged through the income statement. For the next financial year, R937m is budgeted for capital projects and new equipment to enhance its business, R302m for the replacement of existing equipment and R303m for repairs and maintenance. Incremental EBITDA resulting from capital projects in progress or approved is budgeted to amount to R52m and R58m in 2015 and 2016 respectively.

The number of beds increased from 7 436 to 7 614 during the period under review.

During the past year a number of building projects were completed at various hospitals, that created 178 additional beds as well as new consulting rooms, and included the relocation of a hospital in Lephalale and a number of facility upgrades.

Building projects in progress, which should be completed during the next financial year, will add 279 additional beds. The establishment of the new Mediclinic Midstream (previously referred to as Mediclinic Centurion) (176 beds) is the most significant development.

The number of beds is expected to increase from 7 614 to 7 893 during the next 12 months.

Several building projects in progress should be completed during the 2016 financial year, which will create 43 additional beds.

Regulatory environment

Within the broader health sector context, the government maintains its commitment to achieve universal coverage through a National Health Insurance (NHI) system. Mediclinic Southern Africa continues to support the underlying principle of universal coverage. A White Paper on the NHI is expected to be published during the year ahead and Mediclinic Southern Africa will continue to engage with both government and other relevant stakeholders on the most appropriate design and mechanisms to pursue universal coverage within the South African context.

The Competition Commission is set to commence an inquiry into the private healthcare sector within the year. The Commission has published the Terms of Reference for the inquiry and is finalising the administrative processes concerning the conduct of the inquiry.

OPERATIONS IN SWITZERLAND

HIRSLANDEN

Financial performance

Hirslanden's normalised revenue increased by 32% to R15 874m (2013: R12 043m) for the period under review. Normalised EBITDA was 28% higher at R3 297m (2013: R2 584m). In Swiss francs, normalised revenue increased by 8% to CHF1 436m (2013: CHF1 330m) and normalised EBITDA increased by 5% to CHF299m (2013: CHF286m).

Hirslanden contributed R1 350m (2013: R706m) to the attributable income of the Group after:

- depreciation charges of R801m (2013: R604m);
- net finance charges of R846m (2013: R1 006m);
- normalised tax of R303m (2013: R270m); and
- income from associate of R3m (2013: R2m).

In Swiss francs, Hirslanden contributed CHF122m (2013: CHF78m) to the attributable income of the Group after:

- depreciation charges of CHF73m (2013: CHF67m);
- net finance charges of CHF77m (2013: CHF111m);
- normalised tax of CHF27m (2013: CHF30m); and
- income from associate of CHF0.3m (2013: CHF0.2m).

Business performance

The 8% normalised revenue growth was driven by inpatient admissions increasing by 5.5%, at a constant average length of stay and the average revenue per case increased by 2.8%, mainly due to higher acuity levels.

The normalised EBITDA margin of Hirslanden decreased from 21.5% to 20.8% in line with expectations.

Hirslanden converted 92% (2013: 97%) of normalised EBITDA into cash generated from operations.

Cash and cash equivalents increased from R536m (CHF55m) at 31 March 2013 to R1 138m (CHF95m) at 31 March 2014.

Interest-bearing borrowings reported in ZAR increased from R18 997m (CHF1 960m) at 31 March 2013 to R23 040m (CHF1 926m) at 31 March 2014, mainly due to the increase in the closing ZAR/CHF exchange rate.

Projects and capital expenditure

During the year, Hirslanden invested R769m (CHF70m) (2013: R741m (CHF82m)) in capital projects and new equipment to enhance its business and R558m (CHF51m) (2013: R498m (CHF55m)) on the replacement of existing equipment. In addition, R397m (CHF36m) (2013: R317m (CHF35m)) was spent on the repair and maintenance of property and equipment, charged through the income statement. For the next financial year CHF65m is budgeted for capital projects and new equipment, CHF75m for the replacement of existing equipment and CHF37m for repairs and maintenance. Incremental EBITDA resulting from capital projects in progress or approved is budgeted to amount to CHF6m and CHF14m in 2015 and 2016 respectively.

The number of inpatient beds increased from 1 487 to 1 567 during the period under review, mainly as a result of the opening of the new wing at Klinik Hirslanden.

Building projects completed during the period under review were:

- The new wing at Klinik Hirslanden in Zurich formally opened during May 2013 and after a phased build-up is now fully operational.
- In August 2013 Klinik Stephanshorn completed the expansion of the intensive care unit and Klinik Beau-Site opened its health centre at the train station in the capital city, Berne.
- An additional cardiac catheterisation laboratory opened in November 2014 at Klinik Beau Site.
- The Hirslanden Klinik radiotherapy department within Männedorf public hospital was commissioned recently.

The major ongoing expansion projects are as follows:

- Basel: Klinik Birshof is expanding its facilities to accommodate the group of orthopaedic doctors who joined the hospital. The project will include the fitting of five new patient rooms, expansion of the Accident and Emergency Department and equipping the Radiology Department with a 3 Tesla MRI and a new CT scanner.
- Aarau: Klinik Aarau is expanding its patient accommodation – the private patient Privé Department is being enlarged with seven rooms and two suites. The cardiology department is also being expanded to satisfy the requirements of the new cooperation with the Berne University Hospital.
- Schaffhausen: Klinik Belair is to open an outpatient health centre with a general practitioner and walk-in practice similar to the group's centre recently opened in Berne

The number of inpatient beds is expected to increase from 1 567 to 1 594 during the next financial year.

Regulatory environment

There has been extensive resistance to the planned concentration of highly specialised medicine, mostly due to the arbitrary fashion in which the responsible planning body is pursuing the initiative. A number of Swiss hospitals, including Hirslanden, have challenged allocation decisions in the courts. To date all appeals lodged by Hirslanden were ruled in Hirslanden's favour.

The vote on the initiative for a public statutory health insurer is provisionally planned for the end of 2014. The intention is to replace the current system of competition between many different health insurers with one unified public health insurance fund. Swiss private hospitals, including Hirslanden, are campaigning against this initiative which, if adopted, would be a further step towards nationalising the system.

OPERATIONS IN UNITED ARAB EMIRATES

MEDICLINIC MIDDLE EAST

Financial performance

Mediclinic Middle East's normalised revenue increased by 37% to R3 416m (2013: R2 485m) for the period under review. Normalised EBITDA increased by 52% to R752m (2013: R495m). In UAE dirhams, normalised revenue increased by 15% to AED1 238m (2013: AED1 072m) and normalised EBITDA increased by 27% to AED272m (2013: AED214m).

Mediclinic Middle East contributed R523m (2013: R232m) to the attributable income of the Group after:

- depreciation charges of R136m (2013: R113m);
- net finance charges of R93m (2013: R63m); and
- minority interest of Rnil (2013: R87m).

In UAE dirhams, Mediclinic Middle East contributed AED189m (2013: AED100m) to the attributable income of the Group after:

- depreciation charges of AED49m (2013: AED49m);
- net finance charges of AED34m (2013: AED27m); and
- minority interest of AEDnil (2013: AED38m).

Business performance

The 15% revenue growth was driven by inpatient hospital admissions increasing by 4%, while hospital outpatient consultations and visits to the emergency units increased by 4%. Clinic outpatient consultations increased by 8%.

The normalised EBITDA margin of Mediclinic Middle East increased from 19.9% to 22.0%.

Mediclinic Middle East converted 102% (2013: 125%) of normalised EBITDA into cash generated from operations.

Cash and cash equivalents increased from R629m (AED250m) at 31 March 2013 to R724m (AED251m) at 31 March 2014. Interest-bearing borrowings decreased from R1 556m (AED619m) at 31 March 2013 to R1 488m (AED517m) at 31 March 2014, mainly because of loan repayments.

Projects and capital expenditure

During the year, Mediclinic Middle East invested R71m (AED26m) (2013: R62m (AED27m)) in capital projects and new equipment to enhance its business, apart from R59m (AED22m) (2013: R45m (AED19m)) on the replacement of existing equipment. In addition, R52m (AED19m) (2013: R43m (AED19m)) was spent on the repair and maintenance of property and equipment, as accounted for in the income statement. In addition, Mediclinic Middle East acquired the pathology laboratories at Mediclinic Welcare Hospital and Mediclinic Al Sufouh for a purchase consideration of AED95m with effect from 1 October 2013. Incremental annualised EBITDA resulting from this investment is estimated to amount to AED19m.

For the next financial year, AED177m is budgeted for capital projects and new equipment to enhance the business in the longer term, AED15m 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 AED4m and AED5m in 2015 and 2016 respectively.

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

During the period under review, Mediclinic City Hospital broke ground on its new North Wing extension, due to open in mid-2015 at a total estimated cost of AED265m.

PROSPECTS

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

CHANGES TO THE BOARD OF DIRECTORS

During the period under review, Mr Pieter Uys, an Investment Manager at Remgro, was appointed as a non-executive director of the Company with effect from 1 April 2013, as previously reported.

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 abridged 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 25 June 2014.

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, except for the adoption of the new and revised standards. The adoption of the IFRS 11 *Joint Arrangements* and the revised IAS 19 *Employee Benefits* required a restatement of the comparative figures. Refer to the section 'Restatement of comparative numbers' and the 'Changes in accounting policy' note for further detail. 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 68.0 cents (2013: 60.5 cents) (57.8000 cents (2013: 51.4250 cents) net of dividend withholding tax) per ordinary share. The dividend declared increased by 12.4% compared to the comparative period.

Together with the interim dividend declared during November 2013, the total gross dividend relating to the year under review increased by 11.9% to 96.0 cents (2013: 85.8 cents).

The dividend has been declared from income reserves and no secondary tax on companies credits have been utilised. 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 826 957 325 ordinary shares.

The salient dates for the dividend will be as follows:

Last date to trade cum dividend	Thursday, 12 June 2014
First date of trading ex dividend	Friday, 13 June 2014
Record date	Friday, 20 June 2014
Payment date	Monday, 23 June 2014

Share certificates may not be dematerialised or rematerialised from Friday, 13 June 2014 to Friday, 20 June 2014, both days inclusive.

Signed on behalf of the board of directors:

E DE LA H HERTZOG
Chairman

DP MEINTJES
Chief Executive Officer

Stellenbosch, 20 May 2014

DIRECTORS
Dr E de la H Hertzog *(Chairman)*, DP Meintjes *(Chief Executive Officer)*, CI Tingle *(Chief Financial Officer)*, JJ Durand, JA Grieve *(Scottish)*, Prof Dr RE Leu *(Swiss)*, Dr MK Makaba, N Mandela, TD Petersen, KHS Pretorius, AA Raath, DK Smith, PJ Uys, Dr CA van der Merwe, Dr TO Wiesinger *(German)*

SECRETARY
GC Hattingh

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